

International Development Committee Inquiry - Effectiveness of UK Aid

Written submission on behalf of Oxfam GB

Introduction

1. Oxfam welcomes this inquiry. This submission from Oxfam GB explores UK aid in light of the Integrated Review, before going on to analyse specific policy trends and challenges in UK aid including on aid allocation across government, principles of local ownership, aid for universal public health, gender equity, the securitisation of aid and the sustainability of aid.
2. The UK is a world leader in providing aid and support to millions enduring poverty and is a vital lifeline for so many around the world. UK aid has supported six million girls into education, vaccinated 76 million children, been central to efforts to combat Ebola in West Africa, as well as becoming the largest contributor to a dedicated fund for research and development to find a vaccine for Covid-19. When spent well, UK aid can be lifesaving and life changing. The right investments in people, their health and education, gender equality and women's rights, good governance, preventing conflict, and tackling climate change can be transformative and help millions lift themselves out of poverty. The UK's ongoing commitment to spend 0.7% of Gross National Income (GNI) on Official Development Assistance (ODA) is vital and critical to the UK's reputation as a leading global nation that takes an active role in world affairs. In particular, aid spent through DFID has earned the UK a reputation as a leader in transparent and effective aid that is focused on human development and supporting the poorest around the world. However, a coherent and comprehensive cross-government approach to aid spending is crucial if the UK is to deliver on its Sustainable Development Goals (SDGs) commitments.
3. The coronavirus crisis has and will continue to change UK aid priorities. The virus is now rapidly spreading in developing countries, including those with chronically weak health systems, a greater burden of existing disease, reduced access to soap or water, and hundreds of millions living in closely packed slums or in refugee camps. The health and economic impact of coronavirus will hit the poorest hardest, further entrenching extreme levels of inequality. Impacts of the virus are also exacerbated for women and girls in all aspects of their lives, from health to the economy, security to social protection. Without immediate action, it is estimated that the crisis could push half a billion people into poverty. UK aid can play a central role in meeting these urgent challenges.
4. UK aid should prioritise emergency humanitarian support, strengthening public health systems and universal health care free at the point of need, investments in prevention including water and sanitation, and a response to food insecurity. Universal social protection, including helping partner countries give cash to people in need, along with other vital measures, should also be prioritised so that people can survive illness and income loss. In helping developing countries respond to the immediate crisis, the UK must uphold development effectiveness and humanitarian principles; provide feminist humanitarian assistance; protect refugees, migrants and internally displaced persons; and work towards protecting civic space. It is more vital than ever, that UK aid ensures communities, organisations, institutions and democratically elected governments are at the heart of driving development and humanitarian priorities and programmes.

Priority recommendations

- The UK government should agree a 'Global Britain' values statement of the principles underpinning its role in the world and develop a 'Global Britain Test' that assesses the impact of policies against its principles.
- The UK should retain the 0.7% GNI target for aid spending, with at least 75% spent through an independent Department for International Development. Expenditure of aid must remain focused on sustainable development and reducing poverty and inequality.

- The UK should maintain an independent Department for International Development with an independent Secretary of State represented in Cabinet and National Security Council.
- The UK should ensure decisions about how much aid can be delivered by other government departments or cross-government funds are determined by evidence that ensures aid will be spent with the application of sound development principles including conflict sensitivity, gender equality, aid effectiveness, transparency and accountability, especially to developing country stakeholders.
- The UK should ensure aid spending, priorities and practice are routed in principles of local ownership and ensure the necessary mechanisms are in place to deliver quality support and greater direct funding to governments as well as local and national NGOs.
- The UK Government should end CDC's role as an investor in private health care provider companies.
- The International Development Committee should urgently lead a review into CDC's health investment portfolio with a specific focus on CDC's impact on and contribution towards pro-poor progress towards universal health care and financial health protection.
- The UK should maintain and scale up commitment to women's empowerment (SDG 1 and 5) by strengthening capacity across all aid-spending departments and increasing and tracking funding backed by ministerial commitment.
- The UK should ensure that decisions on UK ODA allocation take into account international norms and principles (IHL, human rights) and maintain support to principled humanitarian action, as well as shared aid effectiveness principles and the UN sustaining peace, global arms control and women, peace and security, as well as the WB-UN pathways to peace agendas.
- The UK should make effective use of its record on climate finance by playing a global leadership role to urgently and significantly increase international support for impacted communities, including through support for a new global public finance goal specifically for adaptation at COP26.
- The UK should mainstream climate change throughout all ODA as good sustainable development practice and the International Climate Fund should be maintained as a strategic fund for transformative actions that are designed from the outset to ensure resilience and low-carbon development.

