

## Tearfund submission to the International Development Committee inquiry on the on impact of UK aid cuts

### 1. Strategy

#### 1.1. 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

1.1.1. **Climate and Biodiversity:** Various UK governments have interpreted “new and additional” in different ways. While we interpret it as new and additional to the international standard that has existed since 1970 for countries to provide 0.7% GNI as aid, we have been repeatedly told by this government that UK climate finance commitments are justifiable as new and additional because they have been provided through growth in the aid budget (as the economy has grown so has 0.7% of GNI) and so climate finance commitments are justifiable as new and additional because they have been provided through growth in the aid budget (as the economy has grown so has 0.7% of GNI) and so climate finance has not diverted or taken away any pre-existing aid spending in other areas. That position is no longer tenable in light of cutting the aid budget especially with climate finance commitments increasing. Climate finance is now coming at a cost to other development and humanitarian priorities.

1.1.2. In the UK Biennial Finance Communication to the UNFCCC submitted in December 2020, it was stated that “Our funding will be new and in addition to our previous £5.8bn ICF commitment.” It should go without saying that a financial spending commitment for the period 2021-2025 would be in addition to money already committed and spent in a different period (2016-2020). That is so very clearly not what is meant by “new and additional” under the UNFCCC, and the government needs to consider its position and credibility on this issue.

1.1.3. Faced with a climate emergency not of their making, developing countries had a reasonable expectation of extra support, and under the UNFCCC countries including the UK committed to provide this. However the cuts to the aid budget now present a double cut in support to developing countries that have not received new and additional climate

finance, and now will receive both climate finance and aid from the same - but much smaller - pot. Climate finance was not meant to come at the cost of other critical ODA areas, yet this is now the case as the UK fulfills its climate finance commitments from an aid budget that it has chosen to significantly cut, and which has shrunk due to declining GNI.

- 1.1.4. It is also concerning to note that adaptation programming is among the spending currently being considered by FCDO for cuts. The UK-funded Building Resilience and Adapting to Climate Change in Malawi programme is facing severe cuts. Cuts to this programme will halt long-term resilience building and adaptation interventions that are effective in reaching the poorest and most vulnerable people, undermine learning from effective action, and significantly reduce value for money. These actions are in stark contrast to the UK's ambitions for adaptation and undermine essential trust in the UK in the run up to COP26. We urge the IDC to look in detail at the implications of the aid cuts on the UK's priorities and COP26 Presidency.
- 1.1.5. Annual adaptation investment needs in developing countries are currently estimated to be in the region of US\$70 billion, with the expectation of reaching US\$140–300 billion in 2030 and US\$280–500 billion in 2050. The UK must lead the way in identifying new sources of grant-based public climate finance to ensure that climate change support does not come at the expense of vital ODA spending in other areas, and does not increase the debt burden on countries. It is clear that ODA budgets alone will not be sufficient to meet rising climate finance costs alongside other critical development needs.
- 1.1.6. **Girls' Education:** On 21st April, the Foreign Secretary released a written statement saying "FCDO will spend £400m on girls' education. We will invest directly in over 25 countries, helping to achieve the global target to get 40 million girls into education and demonstrating our commitment at this year's Global Partnership for Education summit ". The commitment to girls' education is commendable and important, however the FCDO stance seems to be that if girls' education is addressed, we will reach gender equality. Gender equality cannot be narrowed to just girls' education. It is important to tackle barriers that stop girls getting into education such as child marriage, teenage pregnancy, female genital mutilation/cutting etc.

Addressing social norms is key to this as the effectiveness of education will be limited if social norms impacting women's and girls' full participation in life - because they are affected by sexual and gender based violence (SGBV), or do not have decision making power either in their homes or at community level - are not tackled. Most of our partners, and therefore Tearfund's, focus is not on education. Our work on gender equality is through addressing harmful social norms at the root of violence against women and girls (VAWG), specifically SGBV.

- 1.1.7. The FCDO should widen its scope and continue to invest in evidence based programmes such as the *What Works to Prevent VAWG*. We have seen the effectiveness of this type of work, through working with faith leaders and community members in VAWG prevention in DRC. This 2 year project noted a significant reduction in violence against women, from 69% at baseline to 29% at endline for Intimate Partner Violence, and from 24% at baseline to 4% at endline for Non Partner Sexual Violence<sup>1</sup>.
- 1.1.8. **Economic development and trade:** On 31st March 2021 the UK's new policy 'Aligning UK international support for the clean energy transition' came into force, following a period of public consultation. However, there are a number of exemptions or 'exclusions' included in the policy guidance that allow for the continued expansion of gas; this undermines efforts to meet the goals of the Paris Agreement and to make every effort to limit global warming to 1.5 °C.
- 1.1.9. On the day the policy was formally announced CDC Group, the UK's bilateral Development Finance Institution, which is the single largest source of direct UK ODA support for fossil fuels (details and references provided below), also released two documents "that demonstrate how CDC complies with this policy"<sup>2</sup>. The first, CDC's new *Our Fossil Fuel Policy*,<sup>3</sup> sets out CDC's detailed new policy on fossil fuel-related investments, and the second, *Guidance on Natural Gas Power Plants*,<sup>4</sup> sets out the conditions under which CDC will

