

International Development Committee Inquiry: The Philosophy and Culture of Aid International Aid

Written submission on behalf of BOND, 1st October 2021

Bond is the UK network for organisations working in international development and humanitarian aid. It unites over 400 organisations, from small specialist charities to large international non-governmental organisations (INGOs) with a world-wide presence. Through our work convening and leading the sector, we are supporting members to understand trends in UK aid and rethink their own policies and practice on Official Development Assistance.

1. Fundamentals of aid

1.1 What do you think international aid should be for?

The current global economic system is based on and continues to perpetuate unjust and enduring power imbalances and systemic inequalities. International aid should be a tool to acknowledge and correct the colonial roots of modern poverty and global inequality and to support countries to pursue sustainable economic development. There is an opportunity to create a more just and sustainable global system which delivers for all, and international aid plays a part in achieving this.

International aid should be focused on and guided by a commitment to alleviating poverty, achieving sustainable development and addressing humanitarian needs. Alongside other international levers such as diplomacy and trade, international aid can play a unique role in supporting and partnering with local communities to meet their pressing needs and support long-term sustainable development outcomes. In relation to other sources of financing and support (which are also vital), the OECD DAC defines international aid as being fundamentally concessional, or contains a concessional element, and should have a primary objective of supporting the economic growth and welfare of partner countries.¹ This particular purpose is intended to ensure ODA is focused on the areas where support is most needed or where non-concessional financing will not be spent, providing fundamental finance to ensure development does not leave behind those most in need.

Whilst a useful original framework for international aid, further scrutiny should be given to the focus on 'economic growth' and what is meant by that. Economic globalization over the past few decades has seen winners and losers, as well as widening inequalities. Models of 'economic development' exported by countries in the Global North have continued to promote an exploitative model, leading to further global injustice. Gross Domestic Product (GDP) and Gross National Income (GNI) are increasingly recognised as an insufficient measure for a country's economic or social performance, due to their unhealthy focus on short-term income generation at the expense of longer-term prosperity or sustainability. The definition and rules by which spend is classified as aid should be developed to move away from this focus on traditional models of economic growth to instead ensure ODA is promoting genuine sustainable, inclusive and long-term flourishing for communities and individuals. Bond has written more on our vision for sustainable economic development in our working paper on the Principles for Sustainable Economic Development. This is not a public paper, but can be shared privately upon request.

¹ <https://www.oecd.org/development/stats/What-is-ODA.pdf>

1.2 How should the rules and norms of international aid be set?

A strong, rules-based system based on shared values is critical to ensuring the global community can work together to achieve our joint goals. The OECD DAC has provided an effective framework to guide decision-making on ODA spend and set the core definitions² and provides practical support to the global community in pursuing effective international aid.³ This shared understanding of international aid, including the rules surrounding how it is spent and its overall purpose, supports collaboration on sustainable development, promotes transparency around aid spend and allows DAC members to be held accountable on how and where their aid is being spent. It also provides an incentive to continuously improve the quality of a country's ODA spend, and a space for different stakeholders to push for more effective ODA.

There is significant room for improvement. As with many elements of the international architecture, the DAC is an exclusive club of almost all Northern-based donors. As part of the OECD, the DAC lacks the wider legitimacy of the UN or even the flawed inclusivity of international financial institutions like the World Bank and IMF. The DAC is a rich countries club. Aid recipient countries and many (non-Western donors) are excluded. This colonialist model needs to change. Rules and norms of international aid must be led and defined by those most directly impacted by international aid, and so it is critical that communities who have been marginalised are at the centre of decision-making. The DAC should expand to allow broader participation beyond the primarily Western 'donor' countries, so that the rules and norms of international aid can be fit for purpose and reflect the shifting priorities of global south countries. The broader international context has developed since the original classification of ODA in 1969, and there are now elements of the current system which are clumsy and require rethinking for a modern context, for example the ongoing dual-system around private sector instruments. Any reform processes taken to ensure the system remains fit-for-purpose must be democratic, with clear processes, rules and principles in place and should be conducted in a way which strengthens the overall objective and purpose of the DAC rather than undermines it.

