

Submission of Written Evidence: Exploring the aid cuts

Save the Children UK

Save the Children is the world's leading independent organisation for children, established more than 100 years ago in London and now fighting to ensure that all children survive, learn and are protected. We operate in 120 countries and work extensively with the Foreign, Commonwealth and Development Office (FCDO), as we did with its predecessors, on both policy and programmes. Based on our experience, we believe that UK aid is most effective when it is focussed on the eradication of poverty and suffering and is targeted at the furthest behind. This is how the UK can make the biggest contribution to creating a healthier, safer and more prosperous world, and these considerations should be the starting point for the definition, administration and prioritisation of UK aid.

Questions

Strategy

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 The FCDO's seven global challenges leave some key gaps, and we are seeing signs that allocations do not match the stated priorities. Increased allocations to sectors such as banking, communications, industry and mining, and trade policy¹ highlight that alongside the reduction in aid there is a reprioritisation towards sectors with a less direct humanitarian impact. Meanwhile girls' education, a stated priority, is facing cuts of 24% compared to pre-pandemic levels, humanitarian response is facing 44% cuts and global health (although increased since 2019 due to the COVID response) will see cuts of 14% compared to 2020.²

1.2 We strongly welcome the Government's focus on open societies and conflict resolution, including strengthening democratic institutions, human rights, free media and effective governance. However, as with the other 'priorities', scepticism remains over whether rhetoric will be matched by sufficient funding. At the heart of this needs to be consistent work to uphold the international rules-based system upon which all our security depends.

1.3 While we welcome the UK's commitment to continue to play a leadership role in humanitarian preparedness and response, where the gap between needs and resources is higher than ever, we are concerned that food security has been reframed as primarily a humanitarian issue (i.e., "famine"). Moreover, nutrition is entirely missing from the stated priorities. Addressing malnutrition is essential to progress the seven global challenges. For example, inadequate early nutrition undermines cognitive development and negatively impacts educational attainment thus rendering the UK's efforts to champion girls' education fruitless.³ Immediate action is needed to deal with the unfolding hunger and malnutrition crisis compounded by the pandemic, including integrating and financing essential nutrition services and containing nutrition objectives within wider work.

¹ <https://www.savethechildren.org.uk/blogs/2020/global-britain-uk-aid-budget-cut>

² <https://www.gov.uk/government/speeches/uk-official-development-assistance-oda-allocations-2021-to-2022-written-ministerial-statement>

³ https://resourcecentre.savethechildren.net/node/18815/pdf/nutrition_critical_why_the_uk_must_act_now.pdf

1.4 The Integrated Review over-promised and under-delivered for international development. Heralded as the most comprehensive review of UK Foreign Policy since the end of the Cold War, major decisions on international development policy (the closure of Department for International Development (DFID) and the abandonment of the 0.7% aid commitment) were made ahead of the Review, and the publication pushed more detailed thinking into a subsequent International Development Strategy process, for which no details or consultation opportunities have yet emerged.

2. Whether these focus areas address the most pressing global development challenges

2.1 We are currently experiencing the most challenging global context for a generation. The Covid-19 pandemic has caused the biggest education emergency in a generation. Our analysis suggests that 10-16 million children are estimated to be at risk of never returning to school due to the pandemic. The UK's stated prioritisation of girls' education is not matched in action. The Global Partnership for Education, of which the UK is co-hosting the replenishment, has a multi-billion-dollar financing gap.

2.2 In addition to the education emergency, the pandemic has caused a nutrition crisis. By 2022, it is estimated that an additional 9.3 million children will be wasted. The increases in wasting, combined with declined coverage of nutrition interventions, could lead to an additional 168,000 under-five deaths by 2022. While food security, hunger and nutrition are interconnected they are not identical issues. An ineffective response to hunger, without sufficient prioritisation of nutrition, may shift a crisis into a protected issue of undernutrition with lingering individual and societal impacts. The UK has a critical role to play in tackling global child malnutrition and the FCDO's prioritisation does not reflect this. Save the Children's analysis suggests that nutrition programming is facing cuts of 80%, which will have catastrophic consequences at a time of critical need.⁴

2.3 The FCDO's approach to health does not sufficiently prioritise strengthening health systems, at a time when they have been overwhelmed by the pandemic, and will be required to deliver mass vaccination programmes on top of delivering routine services. The UK has a key role to play in ensuring equitable access to Covid-19 vaccines through preventing vaccine nationalism, increasing commitments to sharing technology and know-how, improved global mechanisms for transparency and accountability, and increased supply capacity. However, these steps must be part of a wider programme to promote universal health coverage, building strong and sustainable essential health services, free at the point of use. The FCDO's prioritisation risks over-focusing on Health Security at the expense of health systems strengthening, which, as well as being most the effective defence against future pandemics, is amongst the most impactful and cost-effective investments that aid spending can make.