International development in light of the Integrated Review

5. The UK faces a world beset by crises (in Yemen, Myanmar, South Sudan, Syria, the Sahel or Indonesia, to name only a few), with two billion people living in places affected by violence, conflict or fragility.¹ Climate-related shocks are becoming more intense and more frequent, and the number of people forcibly displaced increased from 42.7 million to 70.8 million by the end of 2018.² At the same time the rules-based order, multilateral institutions, women's rights and civic and humanitarian space are increasingly under pressure not only from nationalism and a short-termist, transactional approach to international relations, but from entrenched structural problems often rooted in unequal distributions of power between and within countries. 2020 has brought new challenges, not least the coronavirus crisis.
6. International development will play a crucial role in tackling these global challenges. International development assistance has saved and changed lives around the world. It contributed to the halving of people living in extreme poverty between 1981 and 2015,³ improved global health by tackling deadly diseases, and increased access to safe drinking water and improved sanitation. The UK stands out as one of the few countries to scale up official development assistance (ODA) over this period.⁴ As the third largest international aid donor, with a leading international development department (DFID) the UK has long played a leading role in international development. The choices that the

¹ <http://www.worldbank.org/en/topic/fragilityconflictviolence/overview>

² <https://www.unhcr.org/uk/statistics/unhcrstats/5d08d7ee7/unhcr-global-trends-2018.html>

³ World Bank estimates are available at <http://iresearch.worldbank.org/PovcalNet/povDuplicateWB.aspx>, based on a \$1.90 poverty line. The most recent estimates for global poverty refer to 2013.

⁴ <https://policypractice.oxfam.org.uk/publications/inequality-and-the-end-of-extreme-poverty-577506>

United Kingdom makes over the next few years will have practical and immediate consequences not only for its citizens and residents, but for people around the world and future generations, particularly those affected by crises or living in fragile contexts.

7. The Government's (now delayed) Integrated Review of Security, Defence and Foreign Policy, which has the stated aim of delivering a more effective, efficient and joined up foreign policy, is a positive step. As recently argued in an edited volume produced by Oxfam and the Foreign Policy Centre, greater policy coherence across these departments will be essential to delivering solutions to the global challenges we now face.⁵ 'Finishing the job' to eradicate extreme poverty and deliver the Sustainable Development Goals by 2030 requires action to tackle the structural challenges of climate change, protracted conflicts, gender and economic inequality, alongside shrinking civic and humanitarian space.⁶ This is best delivered by a strong, value driven international development policy, rooted in human rights, gender equality and inclusive representation at home and abroad and committed to reducing poverty and inequality.

Aid in the national interest

8. The challenges of poverty, conflict, climate change, and gender and economic inequality around the world deny rights but are also threats to the UK's national interest. As the coronavirus pandemic has laid bare, the interconnectedness of the modern world means no one is safe until we are all safe. Tackling these challenges requires a joined-up approach at home and abroad. Skills, expertise and resources from across development, foreign, and defence sectors are needed to deliver sustainable solutions to these global challenges. The UK could play a leading role in multilateral coordination, working with others to find the best way forward. This will not be achieved while perspectives on national interest are dominated by short-term, narrowly defined security and economic interests.
9. The UK is the third largest international aid donor, which alongside the UK economy and its leadership in key multilateral spaces is an essential component of British soft power. The UK's future standing in the world will depend more on its contributions to global solutions than on past glories. Working with others to set a framework for the international system can produce mutually beneficial solutions to global challenges in ways that address longstanding disparities in voice and protection afforded to people around the world. Decisions about diplomacy, trade, security and international development must all be equally rooted in internationalist values of democracy, human rights, free & fair trade and the international rule of law that the UK has long championed. In international development a values-led approach is best manifested by maintaining the primacy of poverty reduction as the guiding principle behind development assistance.
10. The danger is that narrow, short-term self-interest will continue to set the policy agenda, ultimately to the detriment of the UK and its standing in the world. Narrow economic self-interest has no role to play in the targeting of UK aid. Co-opting development assistance to secure trade deals will only serve to undermine the effectiveness of UK aid and ultimately weaken the UK's global influence. Past aid scandals like the Pergau Dam affair should serve as potent reminders of the dangers posed by the instrumentalisation of aid. By no measure could this be seen as benefiting the national interest. On the contrary failure to stand up for the values the UK espouses will be seen as a sign of weakness and decline.