Any new adjustments to how rules and norms of international aid are set must also retain the strengths of the existing system. Having a simple core principle for what aid should be, which is then used to develop the more technical rules for accounting and different types of finance, allows for a dynamic approach whilst still ensuring global practice on aid does not drift too far from its original goal. This system also allows a wide range of stakeholders to easily engage with decision-making on ODA regardless of their expertise or prior engagement in the discussions. Each country in the DAC commits to untying aid, adhering to ODA rules, reporting ODA statistics, participating in working groups and undergoing a peer review of their work. These conditions are important, ensuring continued transparency and a commitment to continuous improvement on a country's ODA spend. The broadly egalitarian approach to decision-making within the DAC, whilst slow and with various procedural elements which could be streamlined, should be continued to ensure continued buy-in to the process from all parties and to mitigate against any serious degradation of the ODA standard.

² Ibid.

³ <https://www.oecd.org/dac/thedevelopmentassistancecommitteesmandate.htm>

1.3 Should aid be conditional, and what should those conditions be?

For the purposes of this question, we are defining conditional aid as aid that is contingent upon fiscal, institutional or policy reforms within the partner institution. These conditions can be required to be met prior to disbursement ('ex ante') or on the understanding they will be met after receiving funds ('ex post'). We are not including aid which is provided upon the condition that it is used to procure good or services from the donor ('tied aid'). We are also not including fundamental 'good practices' which should underpin all aid and are often included as requirements within aid agreements, such as transparency mechanisms or anti-corruption measures.

Bond is opposed to the practice of aid conditionality. The evidence base on the effectiveness of aid conditionality is mixed, with limited evidence of it succeeding in either supporting a country's development or achieving the stated 'conditions' of reform. The concept of a donor institution dictating the reforms needed in order to receive funding runs counter to the principle of supporting locally-led development and aligning with the partner government's own priorities and strategic approach. Even where the conditions are developed and agreed in consultation with the partner government, or where the funding is made contingent on existing independent objectives from the partner country, the power imbalance created by the conditionality of the funding does not lend itself to strong domestic ownership and equitable engagement. Conditionality also puts all of the risk of not achieving the objectives onto the partner country, which is not aligned with a true partnership approach. Conditionality reduces the scope for flexibility within implementation, making it more difficult to achieve the goals of the funding. Conditional funding has frequently not produced the desired reform, or the reforms have been instituted in isolation without the broader social and institutional context being ready, undermining the overall outcomes. There have been instances where the partner government is forced to institute unpopular reforms which have undermined that government's legitimacy and public trust, negatively affecting the country's overall developmentⁱ. Analysis of conditional funding agreements also found that often it is the lowest income countries who are given the heaviest burden of conditions to be met, and that the comparatively weaker institutional contexts could influence a prioritisation of middle income countries over lowest income countriesⁱⁱ.

The objectives of conditional aid can, and should, be sought in a more equal partnership approach. The objectives of policy, fiscal or institutional reform can still be the stated objectives of a funding agreement, but with the risk shared between all partners rather than resting solely on the global south country. It is also natural that different lenders will require certain institutional structures to be in place before they are able or willing to invest, and that they may increase their investments over time as a country increases its capacity and the risks to the investment reduce. But each individual funding tranche should be made unconditionally, in recognition of the country's own ability to recognise and define its needs flexibly.

2. Donor countries

2.1 Should the UK have an aid budget? Why is this?

In the absence of a better alternative, the UK should continue have an aid budget. Having an aid budget is part of the UK's commitment to being a reliable and generous global partner, recognising our shared

responsibilities to other countries the ways in which colonialism and systemic inequality has unfairly harmed some whilst benefitting others. The UK has long played its role in supporting and partnering with other countries, recognising that the burdens of poverty and conflict are shared issues which we all have a responsibility to solve. As the impacts of covid play out, this role is more crucial than ever to ensure the pandemic does not set back decades of progress.