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

⁴ <https://www.savethechildren.org.uk/news/media-centre/press-releases/uk-government-set-to-cut-malnutrition-programmes-by-80-percent#!>

3.1 All of the FCDO's country plans for countries classified as Least Developed Countries (LDCs) or low-income (as defined by the World Bank's IDA definition) should have poverty reduction as a primary objective. For any countries in receipt of ODA, the plan should set out how the UK intends to contribute to humanitarian and longer-term development needs directly and/or as part of the wider system, with tangible targets and indicators for the poverty reduction impact and equity focus of all interventions.

3.2 The recent Integrated Review signaled the start of the Indo-Pacific tilt by the UK in terms of foreign policy prioritisation. While the extent to which this is reflected in aid spending remains to be seen, countries in this region are not generally amongst the furthest behind. For example, our analysis identified 12 countries⁵ as being at 'extreme risk' of falling behind in their progress towards SDG4 on quality education. None of these countries at risk are in the Indo-Pacific.

3.3 The UK Government is set to cut the budget for humanitarian assistance by 44% this financial year, compared to 2019. This has meant significant cuts to countries like Yemen (60%) and Syria (67%), where the world's worst humanitarian crises are occurring, as well as Lebanon (88%) and the Sahel (93%). Not only is the budget reducing, but 56% has already been allocated, leaving little space to respond to emerging crises throughout the year in an increasingly volatile world. While the primary objective of aid spending in these conflict-affected countries must be humanitarian, it is undeniable that their instability has consequences for UK security, and this drastic reduction of the UK's role will not be without security implications.

3.4 While we believe development to have positive impacts on economic and security interests, based on our experience UK aid is most effective when focussed on eradicating poverty and suffering. As such, ODA spending should be focused on areas where the need is the greatest.

Administration

4. 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

4.1 Save the Children remains concerned about the impact of the merger between DFID and the FCO, which risks reducing the emphasis of British foreign policy on international development and prioritising economic and security concerns over humanitarian considerations. In this context we do, however, welcome the move to give overall oversight of UK aid spending to the department responsible for international development, now the FCDO. This allows for increased coherence across the overall ODA portfolio. It is also welcome that the proportion of ODA spent by other departments has been reduced, given the long-standing gulf in the quality and transparency of aid spending between DFID (as it was) and other departments.⁶ We are pleased that the Committee has retained its role despite the closure of DFID, and welcome its powers to scrutinise aid spending across all government departments.

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

⁵ Niger, Mali, Chad, Liberia, Afghanistan, Guinea, Mauritania, Yemen, Nigeria, Pakistan, Senegal and Côte d'Ivoire

⁶ <http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/international-development-committee/definition-and-administration-of-oda/written/75734.pdf>

5.1 The percentage split between the UK Government's bilateral (between 33-37% from 2015-2020) and multilateral (between 63-67% from 2015-2020) ODA spend has not shifted significantly over the last five years. If we compare this to other countries, the split by the US focuses more on bilateral aid spending, and the French Government on multilateral spend (with Germany and Japan in a similar position to the UK).

5.2 However, with the UK Government's decision that in 2021 it will reduce its ODA spend to 0.5% of GNI in 2021, along with its existing multilateral funding commitments and continued scaled-up support for multilateral responses to Covid-19, it is very likely that the balance of ODA spend in this year will shift more towards multilaterals in 2021 and 2022.

5.3 We fully support a coordinated response through multilateral channels in this time of crisis, and the UK Government's funding to UN agencies to deliver support to all countries in need. However, while the UK Government can help shape the direction of multilateral funding to an extent, it is more removed from closely monitoring the effectiveness of support and ensuring that accountability and transparency mechanisms of multilateral institutions are fit for purpose.

5.4 In 2020/21, implementing organisations such as INGOs found that Covid-19 response funds channelled through multilaterals such as the UN took a long time to be dispersed to organisations such as Save the Children who are delivering Covid-19 preparedness and response programmes. This has caused significant delays in programming at a time when swift action was needed to stop the worst impacts of the crisis (for instance, in 2020 at the start of the global Covid response, only 2% of Global Humanitarian Response Plan (GHRP) funds had reached NGOs 6 weeks into the response).