⁵ <https://oxfamlibrary.openrepository.com/bitstream/handle/10546/620950/dp-britain-foreign-policy-essays-030320-en.pdf;jsessionid=35A0A8B1C46853F2B3B5F0710030F557?sequence=1>

⁶ Dr Malcolm Chalmers from RUSI argues that 'the UK should cease to promote the narrative that there is one single Rules-Based International System. There is not. Efforts to tackle pressing international problems through collective action are more likely to succeed if they involve coalitions between major powers than if they are only based on rules-based systems that lack clear and binding obligations.' Malcolm Chalmers, Taking Control: Rediscovering the Centrality of National Interest in UK Foreign and Security Policy, RUSI, Feb 2020. https://rusi.org/sites/default/files/202002_whr_taking_control_web.pdf

Recommendation

- The UK government should agree a ‘Global Britain’ values statement of the principles underpinning its role in the world and develop a ‘Global Britain Test’ that assesses the impact of policies against its principles.

Policy trends and challenges in UK aid

Aid across government and the independence of DFID

11. DFID currently leads global efforts on aid transparency and delivers two-thirds of its aid to the poorest countries. However, the proportion of the ODA budget managed by DFID has reduced from 89% in 2013 to 75% in 2018. While UK ODA has increased overall, DFID’s ODA expenditure has remained at broadly the same level in 2018 as in 2013 – just over £10 billion. Despite this reduction in the share of aid managed through DFID, a range of oversight bodies have highlighted concerns about the weak transparency and questionable poverty focus of much of UK aid spent outside of DFID. ICAI reviews of DFID programmes awarded 80% of programmes either green or amber/green. Reviews of programmes managed by other government departments have been inconsistent. For example, in the past two years, the cross-government Conflict Stability and Security Fund was rated as ‘red/amber’, as were the CDC’s investments in low income and fragile states.
12. In comparison to other government departments that spend ODA money, DFID is the most effective government department at delivering effective aid that targets the most vulnerable, meets high standards for transparency and delivers value for money and results. In 2019, Publish What You Fund assessed the progress of each major aid spending government department and found commitment to transparency inconsistent across departments, with only three government departments reaching the level of transparency set out in the 2015 UK Aid Strategy. DFID maintained its ‘very good’ score, ranking first among the departments. The Department of Health and Social Care also achieved a ‘very good’ score, while the Department for Business, Energy and Industrial Strategy was rated ‘good’. The Foreign and Commonwealth Office (FCO) and the Ministry of Defence both improved their transparency rankings from ‘poor’ and ‘very poor’ respectively to ‘fair’, remaining below the standard committed five years previously.⁷ Weaknesses in the transparency of aid spending risks undermining the UK’s proud record on aid accountability and damages public trust in aid. It is vital that a commitment to transparency around the use of ODA is paramount in order to remain accountable to taxpayers and ensure aid is spent in the most efficient way.
13. There have been reports in the media that the FCO and DFID may be merged as part of the (delayed) Integrated Review process. Mergers between departments are often justified in terms of efficiency gains, performance improvements and policy coherence, however, evidence to date suggests a mixed record for producing these outcomes⁸. Experience from previous countries that have undergone the merge show us that it does not guarantee efficiency or effectiveness in delivering impact and value for money and can result in development interests becoming side-lined in favour of commerce and foreign policy objectives. In 2013, both Canada and Australia merged their development bodies into larger departments led by foreign affairs and trade. Taking overall scores on the Commitment to Development Index, an assessment of how donors perform on development work across the whole of government, as a measure of both aid and non-aid development effort, Australia and Canada improved their overall scores immediately after their mergers, however, Canada’s dropped from 11 before the merger in 2012, to 17 in 2018. Australia’s score dropped from 13 in 2012 down to 18 in 2016 and 2017, before ranking at 14 in 2018. The UK regularly ranks in the top ten.⁹

