

International Development Committee Future of UK aid inquiry: The impact of the UK aid cuts

Evidence submission from the Institute of Development Studies

About the Institute of Development Studies

The Institute of Development Studies (IDS) is a global research and learning organisation for equitable and sustainable change. IDS is ranked best international development policy think tank (2020 Global Go To Think Tank Index) and first in the world for development studies with the University of Sussex for the fifth year running by the QS University Rankings.

This submission draws on evidence from across the Institute of Development Studies, led by Director, Professor Melissa Leach. For further information relating to this evidence submission please contact: Sophie Robinson, External Affairs Manager, s.s.robinson@ids.ac.uk or +44 (0)1273 915763.

Summary

- Significant cuts to the ODA-budgets for international research partnerships, appears to be inconsistent with the FCDO priority areas and the IR, and risks long-term damage to the UK's global reputation for research. It also risks long-term damage to the UK's ability to deliver effective, evidence-informed development that represents value for money.
- The FCDO's Indo-Pacific tilt strategy as set out by the Foreign Secretary and within the IR may have negative impacts on poverty reduction, particularly for the world's poorest - the 'bottom billion' - who are most at risk of being left behind and even more so following the impacts of COVID. This is because supporting the bottom billion requires prioritising countries across Africa where the majority of the poorest people live.
- There has been a lack of clear and timely information from the FCDO about the final budget decisions for individual programmes. By mid-May, weeks into the start of the new financial year, some IDS programmes funded by the FCDO, including one that began this year to provide evidence for policy and programming to strengthen resilience to climate change impacts and humanitarian preparedness, had still had not heard if it would have its budget reduced or not.
- The lack of transparent information and rationale for decision-making has made it difficult to understand the budget decisions for some projects. The programme addressing freedom of religion or belief and development - the Coalition for Religious Equality and Inclusive Development (CREID) has received a significant budget cut for this year, despite being graded by FCDO as A++ in its output scores and freedom of religion often cited by Dominic Raab under the Open Societies priority.
- The continued uncertainty well into the current financial year makes it incredibly difficult to plan and the delay does negatively impact the organisation. Some large projects, including those that addressing freedom of religion and belief and another addressing harmful child work in South Asia have had 2021-22 budget reductions confirmed of around 50 percent.
- The GCRF programmes IDS is part of that undertake research across these vital issues, which are as relevant for the protection of UK's health and climate security as they are for low- and middle-income countries, have on average seen budget cuts this year of around 70 percent. Such a significant budget cut has meant that research has had to be drastically scaled-back, and some elements postponed or discontinued. The worst impacts of this are felt by research partners in low-income countries, some of whom have lost their jobs because of it.

1. Strategy

The strategic targeting of UK aid spending, including the focus areas set out by the FCDO's seven global challenges and their alignment with the conclusions of the Integrated Review

The Foreign Secretary Dominic Raab set out the FCDO's seven global challenges as the priority areas at the end of 2020, before the Integrated Review (IR) was published, rather than as an outcome of it or alignment with it. Within the seven priority areas, the decision to include science and research, highlight it within the IR and recognise the strength of UK-led science was welcomed. However, we are concerned about the significant cuts to the ODA-budgets for international research partnerships, which appears to be inconsistent with the FCDO priority areas and the IR, and risks long-term damage to the UK's global reputation for research. It also risks long-term damage to the UK's ability to deliver effective, evidence-informed development that represents value for money.