5.5 Within the 2021 aid cuts, INGOs have seen that, where the FCDO has already committed this funding to multilaterals, the bilateral spend with the smaller ODA pot has disproportionately affected INGOs and aid agencies. One consequence of this has been a shift in focus of health funding to large increases in budgetary allocations to infectious disease control and related funding to international bodies (e.g. Global Fund, Gavi, International Finance Facility for Immunisation). However, other areas of health funding that are critical for children – such as basic nutrition, family planning and reproductive healthcare – have been cut. These cuts come on top of reductions in funding in previous years. Given the key role these areas play in child survival and in supporting infectious disease control, the impact of these reductions in UK aid needs to be urgently assessed.

Process

6. The FCDO's approach to the process of implementing in-year changes to the aid budget during the 2020-21 financial year, including its communication with stakeholders

6.1 At the start of the Covid-19 pandemic the Government was quick to respond by providing aid to help end the pandemic and support the global economy⁷, including additional support to the global fund and to the IMF. In May, the Chancellor announced that the UK was facing a significant recession, outlining that the Government was aware aid funding would need to be reduced to meet but not exceed spending 0.7% of Gross National Income (GNI) on aid. Despite

⁷ <https://www.gov.uk/government/news/pm-its-humanity-against-the-virus>

this, it was not until the end of July until there was a public announcement⁸ that the result of these two factors would be a £2.9bn of package of reductions.

6.2 Throughout the rest of the year there was a lack of clarity about where the £2.9bn reductions would fall. What was increasingly clear is that this package of savings was significantly higher than needed to meet the 0.7% target.

6.3 This has significantly impacted us at a programme level. Although FCDO staff in-country have communicated to our teams that six of our programmes will likely be cut, for half of these, we still have not received formal notification from the FCDO of the revised budgets, one of which they have indicated may have a budget reduction of up to 70% for this current year of programming (2021-22). The prolonged uncertainty is severely impacting our ability to plan for how we will continue to support the children and families we work with. This means we are also restricted in our ability to give staff a fair amount of notice regarding redundancies. Further, because the budget cuts will be back-dated to the beginning of April, it makes implementing over these months incredibly challenging. We are also hearing that there are likely to be further cuts to some of these programmes in the following years, creating further long-term uncertainty.

6.4 Save the Children is deeply concerned that we will no longer be able to deliver meaningful or sustainable impact if arbitrary cuts are made to programmes already in progress and performing well. The proposed cuts will compromise outcomes for children in the most vulnerable settings and will decimate the trust held with our programme partners and with other international donors. Therefore, this compromises the entire sector.

6.5 It was only at the end of November that the reason for this significant cut was fully understood with the announced move to spending 0.5% GNI on aid. It allowed room for the Government to disburse early to IDA19, which should have been disbursed in 2021. This freed up aid spending in 2021-22 to make the move to 0.5% less problematic and enabled it to meet 0.7% in 2020.

6.6 Overall we are disappointed by the FCDO's handling of communication around the cuts. There has consistently been a lack of consultation and engagement with INGOs in terms of the prioritisation exercise carried out, and specific country and programme cuts.

6.7 We are concerned about the lack of impact assessments that have been undertaken ahead of the cuts being decided. Yemen is a notable example as the world's biggest humanitarian crisis, and a country on the brink of famine, and yet is facing disproportionate cuts to aid programming.

6.8 Additionally, it risks compromising value for money objectives and has added potential to waste taxpayers' money – issues we are keen to raise domestically and internationally.

6.9 We would like to see assurances that the FCDO will improve its communication and consultation process in the future and commit to publishing impact assessments of the cuts.

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https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/903107/Letter_from_the_First_Secretary_of_State_to_Tom_Tugendhat_MP_Chair_of_the_FAC_on_ODA.pdf

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

7.1 Despite the Government announcing £4bn of aid cuts in November, it was not until the end of January that departmental allocations were made public⁹. Following this, it was not until the end of April, after the financial year had started, that the FCDO reported on thematic allocations¹⁰ of its 2021-22 aid budget.

7.2

7.3 Our experiences are mirrored by implementing partners across the board, and a number of leaked announcements of cuts from within the FCDO. The earliest that a full understanding of the programmatic impact of the changes to UK aid is expected will be when the FCDO reports to the International Aid Transparency Initiative (IATI) in late May or early June. Even then it may only provide a partial picture of the FCDO's budgeted activities and there will likely be no update from other government departments.