⁷ https://www.publishwhatyoufund.org/wp-content/uploads/dlm_uploads/2020/01/How-Transparent-is-UK-Aid_Digital.pdf

⁸ <https://www.odi.org/sites/odi.org.uk/files/resource-documents/11983.pdf>

14. The coronavirus crisis has demonstrated that global cooperation and a joined-up approach to foreign policy decisions are more vital than ever. However, this must not come at the expense of effective, transparent aid spending for the most in need. The decision to appoint joint ministers across DFID and the FCO has the potential to provide greater alignment, and more must be done to ensure the UK's foreign policy does not operate in competition with its aid objectives. However, a standalone DFID led by a Secretary of State remains critical to the UK achieving its poverty-reduction goals and for its leadership in global development more broadly, and must remain

Recommendations

- The UK should retain the 0.7% GNI target for aid spending, with at least 75% spent through an independent Department for International Development. Expenditure of aid must remain focused on sustainable development and reducing poverty and inequality.
- The UK should maintain an independent Department for International Development with an independent Secretary of State represented in Cabinet and National Security Council.
- The UK should ensure decisions about how much aid can be delivered by other government departments or cross-government funds are determined by evidence that ensures aid will be spent with the application of sound development principles including conflict sensitivity, gender equality, aid effectiveness, transparency and accountability, especially to developing country stakeholders.

Ensuring Local Ownership

15. The concept of ownership in aid is a long-standing feature of the aid quality agenda, and one which the UK has been a leading and ambitious proponent of throughout international aid effectiveness agreements. Ownership of aid implies an intentional effort by donors to ensure that those (communities, organisations, institutions and governments) being supported by aid are able to lead efforts to design, implement and oversee programmes and expenditure. Ownership ensures aid is effective in supporting developmental progress and empowers communities to lead development efforts and contributes to wider processes of citizen accountability.
16. DFID has been a pioneer in aid programmes delivered through and led by governments. However, in recent years, the direction of travel has been away from aid spent through existing government public systems - whether direct budget support or broader categories of 'financial aid'¹⁰ to countries - with increasing projectisation of aid spend, raising concerns about the UK's approach and commitment to local ownership. In 2017/18, DFID's financial aid was less than half of what it was in 2009/10 and just 9% of total DFID bilateral aid. Similar trends emerged for financial aid for education and health, which has more than halved in volume terms, but fell even more dramatically as a share of DFID's bilateral aid to these two sectors from 55% in 2009/10 to just 18% in 2017/18.^{11 12} As a result of these trends, of the 29 countries which received at least £10million in UK aid for education and health programmes in 2018, in only five¹³ was at least 50% of this aid managed directly by governments. Non-state actors therefore lead most UK aid programmes in the vast majority of these partner countries.
17. Simultaneously, there has also been a significant relative increase in the role of UK private contractors and UK academic and research organisations. Private organisations were the contracting

⁹ <https://www.cgdev.org/commitment-development-index-2018>

¹⁰ Financial aid is the term used to describe aid where the partner government is responsible for the expenditure of that aid whether or not it is actually channelled directly into recipient government budgets.

¹¹ DFID GPEX2014, 2015, 2016 and 2019

¹² Although this period also saw a growing proportion of UK aid delivered to fragile states, in which it is recognised that financial aid is more challenging to deliver, UK aid's move away from using financial aid was significantly more pronounced than its increased emphasis on this group of countries.