An aid budget also provides benefits to the UK, promoting long-term global security and an open rules-based international order and helping the world respond to global challenges such as climate change and pandemics.

2.2 What should be included in the UK's international development strategy and what does the economic growth model set out in the Integrated Review of Security, Defence, Development and Foreign Policy mean for the development strategy?

Bond has produced a [paper](#) which outlines in detail our vision for the international development strategy. The strategy should reflect the way in which the UK's role in the world is evolving and the changed global context. It should build on the best of what has gone before, putting in place a framework fit for the future. It should be focused on alleviating poverty, shaping the international order to address structural inequalities and humanitarian needs, delivering sustainable development and promoting gender equality and racial justice in ways that put people who have been marginalised first.

The vision of the IDS must have the following outcomes at its heart:

- Achieving the SDGs and 'leaving no one behind'
- Decolonised and decentralised development
- Sustainable economic development
- Effective humanitarian response
- Conflict prevention
- Sustainability and climate action
- Open societies, civic space and human rights protected

The strategy must not only set out a vision, but also outline how it will achieve its objectives. Effective ODA must be based on need and poverty-focused, aligned with aid effectiveness principles and the Paris Climate Agreement and delivered through meaningful partnerships. There must also be a larger commitment to decentralising power and decision-making and reshaping the international rules that keep countries from flourishing. The UK must use all available levers to promote a more just system which delivers for the world's poorest.

Whatever the delivery mechanism, all interventions must be:

- Committed to fairer global rules - The UK's ODA must go hand in hand with a larger commitment to reshaping the international rules of the game that keep low- and middle-income countries poor, using its diplomatic influence in international fora to promote a more equitable and sustainable system.
- Committed to shifting power - The IDS should outline how the government will decentralise power so embassies and partners can ensure decisions are made as close to the relevant

communities as possible. It should catalyse a shift to more collaborative ways of working, one that focuses on building equitable partnerships and establishing transformative partnerships with civil society globally.

- Committed to the effective use of financing for development. Allocation of UK ODA should be needs-based, not compromised or directed by national security or political agendas, and guided by aid effectiveness principles. Resources freed from debt and climate finance should be additional to ODA.
- Coherent - The IDS should be guided by the principle of policy coherence. It should ensure that all other international actions do not undermine the UK's development objectives, are conflict and gender sensitive and do no harm.
- Poverty-focused - The IDS should set out a vision for international development in 2030 that is focused on ending poverty and, in line with the SDGs, puts the people who have been the most marginalised at its centre.
- Rights-based - The UK government has a duty to uphold universal human rights. The IDS should adopt a right-based approach to development, focused on combating discrimination and promoting dignity, fairness and equity.
- Transparent and accountable - The UK government should support partner governments to become more open, transparent and accountable to their citizens and continue to champion transparency standards. It should also ensure transparency and enable effective scrutiny of its own policies, practices and spending.
- Evidence-based and measurable - All UK decisions on international development should be grounded in evidence, including lived-experience, and the IDS should set out clear objectives, benchmarks and indicators against which its implementation and progress can be measured.

2.3 Should all donors work towards the collective aims set out in the Sustainable Development Goals or should they have flexibility to pursue their own priorities and development strategies outlined by recipient countries?

The collective aims set out in the 2030 Agenda for Sustainable Development, and within it the Sustainable Development Goals (SDGs), provides a clear practical and normative framework that articulates an ambition for a more equal and sustainable world, where no one is left behind, and we do not exceed planetary boundaries. It highlights the need to build a more equitable world, within and between countries, and recognises that a more equal world benefit everyone. The 2030 Agenda, and SDGs, were agreed by 193 Member States of the UN, through a negotiated process that has been recognised as the most open, transparent and participatory process run by the UN General Assembly. It was not developed by donor countries or the Global North, not imposed on any country, but unanimously accepted by all Member States as the primary sustainable development agenda. All countries should work towards the collective aims of the 2030 Agenda as well as the goals and targets of the SDGs, because they reflect the world we all want.