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<sup>1</sup> Tearfund et al., *Rethinking Relationships: From violence to equality in the DRC* (2019) <https://www.whatworks.co.za/documents/publications/290-what-works-rethinking-relationships-final-march-2019/file>

<sup>2</sup> CDC Group, *Announcing our new Fossil Fuel Policy and Guidance on Natural Gas Power Plants* (2020) <https://www.cdcgroup.com/en/news-insight/news/announcing-our-new-fossil-fuel-policy-and-guidance-on-natural-gas-power-plants/#:~:text=In%20July%202020%2C%20we%20published,just%20a%20few%20exceptions%20remaining.>

<sup>3</sup> CDC Group, *Our fossil fuel policy* (2020) [https://assets.cdcgroup.com/wp-content/uploads/2020/12/12150401/CDC-fossil-fuel-policy\\_December-2020\\_FINAL.pdf](https://assets.cdcgroup.com/wp-content/uploads/2020/12/12150401/CDC-fossil-fuel-policy_December-2020_FINAL.pdf)

<sup>4</sup> CDC Group, *Natural Gas Power Plants: Assessing alignment with the Paris Agreement* (2020) [https://assets.cdcgroup.com/wp-content/uploads/2020/12/12145227/CDC\\_GasGuidance\\_December2020.pdf](https://assets.cdcgroup.com/wp-content/uploads/2020/12/12145227/CDC_GasGuidance_December2020.pdf)

continue to support gas power plants and associated infrastructure (which constitute the large majority of its total direct commitments to fossil fuels by value<sup>5</sup>).

- 1.1.10. The Government's argument for these exemptions rests on its claim that these loopholes will be used sparingly and that gas power can be a greener alternative to coal and oil. Yet over 90% of the value of CDC's current direct investments in fossil fuels would be allowed under its current policy<sup>6</sup>. It has been demonstrated that gas power will lock in high carbon emissions for generations to come, breaking the carbon budget and guaranteeing higher levels of global warming.<sup>7</sup>
- 1.1.11. The CDC gas power guidance states that "the absence of a long-term decarbonisation plan is not considered as an indication of misalignment at this point, given the majority of countries have not yet developed long-term decarbonisation plans", and that "as of today, where a long-term decarbonisation plan does not exist, we will not take this indicator (Paris pathway development) into account, given this is the case in most countries."
- 1.1.12. The UK Government is the CDC's only shareholder and the UK has provided CDC with approximately £4.3 billion in capital since 2015. CDC Group has a portfolio of fossil fuel investments worth approximately \$988 million as of December 2019. Between 2015 and 2020, CDC received a total of £3.5bn from DFID (including £1bn in 2019 and £650m in 2020), and is scheduled to receive a further £779m from the UK Government in 2021 (even as the overall aid budget is to be cut significantly).<sup>8</sup>

## 2. Administration

### 2.1. Changes to the administration of UK ODA, including the FCDO assuming responsibility for deciding the final departmental allocation of ODA and administering the majority of UK ODA

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<sup>5</sup> CAFOD, *CDC's support for energy overseas* (2020) <https://cafod.org.uk/About-us/Policy-and-research/Climate-change-and-energy/Sustainable-energy/CDC-support-energy-overseas>

<sup>6</sup> CAFOD, *CDC's energy investments: building green, just development?* (2020) <https://cafod.org.uk/About-us/Policy-and-research/Climate-change-and-energy/Sustainable-energy/CDC-support-energy-overseas>

<sup>7</sup> Oil Change International, *Burning the Gas 'Bridge Fuel' Myth: Why Gas Is Not Clean, Cheap, or Necessary* (2019) <http://priceofoil.org/2019/05/30/gas-is-not-a-bridge-fuel>.

<sup>8</sup> FCDO, *Development Tracker*. 'CDC Programme of Support in Africa and South Asia (2015-2023)' (2020) <https://devtracker.fcdo.gov.uk/projects/GB-1-203444/transactions>

2.1.1. Changes to the administration of UK ODA provide an opportunity for the UK Government to improve harmonisation of reporting with other signatories of the Grand Bargain commitments. This reduces duplication, makes reporting more efficient for NGOs and reduces administration costs, ensuring that more money reaches communities who need it most.