¹³ Ethiopia, Nepal, Pakistan, St Helena and the occupied Palestinian territories

partner for a quarter of DFID bilateral aid for education and health respectively in 2018, are now a larger partner for DFID (in value terms) in delivering and managing health and education programmes than recipient governments. The growth in private contractors in managing DFID education and health programmes has been driven largely by their emerging role in providing technical assistance and as fund managers for in-country programmes, mostly in support of the public services. However, in the education sector DFID is providing some support to private companies providing fee-based services, most notably Bridge International Academies in Kenya, Nigeria and Uganda - all countries which have removed user fees in education over the last decade.

18. As well as state ownership of aid, the importance of involving and supporting local organisations, such as smaller local NGOs and women's rights organisations, in design and delivery of response work is vital, especially when it comes to humanitarian support. One of the key commitments to come out of the 2016 World Humanitarian Summit was for more support and funding to local and national responders. The UK and other Grand Bargain signatories committed to making principled humanitarian action as local as possible and as international as necessary.¹⁴ The coronavirus crisis has particularly displayed the importance of local humanitarian actors and the key role they play, as limited mobility and access for international actors has impacted on communities most in need of support. The UN Global Humanitarian Response Plan for COVID-19 highlights four approaches to deliver services to people in countries already facing other crises, including "the importance of involving and supporting local organizations is emphasised given the key role they are playing in this crisis, which is increasingly being characterised by limited mobility and access for international actors". However, to date there has been very little funding has been made directly available to NGOs (local, national, or international). For example, only 4.5% of the UN's Global Humanitarian Response Plan for Covid-19 has gone directly to NGOs.¹⁵ The nature and risks generated by the coronavirus crisis make a community-led approach vital, and humanitarian actors and donors, including DFID, should ensure the necessary mechanisms are in place to ensure quality support and greater direct funding to local and national NGOs.

Recommendation

- The UK should ensure aid spending, priorities and practice are routed in principles of local ownership and ensure the necessary mechanisms are in place to deliver quality support and greater direct funding to local and national NGOs.

Ensuring Universal Public Healthcare

19. The coronavirus pandemic has revealed the severe repercussions that weak and highly unequal health systems have for everyone, not just for those who are typically under-served and under-protected. Despite strong commitments to improve financial protection for health, more people are reporting significant financial hardship to pay for essential health services.¹⁶ Worldwide each year, healthcare user fees block access for one billion people and every second three people are pushed into extreme poverty by having to pay health user fees. Furthermore, evidence from Ebola shows us that financial barriers may not only delay and block diagnosis and treatment of those affected by coronavirus, but also increasingly block access to other essential health services and access to medicines due to the economic fall outs of epidemics and pandemics.
20. There has been a significant decline in the proportion of DFID ODA for health channelled directly through country health systems and country ownership of internationally funded health systems has also declined. At the same time, the use of private contractors for healthcare has increased and are now the biggest recipient of UK aid for health. These trends not only put the critical objective and

¹⁴ <https://interagencystandingcommittee.org/more-support-and-funding-tools-for-local-and-national-responders>

¹⁵ UN Financial Tracking Service, correct as of 29.05.20

¹⁶ https://www.who.int/healthinfo/universal_health_coverage/report/uhc_report_2019.pdf?ua=1

commitment to country ownership at risk, but significantly reduce the resources available to public health systems to deliver equitable healthcare for all.