Donor countries should work towards the collective aims and transformative principles of the 2030 Agenda: principles of universality, human rights, integration, partnership, inclusivity, pursuing development within planetary boundaries, inter-generational responsibility and leaving no one behind. However, it would be unrealistic to expect donors to support the implementation of every goal and

target around the world, and the 2030 Agenda also makes it clear that it is the primary responsibility of national governments to deliver sustainable development. Donors should take a considered approach to identify what aspects of SDG implementation they are best equipped to support, and should seek to strengthen national ownership, support constructive civic space, and ensure sufficient resources for sustainable development processes. They should look to recognise and empower countries to achieve sustainable development in their domestic context, whilst also acknowledging the interconnected nature of sustainable development.

In supporting other countries to achieve the SDGs, donor countries have an important role in building the capacity of local civil society groups to hold governments in low- and middle-income countries accountable – partnership with civil society organisations is critical not only for SDG implementation but also to support accountable governance and locally-driven social change. This should be an important aspect of wider efforts to support democracy and strengthen civic engagement.

2.4 Is there a ‘gold standard’ that donors should aspire to and are there examples of best practice among donor countries?

The OECD DAC rules provide a strong, rules-based basis for ODA spend. The OECD definition requires that development assistance be concessional and have the promotion of the economic development and welfare of developing countries as the main objective. This core definition provides a good basis for decision-making around ODA spend, and all development assistance should continue to pursue the development and welfare of countries and communities that have been marginalised, but it also gives donors a lot of discretion around what is reported as ODA. Donors have used the rules to inflate their reported ODA. Concord’s [Aid Watch report](#) and the One Campaign’s [real aid index](#) set out clear criteria for the types of aid that would meet a gold standard.

Donors should continue to follow and work to improve the OECD DAC rules as a basis for their development spend. They should adhere to the intention behind the OECD DAC rules when making decisions, rather than using the inevitable limitations of codified rules to allow for spend which does not clearly have the welfare of developing countries at its heart. They should use the DAC rules as a tool to strengthen the effectiveness of their ODA spend and ensure poverty reduction, rather than classifying spend which does not effectively promote sustainable development as ODA.

As outlined in our answer to question 1.2, we think that the international community can go further in aspiring to a ‘gold standard’ of international development assistance. Best practice on international aid should be defined by and co-created with global majority countries. It should prioritise locally-led development, with funding flows going primarily to locally-led organisations at both the community and national level and in line with domestic and local priorities. In line with The Busan Principles for Effective Development Cooperation, ODA should prioritise partner country ownership over development priorities, be results-focused, value equal partnerships and be transparent and accountable to the communities in which it is spent. ODA should also include things like:

- 1)** Meeting commitments on targets like the 0.7% of GNI spent as ODA, like the commitments to spending in least developed countries and on leaving no one behind.
- 2)** Prioritising the impact and the primary purpose of ODA in all allocations and reversing the use of aid for political ends. This would mean working to reduce the amount of ‘inflated aid’, aid spent

on things like in house refugee costs, front line diplomatic service or to secure donor security or trade objectives.

- 3) Ensuring that all ODA is Paris Agreement compliant and climate finance is truly additional to ODA commitments.
- 4) Maximising concessionality by using grants as the preferred option and loans only in when alternatives are not available.
- 5) Committing to ODA remaining untied both in policy and practice
- 6) Following a rights-based approach, mainstreaming gender equality, disability equality and the rights of other marginalised groups into their development approach
- 7) Effective methods for monitoring, evaluation and learning at both a programmatic and strategic level

ⁱ <https://web.stanford.edu/class/polisci440d/Montinola.pdf>

ⁱⁱ <https://www.oecd.org/cfe/regionaldevelopment/Shah-Development-assistance-and-conditionality.pdf>