

INTERNATIONAL DEVELOPMENT COMMITTEE: INQUIRY ON EFFECTIVENESS OF UK AID

Response submitted by: Gráinne Mathews on behalf of Charities Aid Foundation

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1 INTRODUCTION

- 1.1 Charities Aid Foundation (CAF) is an international civil society organisation (CSO). Our mission is to motivate society to give ever more effectively and help transform lives and communities around the world. We work to stimulate philanthropy, social investment and the effective use of charitable funds by offering a range of specialist financial and resource mobilisation services to charities and donors, and through advocating for a favourable public policy environment.
- 1.2 The CAF Global Alliance is a network of locally led civil society infrastructure organisations working in partnership to champion an enabling environment for giving and civil society. The CAF Global Alliance has particular expertise in international grant-making, with CAF UK, America and Canada working with donors to distribute funds to grassroots organisations in the global South and in Middle Income Countries with many partners playing a key role in supporting civil society through transition periods, for example our partners in Russia, India, South Africa and Brazil. We conduct research into trends in giving in emerging markets, seen in our annual World Giving Index annual report, and our international policy work that has for years looked at the operating environment for giving, the CAF Future World Giving programme.
- 1.3 The CAF Global Alliance campaigns at the national and international levels to improve the operating environment for civil society
- 1.4 For further information, please contact Gráinne Mathews, Senior Campaigns and Public Affairs Officer at Charities Aid Foundation, on gmathews@cafonline.org

2 THE DEFINITION AND ADMINISTRATION OF UK AID – WHO SHOULD BE RESPONSIBLE, AND ACCOUNTABLE, FOR TARGETING AND SPENDING AID?

- 2.1 CAF believes UK Aid should support the world's most vulnerable people, with a focus on ending extreme poverty. The Department for International Development (DFID) has been at the forefront of the UK's efforts to alleviate poverty and build stronger societies internationally.
- 2.2 The work of DFID has been world-leading, with the [2018 Aid Transparency Index](#) which looks at all major global aid donors, ranking DFID third out of 45 international actors. The UK's

reputation as a “development superpower” is founded upon the strong standards that DFID and its Secretary of State has set as an independent agency.

- 2.3 The Independent Commission for Aid Impact (ICAI) provides oversight for DFID’s aid spend. ICAI’s review mechanisms have been successful in identifying areas that need improvement and setting out strategies for how that can be achieved; for example a recent ICAI report highlighted the need to improve the department’s approach to countries in transition, which resulted in the creation of DFID’s Principles for Transition to informed country offices operations.
- 2.4 Notably a 2019 [report](#) by ICAI found that the over-arching “leave no one behind” principle that frames DFID’s work has not be adopted by other departments with responsibility for aid spend.
- 2.5 CAF believes DFID holds an important role being responsible and accountable for targeting and spending aid. DFID’s reputation sets a strong tone for the UK’s role internationally, eradicating poverty and disease, supporting development and advancing the protection and promotion of civil society across the world. It is only by achieving these international objectives that sustainable development and civil society will flourish, with countries having the capacity to become self sufficient and participate effectively in a global context.
- 2.6 Aid spend, regardless of the department responsible, must be lead by the overarching aim of eradicating poverty and building resilient societies. ODA budget allocation must always be supported by the necessary capacity and knowledge, and framed by the principle of “leave no one behind” as demonstrated by DFID. ODA spend by any department must be transparent to strengthen the necessary social contract that allows the UK to continue being one of the most effective players in the international aid sphere.
- 2.7 An innovative way of increasing the effectiveness of UK Aid spend is by targeting a portion of aid at the creation and development of civil society infrastructure, especially in emerging economies where the opportunity to capitalise on domestic resource mobilisation to support development gains is greatest. Supporting the civil society infrastructure upon which a thriving society depends can also advance progress on the Sustainable Development Goals (SDGs), secure a lasting aid legacy and guarantees value for money for the UK tax payer.
- 2.8 The value of supporting domestic civil society development has been recognised by both DFID and FCO. DFID’s Civil Society Partnership Review (2015) sets out the department’s aim “to build a diverse, resilient and effective civil society sector and a supportive operating environment”; while FCO are actively funding civil society infrastructure and development in Russia through CAF and CAF Russia by funding the Building the Capacity of Russian CSOs and the PeerEx Programme – both of which actively support capacity building and cross-border collaboration.

3 HOW EFFECTIVE AND TRANSPARENT IS THE UK AID SPENT BY THE DEPARTMENT FOR INTERNATIONAL DEVELOPMENT (DFID) COMPARED TO AID ALLOCATED TO OTHER GOVERNMENT DEPARTMENTS AND TO THE CROSS-GOVERNMENT FUNDS?

- 3.1 CAF has not conducted its own assessment of UK aid transparency, but notes that DFID is widely recognised by others as the most effective, transparent and poverty-focused of Whitehall departments which spend aid, with others falling below par. Since 2013, a greater proportion of the aid budget (28%) has been spent by other departments including the FCO. For example, the Conflict Stability and Security Fund (CSSF), a section of the aid budget supporting security, defence and peacekeeping activities, was [given an amber/red rating](#) by the Independent Commission for Aid Impact (ICAI) on effectiveness, flagging inadequate results management and inconsistent quality of programming and human rights risk management.
- 3.2 A [National Audit Office report](#) showed that departments responsible for spending aid outside of DFID as part of a cross-government aid strategy lacked transparency and accountability around aid effectiveness. Publish What You Fund's report on [How Transparent is UK Aid](#), released in January 2020, found that only three in 10 government departments were meeting 2020 targets for aid transparency – DFID was rated Very Good with a score of 86.9 (out of 100). The Foreign and Commonwealth Office, was rated as Fair, with a score of 48.9. DFID not only leads the field in Whitehall but also internationally, as mentioned previously Publish What You Fund's [2018 Aid Transparency Index](#), DFID ranks third out of 45 of the world's major development agencies for aid transparency.
- 3.3 By investing in domestic civil society infrastructure, ODA spend can support the very institutions and mechanisms that can provide the relevant data and insight in to the effectiveness of aid and enhance transparency