21. Exacerbating concerns of trends in DFID's allocation of ODA for health is the increasing role that the CDC is playing in the health sector. CDC is the UK government's development finance institution, and is wholly owned by DFID, but run by its own management and board structures. Oxfam has conducted extensive quantitative and case study research into the CDC's investments in health, the findings of which are still being processed, but Oxfam would be happy to share findings with the Committee in more detail upon request. The following information is based on our findings to date.
22. Between 2010-2019, \$500 million of UK ODA was invested in CDC and went directly to for-profit health actors operating in low- and middle-income countries, including health focussed financial intermediaries. CDC made over 90 additional investments in individual for-profit health actors through 58 multi-sector financial intermediaries. CDC invested a total of \$1.6bn in these multi-sector financial intermediaries. Oxfam's research found that only 6% of CDC health sector investments were direct, versus 94% which were indirect. This is against an average of 48% direct investments across CDC's overall investment portfolio in 2017. Given the highly sensitive and potentially problematic and damaging impact of investments in commercial health sector companies the dominance of these arms-length investment approaches by CDC in health is a major concern.
23. The overwhelming majority of CDC's investments in health care provider companies flows to expensive hospitals out of reach for the majority of poor people. CDC does not provide impact monitoring data to demonstrate any impact on reaching poor people at scale across its health portfolio or advancing the SDGs in health, including universal health coverage and the financial protection of all patients. CDC has developed a health impact framework and assures that it is used. However, with the exception of one pilot study, it claims that due to commercial confidentiality it cannot publicly report findings from its use.
24. CDC has also made significant investments in large corporate hospital chains in countries like India and Kenya. Mergers and acquisitions driven by CDC have led to fewer companies operating in the space and greater risks of monopolies. CDC and DFID should be accountable to questions around how development finance investments are justified for already very large, profitable and successful corporations.
25. Whilst the private sector must and can play a complimentary role in support of universal public health systems, the promotion of for-profit private sector growth in direct health care provision in poor countries comes with considerable risks. This includes the exacerbation of health inequalities; competition with public health systems for essential resources (including health workers); increased out-of-pocket health expenditure; undue commercial influence on public health care and financing policy; exploitation and abuse of patients; and risks to safe and effective quality health in the absence of effective regulation. The significant extent these risks pose, and the fact the CDC does not have the appropriate instruments and tools to assess, account for and manage such risks, means it is unsuitable for the CDC to play such an instrumental role in the promotion of the commercial private health care sector in developing countries.

Recommendations

- The UK Government should end CDC's role as an investor in private health care provider companies.
- The International Development Committee should urgently lead a review into CDC's health investment portfolio with a specific focus on CDC's impact on and contribution towards pro-poor progress towards universal health care and financial health protection.

Delivering Gender Equality

26. Women and girls form the majority of those living in poverty and gender inequality is a key driver of poverty. DFID is rightly proud of its track record on promoting gender equality globally, including championing gender justice in the intergovernmental negotiations for the Sustainable Development Goals. Recent OECD data suggests that in 2016 and 2017, 46 percent of UK had gender quality as a principle or significant objective.¹⁷ Prospective changes to international development policy, not least the proposal to merge DFID and FCO raises significant questions about the UK's commitment to and ability to contribute to gender equality globally. There are already questions about how the diffusion of aid spending to other departments is impacting the effectiveness of UK aid in improving the lives of women and girls.
27. The FCO's appointment of a Special Envoy for Gender Equality suggests cross-departmental commitment to gender equality as does the cross-Whitehall working group on Women, Peace and Security which includes DFID, FCO and the MOD. Arguably one of the strengths of the working group is the recognition that all three departments, with their distinctive mandates, are essential to delivering progress on the UK's WPS national action plan. Delivering gender equality globally requires a similarly multi-faceted, multi-departmental approach. DFID's 2018 *Strategic Vision and Call to Action for Gender Equality*¹⁸ was widely welcomed for its ambitious approach.¹⁹ It articulated a bold call to action for joined up approaches to development, diplomatic, defence, and trade that would deliver for women and girls.
28. The call to action got many things right: the importance of tackling root causes of gender equality including social norms and power imbalance the meaningful consultation & engagement with civil society (especially WROs) in the UK and abroad; the centrality of women's rights organisations to delivering meaningful change on the ground; and the use of evidence and data, particularly the importance of sex and age disaggregated data, in determining programme and policy priorities and the inclusion of political empowerment pillar. Going forward, greater attention should be paid to the gendered allocation of unpaid care work as a key driver of gender inequality with knock-on effects for women and girls across their lifecycle. We would echo the findings of the National Audit Office that to achieving the ambitious aims of the gender strategy requires a costed (and budgeted) implementation plan, more robust tracking on gender equality spend by all aid spending departments and a recalibrated approach to funding that means local, women-led and women's rights organisations are able to access flexible long-term funding.
29. The coronavirus pandemic has re-confirmed the vulnerabilities women face in crises: heightened exposure due to over-representation in the healthcare sector and in informal sectors and precarious work, the unequal care burden rooted in gendered social norms, and the increase in gender-based violence. The coronavirus response will also re-confirm the essential role women's rights organisations play in meeting lifesaving needs and supporting people and communities to recover. More than ever, a robust, gender-responsive approach to international development is needed.