With regards to each of the seven global challenge priority areas FCDO announced:

- **Girls Education** – Since the DFID-FCO department merger, the priority for FCDO regarding gender has been narrowly focused on girl's education. The IR also affirms a commitment to women's economic empowerment. However, this is a very narrow gender focus, dismissing not least those intersecting inequalities exacerbated by Covid-19, such as domestic violence, unpaid care, sexual and reproductive health, political participation and addressing backlash against progress made for women's rights in many countries around the world. These are all areas that have direct impacts on the ability for girls to successfully complete their education.
- **Climate change** – The focus on climate change and biodiversity is welcome, but these are global challenges requiring a collaborative approach with other countries, to support all in addressing needs in their own countries, and to learn from each other. Therefore, the international research partnerships working with communities most vulnerable to climate change impacts to find bottom-up solutions, crucial for adaptation and achieving climate justice should be prioritised.
- **Global health** – The extra funding commitment to the WHO is welcomed and we hope the UK will work with the WHO to help bring about reforms needed from what we have learned during Covid-19 about the need for 'bottom-up' rather than 'top-down' approaches to responses. This was a vital area that was also lacking in the IR. International research partnerships are crucial for global health and currently many effective UK-led international research programmes, including on health, and unique in their approaches to trans-disciplinary partnerships are experiencing significant budget cuts from ODA-funded UKRI programmes. This will seriously undermine our efforts to prevent the next pandemic from occurring.
- **Open societies and conflict resolution** – IDS leads the FCDO-funded Action for Empowerment and Accountability (A4EA) programme, working on issues of open societies, civic space and how social and political action can contribute to empowerment and accountability in fragile, conflict, and violent settings. Therefore, we see the great value of focusing on the UK's work to strengthen democratic institutions, governance and accountable political processes and a human rights-based approach. However, to be effective in this the UK needs to invest in the research and evidence to approach this issue effectively in a context specific way. In some speeches by Dominic Raab religious freedoms have also been included in this context and the FCDO-funded Coalition for Religious Equality and Inclusive Development (CREID) is led by IDS researchers working with religious minorities in

Pakistan, Iraq, Myanmar, Egypt and Nigeria. Support is critical for many minority groups, experiencing multiple marginalisation and discrimination impacting their freedoms, livelihoods, safety, education and health. However, despite this need, the programme has had its budget reduced by 55 percent for this financial year.

- **Humanitarian preparedness and response** – This is an area where the UK has an opportunity to take a stronger lead on mobilising collective international responses to crises and famine, which is an issue we hope is high on the agenda at the upcoming G7 summit. There is a greater need and opportunity for the UK to raise the profile of famine prevention, food security and nutrition at the upcoming Tokyo summit on nutrition later this year.
- **Science and Research** – An area of concern from the IR with implications for development is the narrow view of science and research implicated in the Prime Minister’s vision of the UK as a science ‘superpower’. The focus as described in the IR is on high-tech, digital, and biotechnologies, and fails to acknowledge and support the whole range of science and research that the UK is a world-leader in, which is global challenges and development research, conducted by multi-disciplinary research teams—social as well as natural science—working in equitable partnerships with low-income country academics to provide the evidence of what the problems are and how to solve them.

Whether these focus areas address the most pressing global development challenges

In the IR there was a notable lack of focus on tackling extreme poverty and within each of the seven global challenge areas there is an important interaction with poverty that is not picked up or articulated. For example, for gender the focus is very much on girls’ education, and yet if you do not tackle poverty, those girls’ education outcomes are not going to be achieved. Likewise, tackling girls’ education in the right way can be incredibly important for poverty.

On climate change and biodiversity, the structural causes of climate change and poverty are very similar, and to achieve progress on either, they need to be tackled together. If you do not help people to build their way out of poverty they are not going to be able to adapt well to climate change. Likewise, we have seen too many cases where climate and biodiversity policies, protected areas and carbon schemes have actually made poverty worse.

Regarding global health, as COVID has demonstrated, many causes of poor health are due to underlying poverty. Therefore, we are not going to achieve positive global health outcomes or effectively tackle disease outbreaks unless contextual and poverty-based realities are also taken into account.

It is these interactions that the IR had an opportunity to address but failed to and it is important that a new development strategy does so and aims to better understand global challenges and their interactions with poverty and does not treat priority areas in silos.