## **2.2. The split between bilateral and multilateral ODA spending, and the effectiveness of these channels for the delivery of UK aid**

2.2.1. Engaging with local NGOs and local actors: Over the past 3-4 years there have been initiatives by UN agencies including the WHO, UNHCR and UNICEF involving both faith agencies and other humanitarian actors. However, there has been little overarching policy or coordination, and Tearfund is keen to see more effective collaboration between local actors, including local faith actors (LFAs) and OCHA, especially in areas like the development of Humanitarian Response Plans (HRPs) or Humanitarian Needs Overviews. There have been some encouraging developments, such as guidance from the Inter-Agency Standing Committee to the Humanitarian Country Teams which provides support and advice on how to engage local actors in the decision making and implementation of humanitarian response, but currently there is no clear roll out plan or accountability framework to evidence the inclusion of local faith actors. It is important we also see a stronger commitment from institutional donors, such as the FCDO, to seek out these good practices and integrate working with faith actors into their funding strategies. The UK's response to humanitarian crises in developing countries should recognise and support the role of crisis affected communities and local humanitarian responders, in shaping context appropriate responses.

2.2.2. Despite the clear and demonstrable benefits of supporting the work of faith communities in health emergencies, Tearfund is not aware of any LFAs proactively consulted by UN agencies, prior to the drafting of the UN's COVID-19 Global HRP, or during the development of national level UN HRPs. A number of our partners wrote to UN agencies expressing an ability and willingness to collaborate with UN agencies and national governments, but none were invited into that space at the time of consultation. Furthermore, to ensure global and country-level ODA-funded programmes are maximising

impact for communities, they should be urged to clarify how they are consulting local FBOs and faith leaders in humanitarian responses.

- 2.2.3. In past years, the UK has maintained a reasonable balance in its ratio of bilateral to multilateral spending. For example in 2018, 36% of the UK's ODA was provided as core funding to multilaterals, slightly below the Organisation for Economic Co-operation and Development's (OECD) Development Assistance Committee (DAC) average of 41%<sup>9</sup>. On top of this, the UK channeled 19% of total ODA as earmarked funding through multilateral organizations, (ie. funding designated for a specific region or sector), slightly above the DAC average of 14%. The remaining 45% was spent bilaterally, in line with the DAC average of 45%.
- 2.2.4. So far, of the full £4.1 billion cuts to ODA, it is known that multilateral funding to UN agencies including UNICEF, UNFPA, UNDP, and UNAIDS has been cut by over £200 million, and £95 million has been cut from the Global Polio Eradication Initiative<sup>10</sup>. Estimates<sup>11</sup> indicate that if existing commitments are maintained, the percentage of UK aid provided to multilaterals would increase to 60%, leaving only 40% bilaterally.
- 2.2.5. CSOs play an important role in implementing UK development assistance; in 2018, 16% of bilateral ODA was channeled through NGOs and civil society, close but still below the DAC average of 18%. The UK Aid cuts, both the overall reduction in total amount, combined with the reduction in the percentage being spent bilaterally, will likely significantly reduce the percentage, and more significantly the absolute amount, of ODA channelled through NGOs and civil society.
- 2.2.6. By 31 August 2020, a total of £797 million in UK aid had been committed to the global COVID-19 response, mostly from DFID (£772 million). The majority was directed through multilateral partners, including the World Health Organisation, UNICEF, the UN High Commissioner for Refugees, the

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<sup>9</sup> Donor Tracker, *United Kingdom* (2021) [https://donortracker.org/country/united-kingdom?gclid=CjwKCAjwv\\_iEBhASEiwARoemvLYXhCsbk9J4jV-33xPUIn5Rg2kQTY-DzQDpfqrkWUH7G0z4nkg\\_8hoCGTIQAvD\\_BwE](https://donortracker.org/country/united-kingdom?gclid=CjwKCAjwv_iEBhASEiwARoemvLYXhCsbk9J4jV-33xPUIn5Rg2kQTY-DzQDpfqrkWUH7G0z4nkg_8hoCGTIQAvD_BwE)

<sup>10</sup> BOND, *UK aid cuts: little information, but devastating consequences* (2021) <https://www.bond.org.uk/news/2021/05/uk-aid-cuts-little-information-but-devastating-consequences>

<sup>11</sup> Centre for Global Development, *An Overview of the Impact of Proposed Cuts to UK Aid* (2021) <https://www.cgdev.org/publication/overview-impact-proposed-cuts-uk-aid#:~:text=The%20figure%20in%202020%20is,reduction>

World Food Programme and the Red Cross. Only a fraction of UK aid issued to respond to COVID-19 has gone to local organisations.