Recommendation

- The UK should maintain and scale up commitment to women's empowerment (SDG 1 and 5) by strengthening capacity across all aid-spending departments and increasing and tracking funding backed by ministerial commitment.

De-securitize UK Aid

¹⁷ <https://www.oecd.org/dac/financing-sustainable-development/development-finance-topics/Aid-to-gender-equality-donor-charts-2019.pdf>

¹⁸ <https://www.gov.uk/government/publications/dfid-strategic-vision-for-gender-equality-her-potential-our-future/dfid-strategic-vision-for-gender-equality-her-potential-our-future>

¹⁹ <https://www.bond.org.uk/news/2018/03/what-does-dfids-new-vision-for-gender-equality-offer-girls>; <https://www.odi.org/blogs/10622-reviewing-dfid-s-new-approach-gender-equality>

30. In the past twenty years, we have seen a trend toward allocating international development assistance to achieve military and security objectives rather than primarily for poverty and inequality alleviation. Policy coordination between foreign, defence and development policy is of course essential to address global development challenges including climate change, gender inequality, protracted crises and global health crises, like the current coronavirus pandemic. But the securitisation of aid is the diversion of aid away from its primary purpose of saving lives, protecting rights and building livelihoods, and towards narrowly defined political or military interests. This ultimately damages impartial attempts to provide aid and tackle poverty, and often fails to deliver long-term security for recipients or donors.²⁰
31. Pressure to re-purpose the aid budget is a global trend, and the UK has not been immune. There are numerous instances where a narrow, security-focused approach to UK national interest has overridden the stated global values of the UK, such as spending vast amounts of aid in Yemen, whilst selling arms to the Kingdom of Saudi Arabia that exacerbate the conflict. Despite these and other similar examples, the UK has, to date, maintained a commitment to pro-poor development assistance, enshrined in the 2002 International Development Act for all DFID spending. This is essential to the continued effectiveness of UK aid.
32. Securitisation skews the allocation of scarce aid response so that it is no longer based on need. This can be both between and within countries and contexts, so during the so-called 'war on terror' vast sums of development assistance were spent in Afghanistan and Iraq, while severe humanitarian crises in South Sudan, Democratic Republic of Congo and elsewhere received much less. Much has been written²¹ about the securitisation of aid, particularly in Afghanistan and Iraq where aid workers have warned against the blend of global counterterrorism and/or national security and the international aid being delivered. It undermines the impartiality of humanitarian action and can put recipients and aid workers at risk. It also fuels the arbitrary denial of access to affected communities. Finally, securitisation of aid can itself fuel conflict and undermine security.
33. Aid is most effective when it is needs-based, sustainable and accountable to those whose needs and rights are being addressed and the UK aid has a good track record across many of these measures, despite some lapses. International development assistance does not and could not operate in a vacuum. Wider foreign, security and defence policies influence and shape international development assistance in a multiplicity of ways. The UK's support to the UN in contexts like Iraq, requires substantive and principled political support – not just an independent and well-resourced DFID, but also a broader foreign policy framework that ensures trade (including arms trade and extractives) are accountable to local communities, conflict sensitive and in line with aid effectiveness principles.²²
34. Aid definitions should continue to be shaped by rights-based, need-based universal principles and frameworks.²³ In any reviews of UK's aid definitions and role in the OECD, peacebuilding and multi-mandate agencies have called on the UK not to militarise the ODA definition,²⁴ and ensure peacebuilding (including conflict sensitivity) funding and civic space is protected. The welcome focus on British soft power can boost local accountability through promoting human rights, civic space and other enabling factors for aid to be in line with international principles, accepted and accountable to both affected communities and the UK as a donor.