4 HOW SHOULD THE NATIONAL INTEREST BE DEFINED, AND WHAT WEIGHT SHOULD IT BE GIVEN, IN RELATION TO TARGETING UK AID?

- 4.1 With global unrest on the rise, a recent position paper from DFID on Governance for Growth, Stability and Inclusive Development¹ stresses the critical importance of free and open societies

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https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/786751/

in not only ending poverty, but countering corruption, violence and repression. In the report former DFID SoS Penny Mordaunt MP emphasised that “open and free societies... are firmly in all our interests”

- 4.2 Domestic civil society organisations play a vital role in creating and maintaining open and free societies. A locally led and resourced civil society sector will ensure that the wealth being generated within a country reaches the poorest, national governments are held to account, particularly in the face of regressive policies, and vulnerable and marginalised groups have a voice allowing the needs of all communities are represented.
- 4.3 Historically, the UK has been a key player in founding and championing multilateral organisation and international cooperation: party to agreements that view international aid as based on humanitarian principles of impartiality and neutrality and above all else in the service of poverty reduction.
- 4.4 It is rightly within the UK’s ‘national interest’ to maintain the “soft power” garnered by its development prowess, as this itself greatly assists the UK’s foreign policy and diplomatic interests, including the promotion of human rights. It is of great national interest to facilitate the transition of lower-income countries’ away from reliance on UK aid, which directly links to DFID’s work leveraging domestic resources from growing middle classes in emerging economies. DFID’s Bilateral Aid Review recognised the need to manage the reduction of aid and envisaged aid as a relationship that morphs into economic partnership through a period of investment in private sector development and technical cooperation to ensure an enabling environment for business.
- 4.5 The 2017 CAF report [Laying the Groundwork for Growing Giving](#) (GGG) and ongoing campaign identified the need to fund the infrastructure necessary for ensuring mass engagement in charitable giving across the world – a key domestic resource to facilitate the transition that lies in the UK national interest that emerging economies transform into self sufficient and prosperous partners. More recently CAF’s 2019 research into the fast growing economies of South Africa, Kenya, Tanzania and Uganda demonstrated the need – similar to our recommendations – for UK ODA to support and engage with the continued development of civil society infrastructure; fund infrastructure to ensure local CSOs can support and benefit from local resource mobilisation; provide capacity building and sector leadership; recognising the importance of CSOs and generosity in sustainable development; create a positive operating environment for CSOs, and promote a culture of giving.
- 4.6 The current Coronavirus situation clearly demonstrates the value and importance of targeting international aid at the world’s most vulnerable and those organisations supporting them, such as the WHO. This significance of this was reflected recently when DFID [announced](#) a package

of £200 million to NGOs to “help reduce mass infections in developing countries which often lack the healthcare systems to track and halt the virus”, with health experts identifying “the weakness of developing countries’ healthcare systems as one of the biggest risks to the global spread of the virus”.

5 HOW IS OFFICIAL DEVELOPMENT ASSISTANCE DEFINED, ADMINISTERED AND TARGETED ELSEWHERE IN THE WORLD?

- 5.1 As the UK is a signatory to both the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action which both advocate for a focus on domestic leadership in terms of aid strategies and development. This bottom-up approach is paramount to ensuring sustainable development reaches the world’s poorest while domestic civil society is strengthened to hold national governments to account long after international aid has refocused. The principles set out in the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action must frame UK Aid spend wherever it originates.
- 5.2 Australia and Canada are examples of countries who have decided to administer their official development assistance via a merger of their foreign and international aid departments. Mergers between development ministries and foreign affairs departments are often justified in terms of efficiency gains, performance improvements and policy coherence; however a [report](#) by the ODI found that the evidence to date suggests a mixed record for generating these outcomes. In fact, DFID as an independent ministry retains one of the lowest administrative cost profiles in the DAC (OECD donor countries)². Again, CAF believes UK aid effectiveness and transparency has implications for how official development assistance is defined, administered and targeted elsewhere in the world. This is due to DFID’s global reputation and the UK’s role setting a ‘best practice’ example of civil society protection and promotion that is emulated by others across the world.

6 ACCOUNTABILITY OF THE ‘GOVERNMENT SYSTEMS AND STRUCTURES’ RECOMMENDED BY THE INTEGRATED REVIEW (INCLUDING ARRANGEMENTS FOR PARLIAMENTARY SCRUTINY)

- 6.1 At CAF we recognise the importance of local civil society and generosity in sustainable economic development and achieving the Sustainable Development Goals. UK aid systems and

² <https://www.odi.org/sites/odi.org.uk/files/resource-documents/11983.pdf>

structures should be geared towards supporting the development and growth of domestic civil society through investment in the localisation agenda particularly in Middle Income Countries. This should include funding the infrastructure necessary to facilitate mass engagement in giving, build trust and capacity in the sector and ensure appropriate regulation. Our research [Growing Giving in Uganda, Tanzania, Kenya and South Africa](#), together with our strong practitioner experience across a number of Middle Income Countries, points to the once in a lifetime opportunity we have to engage emerging middle classes in mass participation in giving. Locally led, resourced and accountable civil society can hold governments to account, resist the closing space for civil society, better reflect and respond to local needs and ensure the benefits of domestic economic development continues to reach world's poorest, tackles inequality and injustice, and leaves no-one behind.