Localised approaches

The IR included very little on the areas of development and science that the UK has established a global reputation for, including the bottom-up, partnered approach. This involves working with and through local development partners to deliver development that responds directly to the priorities of the beneficiaries and is informed evidence gathered through participatory research methods. This is an area that has not been covered in the Integrated Review that we hope to see in a new Development Strategy.

Included in a new development strategy should also be opportunities for a fully integrated FCDO working more at a local level, combining previously DFID staff with previously FCO country missions. The UK is well positioned to play a global leadership role in achieving localised approaches. A joined-up FCDO at the country mission level offers important opportunities to enable work that is fully embedded in local contexts and develops the right partnerships with local business, civil society and research organisations. The UK is also well-positioned and respected as a convenor of partners from multiple countries, to develop mutual learning about localised approaches in practice and what works well, when and how. One clear example of this was tackling the 2014-15 Ebola outbreak in west Africa, which brought together this integrated, bottom-up science to implement more effective locally sensitive and integrated responses on the ground.

This localised 'bottom-up' approach has become even more important in the context of COVID which has reinforced the importance both of global solidarities and multilateralism, and of local solidarities and grassroots groups. It is also a vital, and globally unique, UK success story in transformative development approaches, which would be a loss to the UK's reputation in this field and significantly reduce the effectiveness of UK development interventions if it is not continued.

The effectiveness of the Government's policy to focus ODA spending on countries where UK economic, security and development interests align

The FCDO's Indo-Pacific tilt strategy as set out by the Foreign Secretary and within the IR may have negative impacts on poverty reduction, particularly for the world's poorest - the 'bottom billion' - who are most at risk of being left behind and even more so following the impacts of COVID. This is because supporting the bottom billion requires prioritising countries across Africa where the majority of the poorest people live. It requires going beyond the African countries cited in the IR, including Nigeria and Ghana. In Ghana for example there are still areas of poverty remaining but overall, the country will soon be graduating to middle-income status. While that may lead to greater economic opportunities for the UK, focusing development efforts in Ghana, Nigeria and Kenya, will not reach populations that are facing the most pressing need, and intersecting crises of food insecurity, health needs, poverty and conflict – and where UK aid would provide vital support.

Announcing the IR, the Prime Minister set out an ambition to make the UK a 'Science and Technology superpower' but tackling global challenges requires investment in international science and research partnerships that go beyond the UK's own interests. The government focus on trade and economic development also need to go beyond UK interests to align with development aims.

There are important opportunities regarding the potential benefits of more inclusive and collaborative forms of economic development, that a new development strategy should incorporate. This can involve measures that do not prioritise growth alone but use growth as a means to benefit livelihoods, wellbeing, and the poverty reduction. This can be achieved via mechanisms for a collaborative economy, involving interactions between the state and civil society, as well as private sector groups. Positive examples from development research include inclusive value chain work, and we hope that this will be included in the new development strategy. UK trade policies should also align with development aims, with progressive trade policies that protect livelihoods, create equal outcomes, ensure labour standards, prevent harmful child labour and adhere to commitments on climate change and environmental standards.

As the ODA budget reductions result in reduced investment in bilateral programmes, and risk reducing the focus on targeting poverty reduction, the new development strategy will

need to make sure that there is not a slide towards an aid for trade approach to development from past decades and that the aims and purpose of ODA spending is retained.

2. Process

The FCDO's approach to setting ODA budget allocations for the 2021-22 financial year, including its communication with stakeholders

IDS has a long-standing and productive relationship with DFID (now FCDO) civil servants and in the last month have appreciated some update meetings and dialogue with the Research and Evidence Division regarding the ODA budget cuts.

Overall, there has been a lack of clear and timely information from the FCDO about the final budget decisions for individual programmes. By mid-May, weeks into the start of the new financial year, some IDS programmes funded by the FCDO, including one that began this year to provide evidence for policy and programming to strengthen resilience to climate change impacts and humanitarian preparedness, had still had not heard if it would have its budget reduced or not. This has made it very difficult to plan and created a large amount of uncertainty for IDS staff and for research partners globally.