Recommendation

²⁰ <https://oxfamilibrary.openrepository.com/bitstream/handle/10546/121669/bp145-whose-aid-anyway-100211-en.pdf?sequence=1>

²¹ <https://www.theguardian.com/global-development/2011/feb/10/military-aims-distorting-aid-priorities>

²² <https://reliefweb.int/report/iraq/iraqs-reconstruction-and-role-united-nations-oxfam-policy-paper>

²³ <https://www.oecd.org/about/secretary-general/launch-of-oecd-observatory-of-civic-space-paris-peace-forum-november-2019.htm>

²⁴ <https://www.saferworld.org.uk/resources/publications/1204-tracking-support-to-sustainable-development-goals-a-the-case-of-peace-and-security>

- The UK should ensure that decisions on UK ODA allocation take into account international norms and principles (IHL, human rights) and maintain support to principled humanitarian action, as well as shared aid effectiveness principles and the UN sustaining peace, global arms control and women, peace and security, as well as the WB-UN pathways to peace agendas.

Ensuring Sustainability

35. Climate change is costly, deadly and hits hardest those who are least responsible for causing it. Low-income countries are exposed to some of the most severe climate impacts, have the least capacity to adapt, and find it hardest to recover from the loss and damage caused by devastating floods, droughts, heatwaves, cyclones, and rising sea levels. The UK's climate finance via the dedicated International Climate Fund (ICF) is a lifeline for millions of people in developing countries who are already living with the impacts - homes are becoming uninhabitable, land unfarmable, access to clean water unpredictable and lives unbearable.
36. Compared to other countries, the UK has a good track record on climate finance to date. Both in terms of overall levels (the UK has committed to double its climate finance over the next five years to £11.6 billion), as well as quality issues (the UK overwhelmingly uses grants vs loans and is amongst the few that has committed to a balance of 50% for adaptation).²⁵ Currently the UK's international climate finance commitments come entirely from the ODA envelope, and are set to take a growing share of the aid budget. Oxfam would like to see the UK meet its climate finance commitments whilst using no more than 10% of the 0.7% aid budget, by playing a global leadership role towards the establishment of new and innovative sources of international public climate finance for adaptation, mitigation and loss and damage.
37. Climate finance is critical to build trust with vulnerable developing countries, and ultimately build coalitions for ambitious outcomes in the international climate negotiations. As the UK takes a driving seat in international climate diplomacy ahead of COP26, the UK can make more of its record on climate finance by playing a global leadership role to urgently and significantly increase international support for impacted communities. This includes support for a new global public finance goal specifically for adaptation - given that finance to support developing countries to adapt has been neglected at only 20% of overall global climate finance for many years, falling short of the Paris Agreement commitment to a balance between adaptation and mitigation finance.
38. The UK Government should continue to invest in multilateral funds, especially the Green Climate Fund (the main financial mechanism for implementing the Paris Climate Agreement) which is a particularly strategic and effective channel for delivering climate finance because it has an equal number of seats for developing countries on its board, a commitment to allocate at least 50% of funds to adaptation and to mainstream gender, and a structure that promotes country ownership allowing developing countries to access funds directly rather than through other agencies.
39. "Sustainable development" is a core purpose of all UK aid, as enshrined in the 2002 UK International Development Act. And last year the government made a welcome pledge to make ODA compatible with the Paris Climate Agreement. Yet, over the past decade, there has been a shift in UK ODA *away* from sustainable development and benefits to poor communities as the core purpose of UK ODA has tilted towards meeting security concerns and supporting forms of economic growth that have weak or negative poverty impacts. More information and recommendations can be found in another submission to this inquiry, led by CAFOD and endorsed by Oxfam.

Recommendations

²⁵ https://oi-files-d8-prod.s3.eu-west-2.amazonaws.com/s3fs-public/file_attachments/bp-climate-finance-shadow-report-030518-en.pdf

- The UK should make effective use of its record on climate finance by playing a global leadership role to urgently and significantly increase international support for impacted communities, including through support for a new global public finance goal specifically for adaptation at COP26.
- The UK should mainstream climate change throughout all ODA as good sustainable development practice and the International Climate Fund should be maintained as a strategic fund for transformative actions that are designed from the outset to ensure resilience and low-carbon development.