7.4 With the prolonged global pandemic, it is becoming increasingly clear that the announced departmental aid budgets are not fit for purpose. Both the Ministry of Health and the Home Office saw increased aid spending in 2020 due to the pandemic, yet are expected to reduce aid spending this financial year. This is despite increased spending requirements for donating medical supplies and refugee hosting costs. Overspends by other departments could have serious implications for further project and programme cuts within the FCDO later in the year.

Impact of the changes

8. Impact upon communities in lower income countries

8.1 Given the scale of the cuts, we are seeing budget reductions for programmes in various countries and across thematic areas. As the UK Government predominantly targets aid at the world's poorest countries and those middle-income countries where a significant proportion of the poorest people live, this means that such large cuts to the UK aid budget cannot be made without impacting the poorest and most vulnerable people in the world. This also comes after a challenging period where Covid-19 impacts and restrictions have already delayed programme operations.

8.2 So far, we are aware of six of our UK Government funded programmes that have had, or will have, their budgets cut. This includes two of our programmes supporting community health, nutrition and resilience building in Somalia, as well as a nutrition programme in Mozambique.

8.3 In both cases, cutting these programmes would affect communities' resilience and ability to respond to and adapt to climatic and other shocks. If confirmed, these cuts will also have a

⁹ <https://questions-statements.parliament.uk/written-statements/detail/2021-01-26/hcws735>

¹⁰ <https://questions-statements.parliament.uk/written-statements/detail/2021-04-21/hcws935>

significant and detrimental effect on the impact, sustainability and value for money offered by these programmes.

8.4 In humanitarian contexts, such as Somalia, cuts to malnutrition, basic health care services, access to education, or protection of the most vulnerable parts of the population could tip very precarious situations into acute humanitarian crises.

8.5 While the impact remains unknown in many cases, for some sectors it is possible to assess the likely reduced reach of UK aid caused by the cuts. The UK spent £6.8 billion on humanitarian assistance from 2015-19¹¹, reaching 32.6 million people¹², which works out at £210 per person reached. On this basis the £1.6 billion spend in this area in 2019-20¹³ would have reached an estimated 7.3 million people and the £906 million 2021-22 budget for humanitarian preparedness and response¹⁴ would equate to reaching 4.3 million people - a reduction of 3 million.

9. Impact upon organisations implementing UK ODA programmes

9.1 For the majority of programmes, we still have not received formal notification from the FCDO of the revised budgets (some of which the FCDO has indicated may face up to 70% budget cuts for the next year of programming). We are also hearing that there are likely to be further cuts to some of these programmes in the following year. The prolonged uncertainty is severely impacting our ability to plan and manage impacts to staff and operations.

9.2 Some of the cuts will mean that our staff working on those programmes face redundancy and/or that our field offices will face closure. We have also seen (where funding supported core roles) that we lose staff positions that supported oversight and strategic direction to our programme portfolio, impacting on the quality of existing and future programmes.

9.3 Significantly reducing budgets mid-way through implementation will ultimately lead to wasting taxpayer funds already invested. There will also be knock-on impacts on partners' operations, particularly local and national implementing partners.

9.4 Another impact is that we may have to cut back the length of programmes, which ultimately reduces their positive impact on communities. It also reduces our capacity to propose adequate phase-out and handover of programmes, undermining their sustainability.

9.5 In some instances, we will have to reduce the geographic coverage of our programmes and operations, which will reduce our relationships with and support for certain communities we have been working with at short notice – and could damage relations in these areas for the long term. Budget reductions are also leading to challenging conversations and renegotiations with governments that we are working with. In one instance we will have to renegotiate our Memorandum of Understanding with the Government concerned, which could adversely affect our relationship and future work in-country.

¹¹ DFID Statistics on International Development [2015](#), [2016](#), [2017](#), [2018](#) & [2019](#)

¹² [DFID Annual Report 2019](#)

¹³ FCDO submission to [IATI](#), March 2021

¹⁴ [FCDO Written Statement](#)

9.6 Budget cuts also mean we are having to remove certain components from programmes such as research and learning – which may negatively affect the impact of current and future programmes.

9.7 Ultimately, budget reductions to existing programmes will also impact our organisational cash flow and financial health. We are already having to carry out financial reforecasts and understand what implications the cuts will have on the organisation as a whole – and most importantly, our ability to provide support to the world's poorest children.