- 2.2.7. While UK Aid funding to INGOs is tracked to monitor the level of funds passed onto local organisations, the same expectation is not set out for funding channelled through the UN, which in this case constituted the vast majority of DfID funding. As a consequence, funds are not getting through quickly and efficiently enough to the poorest communities. This is not in keeping with UK commitments to localisation and goes against the evidence of the importance of local actors, including FBOs, in outbreak response.
- 2.2.8. Cutting bilateral support to water, sanitation and hygiene by 80% during a global pandemic is incompatible with the UK's stated aim of leadership on the climate agenda and the government's international priorities of girls' education, health security, climate and nature, economic growth and conflict resolution.

### 3. *Impact of the changes*

- 3.1. The full scale and impact of the cuts is still unknown, but it will be devastating for the world's poorest who are already having to deal with the impacts of COVID-19 and climate change. Aid and development is not a tap that you can just turn off and on again. It took time and planning to increase the aid budget, with the increase from 0.5% to 0.7% taking four years<sup>12</sup>, to ensure efficient and effective use of ODA. The pace at which these cuts have been made risks poor decision making and long lasting damage to some of the most marginalised communities around the world. Furthermore, making these cuts during a pandemic, in the year the UK hosts the G7 and UNFCCC COP26, risks undermining the UK's international reputation and ability to lead negotiations, particularly as at least five of the G7 are planning to increase aid in 2021.<sup>13</sup>
- 3.2. It is concerning to consider how the aid cuts will impact countries, where the context is particularly fragile, such as **Yemen and South Sudan** where the UK is one of the humanitarian donors who contributes the most financially. Yemen should have been a positive example of what merging DFID and the FCO could deliver,

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<sup>12</sup> Centre for Global Development, *Five Points for MPs in the UK's Planned Aid Cut, and an Alternative Proposal for the Government* (2021) <https://www.cgdev.org/blog/five-points-mps-uks-planned-aid-cut-and-alternative-proposal-government>

<sup>13</sup> Centre for Global Development, *Five Points for MPs in the UK's Planned Aid Cut, and an Alternative Proposal for the Government* (2021) <https://www.cgdev.org/blog/five-points-mps-uks-planned-aid-cut-and-alternative-proposal-government>

bringing its combined diplomatic and development weight to bring an end to the conflict. Instead, the UK continues to sell arms to parties involved in the conflict and is now cutting its humanitarian assistance to Yemen by 60%. The UN has warned that 20.7 million Yemenis, 66% of the population, need humanitarian assistance. The UN Secretary General described the overall cuts to aid in Yemen as a 'death sentence'.<sup>14</sup>

- 3.3. The humanitarian situation in South Sudan since its independence has been precarious. However, in 2020 and 2021, the humanitarian situation worsened further. Conflict, food insecurity, increasing flooding, the COVID-19 pandemic outbreak, and restricted humanitarian access are increasing and worsening the levels of need across South Sudan. This scale of need is most clearly seen in the food security sector, which is expecting Integrated Food Security Phase Classification (IPC) Phase 5 (Catastrophic) levels of food insecurity this year. It is estimated that 60% of the population, more than 7.24 million people, remain in IPC 3, 4, and 5 while the situation continues to deteriorate.<sup>15</sup> The World Food Programme in South Sudan is already reducing food rations in IPC Phase 3 and 4 areas to prioritize IPC Phase 5 parts of the country. However, the humanitarian community believes that this shift, while necessary due to budget and need constraints, represents a double-edged sword. The humanitarian community can feed people now but may not be able to feed IPC 3 and 4 populations later.

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<sup>14</sup> OCHA, *Humanitarian Needs Overview: Yemen (2021)*  
[https://reliefweb.int/sites/reliefweb.int/files/resources/Yemen\\_HNO\\_2021\\_Final.pdf](https://reliefweb.int/sites/reliefweb.int/files/resources/Yemen_HNO_2021_Final.pdf)

<sup>15</sup> IPC, *IPC Acute Food Insecurity & Acute Malnutrition Analysis: October 2020 – July 2021 (2020)*  
[http://www.ipcinfo.org/fileadmin/user\\_upload/ipcinfo/docs/South\\_Sudan\\_TWG\\_Key\\_Messages\\_Oct\\_2020-July\\_2021.pdf](http://www.ipcinfo.org/fileadmin/user_upload/ipcinfo/docs/South_Sudan_TWG_Key_Messages_Oct_2020-July_2021.pdf)