

The Changing Policy Framework for UK Aid

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The changes announced by the UK Government in the last twelve months will have major reform implications if they are carried through to actual programmes. The key reforms were set out in two Command Papers published in November 2015, which followed on from the "**Building Stability Overseas Strategy**", published in July 2011. Two central themes lie behind the three documents: the need for the UK to be able to protect itself and others when reacting to growing international instability; and the need for a "whole of government" approach, going well beyond the Department for International Development (DFID) and bringing in a range of government Ministries, Departments and Agencies (MDAs) in successfully meeting both development needs and potential threats.

A further reform in the overall context for aid has been the adoption by the international community in September 2015 of the **Sustainable Development Goals (SDGs)** also known as the **Global Goals**, replacing and massively broadening the predecessor "Millennium Development Goals" of 2000. It is no exaggeration to say that all economic, political, social and security aspects are now on the development agenda, set out as seventeen goals and no less than one hundred and sixty specific targets.

Another potentially vital change is in OECD's definition of **Official Development Assistance (ODA)**. This is to be significantly broadened, to include expenditure on peace and national security, migration and refugees, countering what is called "violent extremism" and incentives to encourage trade and investment with high risk, low income countries (most of which the UK calls Fragile and Conflict Affected States – FCAS). This will allow the overall agenda described below to be financed by combinations of ODA and non-ODA support in the range of funds to be created.

The combination of growing international instability and the SDGs have shaped the contents of the **National Security Strategy and Strategic Defence and Security Review**, the first of the two 2015 papers. This has three National Security Objectives: "Protect Our People"; "Project Our Global Influence; and "Promote Our Prosperity". Development Aid takes its place with, for example, the British Council and BBC World Service as central features of what is called "soft power" in the second of these. The Government intends that the UK will lead the world in "soft power" which provides vital support to the other two objectives.

The second Paper, **UK Aid: Tackling Global Challenges in the National Interest**, has four strategic objectives that follow from the National Security Objectives: "Strengthening Global Peace, Security and Governance"; "Strengthening Resilience and Response to Crises"; "Promoting Global Prosperity"; and "Tackling Extreme Poverty and Helping the World's Most Vulnerable". All are vital to support poverty reduction, and – it is asserted - there is no conflict between these priorities, protecting British security and furthering the UK national interest. Fifty percent of the total ODA budget of 0.7% of GNI and an estimated 85% of UK bilateral aid (as opposed to British support for multilateral agencies) will now be spent in Fragile and Conflict Affected States (FCAS)¹.

However at the same time, DFID's share of ODA spending will decrease from 85% to 72% by 2020. This will help with the creation of a range of new funds within the overall British bilateral

¹ The formal wording in the December 2016 **Bilateral Aid Review** is: "DFID will spend at least 50% of our budget in fragile states and regions in every year of the current Parliament."

programme. A Conflict, Stability and Security Fund (CSSF), run by a Secretariat based in the Foreign and Commonwealth Office (FCO) has already become operational with a budget set at £1.033 billion in 2015/16 scheduled to rise to £1.3 billion in 2019/20. As the name implies it will fund a range of initiatives: strengthening the national security of Britain as well as developing countries; developing the effectiveness of internal security agencies such as the police, border guards and immigration authorities; preventing, mitigating and resolving conflicts; building up justice systems to safeguard citizen rights; strengthening crisis response capacity.; and contributing to the costs of international peacekeeping operations.

There will be a Ross Fund to focus on infectious diseases led by malaria (£1 billion over five years) complemented by a Fleming Fund (£ 265 million) to monitor drug resistance and build-up laboratory capacity in developing countries and a UK Vaccines Network (£110 million over five years to 2020). A Global Challenges Research Fund (£1.5 billion over five years) will support the involvement of Britain's scientists in the problems of developing countries such as animal and plant health, drug resistant infections and environmental degradation. A Prosperity Fund (£1.3 billion over five years) is already operating, focusing on improving country environments for private enterprise development, including tackling corruption. The Commonwealth Development Corporation (now known as CDC) will receive an additional £735 million to invest. Support for climate change programmes in an International Climate Fund - focussing, for example, on reducing emissions, stopping deforestation and increasing access to energy - is to rise to £5.8 billion over five years.

Since these Papers appeared, in 2015, a new Conservative Government with a new ministerial team has been formed after the June 2016 Referendum. Three aid reviews have been published: a **Civil Society Partnership Review** in November and a **Bilateral Aid Review** and **Multilateral Aid Review** in December 2016. These are much more forward-looking sets of commitments on future UK aid than assessments of current and past priorities and effectiveness. One overall effect is to broaden the aid agenda even further.

Aid programmes will have to be "mutually beneficial" to both the UK and developing countries. As a consequence, much more attention is to be paid to the role of aid in stimulating British trade and investment. The aid allocation to CDC is to be massively increased and joint missions are to take place, possibly mounted by the Minister for Overseas Development, the Foreign Secretary and the International Trade Secretary. At the same time, women and girls (already a major focus) are to become an even higher priority, closely linked to expanded, more effective humanitarian involvements. Modern slavery and trafficking, child exploitation, forced migration, extremism and "counter-terrorism" are to be priorities. Emphasis on applied technological research will be part of the agenda alongside anti-corruption and asset recovery. The list is a long one and nothing has been left out or replaced.

Overall, a much more rigorous approach to increasing efficiency and Value for Money is to be adopted to respond to criticisms of the perceived waste, corruption and lack of impact of much existing aid. The programmes of multilateral agencies where Britain is now the largest bilateral supporter will be a particular focus of scrutiny.

Implementation of the strategies and the resulting programmes and funds will be directed and coordinated by the National Security Council, chaired by the Prime Minister with a secretariat based in the Cabinet Office, not DFID, headed by the National Security Adviser. The NSC will work through a variety of mechanisms, including a series of sub-committees and programme boards and secretariats in various ministries for the different funds. It is not clear whether this machinery is yet fully operational.

In this new context, the implications of implementation responsibilities extending far beyond DFID will need to be clearly understood. Such is the range of the objectives in the SDGs, the Defence and Aid Strategies and the Reviews that the expertise of a range of UK MDAs will be required in partnerships within the UK and with development counterparts. This is the “Whole of Government Approach”.

Some very demanding challenges will have to be met:

- MDAs and officials who have never been involved with developing countries will play major roles in negotiating agreements and spending large amounts of money in the new funds. DFID will help by seconding experienced staff, but there will have to be a very rapid learning curve. Not least will be the need to realise that partner governments, though superficially similar, may operate in political environments and with resulting objectives that are very different from those of the UK.
- Similarly, though existing implementation resources will be used, new sources of expertise will have to be mobilised – with technical skills but little or no experience of developing countries and particularly the problems of FCAS. FCAS environments will make spending, let alone effective and efficient spending, of the 50% of the British Aid programme earmarked for them very difficult indeed.
- At the same time, aid spending generally will have to achieve much higher standards of efficiency and effectiveness in delivering intended impacts and eradicating corruption.
- Poverty alleviation programmes will still be the priority, but will somehow have to be managed to include opportunities for UK trade and investment.
- Coordination at country and field levels (as opposed to at the centre) will be a major requirement among the separate funds. Mechanisms will have to be put in place that are effective even in unstable (“fragile and conflict affected”) environments.