The lack of transparent information and rationale for decision-making has made it difficult to understand the budget decisions for some projects. For example, the IDS-led programme addressing freedom of religion or belief and development - the Coalition for Religious Equality and Inclusive Development (CREID) has received a significant budget cut for this year, despite being graded by FCDO as A++ in its output scores.

Since the department merger there has been a serious lack of consultation from the FCDO with the UK development sector, on the Integrated Review and the setting of the FCDO's seven priorities as announced by the Foreign Secretary ahead of the IR. We would like to see the FCDO consult with a wide range of people involved in development in the UK and from the countries the FCDO works in. It is also an opportunity to consult the evidence and use the internationally respected UK-led development research, both for identifying the current and future intersecting priority areas and the best, most efficient and value for money ways that the FCDO can help tackle them.

DFID had a very good reputation for transparency, and we need to see this level of transparency now adopted by the whole FCDO, both in terms of its operations and spending and for consultation with the sector for its strategic planning. The availability of information that greater transparency brings is an important element in strengthening accountability but also in understanding results and impact. Transparency underpins better learning and knowledge sharing between partners.

The UKRI has shown a greater level of communication and transparency regarding the recent budget cuts it has had to make to the Global Challenge Research Fund programmes. UKRI have published letters regarding the cuts on their website since early March and did enter open dialogue with programme leads regarding this year's budgets constraints.

3. Impact of the changes

Impact upon organisations implementing UK ODA programmes

IDS is a fairly unique organisation as it spans both the charitable, thinktank and university sectors. With regards to the impact of the cuts to UK ODA, this means that IDS is experiencing the impacts of the ODA cuts from both the allocation to BEIS/UKRI and directly from the FCDO. This does present a significant impact on IDS, a registered charity which

receives no core funding, as UK ODA funding represents 50 percent of IDS' overall funding portfolio.

For the FCDO-funded projects that IDS delivers, as of mid-May, we are still waiting for confirmation of final 2021-22 budgets for one large project and some smaller ones. This continued uncertainty well into the current financial year makes it incredibly difficult to plan and the delay does negatively impact the organisation. Some large projects, including those that addressing freedom of religion and belief and another addressing harmful child work in South Asia have had 2021-22 budget reductions confirmed of around 50 percent.

Some projects that were very close to completion have also experienced budget cuts which have in effect prematurely ended them. In this case we believe value for money has not been considered as in progress research that has already been paid for is unable to be concluded.

IDS has been impacted by the significant budget cuts the UKRI has had to make to its international research programmes funded by ODA (part of the ODA allocation to the Department for Business, Energy and Industrial Strategy). In March this year [UKRI confirmed that it had to cut £120m](#) from its 2021-22 ODA budget. This affects projects from the Global Challenges Research Fund (GCRF), which funds science partnerships tackling climate change, anti-biotic resistance, pandemic prevention and preparedness and poverty.

The GCRF programmes IDS is part of that undertake research across these vital issues, which are as relevant for the protection of UK's health and climate security as they are for low- and middle-income countries, have on average seen budget cuts this year of around 70 percent. Such a significant budget cut has meant that research has had to be drastically scaled-back, and some elements postponed or discontinued. The worst impacts of this are felt by research partners in low-income countries, some of whom have lost their jobs because of it.

As of the 24 May, overall, IDS has experienced a 40 percent cut in ODA-funding (both FCDO and UKRI) for 2021-22.

Impact upon communities in lower income countries

The cuts to UK aid-funded research (both at the FCDO and UKRI) are dramatically reducing the UK's ability to deliver high-quality, interdisciplinary research essential to improving the lives of people around the world. Reducing international research programmes by up to 70 percent is dismantling global science partnerships that have taken years to establish and will lead to the effective downgrading of the UK's long-established and world-respected reputation for development and research expertise. This loss of science partnerships will negatively impact on academics and the research communities in lower income countries, including the loss of research contracts. The vital mutual learning benefit between researchers in the UK and in other countries sharing new skills, perspectives and knowledge will also be lost. Moreover, many of the ODA-funded research programmes that are being cut include practical actions that directly benefit poor people and LMICs, including through participatory action research methodologies. And in many cases the programmes now being cut had pivoted their work to address the impacts of Covid-19 – these interventions will now be unable to progress.

Specific FCDO-funded IDS programmes that are being scaled back due this year due to the cuts, include:

- The CLARISSA programme working in Bangladesh, Myanmar and Nepal to improve understanding of drivers behind harmful child labour, find new, effective ways to prevent it and end the worst forms of child labour altogether. The impacts of cuts to this programme will result in a reduced capacity to help end harmful child labour and support the poorest and most marginalised children, including those in modern slavery, sex work, pornography and illicit work.
- The IDS-led Coalition for Religious Equality and Inclusive Development (CRIEID) that is working to address the problem of discrimination against religious minorities in Egypt, Iran, Nigeria, Pakistan and Myanmar. Recent work includes monitoring online hate speech, documenting the destruction of religious heritage, publishing findings on Hindu and Christian women and girls targeted for forced conversions in Pakistan, and understanding and addressing the impacts of Covid-19 on religious minority groups. The budget cuts mean the programme will not be able to scale up its activities as planned, including being unable to work across more countries in need on this issue.
- The International Centre for Tax and Development (ICTD), based at IDS, is a global leader in research and engagement on tax and development, generating evidence on how best to strengthen tax reform in developing countries and increase their domestic tax revenues. It supports FCDO's work via Public Finance and Tax Development (PFTD) and Governance Advisers. Successes from FCDO-funded ICTD projects include helping the Ugandan Government raise an additional £14.7 million in tax revenue from high-net-worth individuals in just three years, while an additional £7 million in taxes was raised in Rwanda. This year ICTD has successfully worked with Sierra Leonean authorities to design and deliver an effective, equitable property tax system, already showing benefits. Despite this successful track record, it has had its budget for 2021-22 cut by just over 50 percent.

Projects impacted by the 70 percent budget reductions to the UKRI Global Challenges Research Hubs (GCRF) include:

- The [One Health Poultry Hub](#), that brought together some of the world's leading experts in global health security, zoonotic disease surveillance and outbreak response, and who have also been helping to inform responses to Covid-19. The budget reduction will significantly reduce the programme's ability to continue to find new ways to respond effectively to the rapid intensification of poultry production and to safeguard poultry production and public health from new infectious diseases (like Covid-19) and antimicrobial resistance (AMR). This will have potential impacts on communities in lower income countries, but as demonstrated so starkly by Covid-19, the work of the One Health Poultry Hub and other research programmes like it also provide considerable benefits and safeguarding for middle- and high-income countries globally.
- [ARISE](#), which IDS was leading a project on to find ways to improve health equity for people in informal urban settlements to help improve the lives of the estimated 800million people globally in low- and middle-income countries who live who live in unsafe and overcrowded 'slums'.
- [Tomorrow's Cities](#), which through planning and design helps cities in low- and middle-income countries better prepare for and withstand disasters, such as earthquake, floods and volcanoes.

The impact of the cuts means a significant scaling back of these research programmes, which will now not be able to deliver on their full promise. While cuts have been confirmed for the next 12 months, there is ongoing uncertainty about whether lost budgets can be

reprofiled into future years, and in the case of FCDO projects, what the budget picture will be for 2022-2023. The result is missing out on research and evidence on crucial global challenges issues that affect all of us. This demonstrates the importance of restoring the commitment to spend 0.7 percent of UK GNI on ODA as soon as possible in order for these and other critical global challenges research projects to resume, and to complement the UK's core science budgets to ensure the UK's ongoing international development science status.