Delivering the UK’s International Development Strategy

Key considerations for UK aid
Introduction

The much-anticipated UK International Development Strategy has been published, setting out where the fifth-largest donor in the world plans on focusing its efforts to promote development overseas. It highlights four priorities: British Investment Partnerships that seek to stimulate economic growth; responding to humanitarian crisis; empowering women and girls; and tackling global challenges, namely climate change, health and the environment.

This briefing follows the structure taken in the International Development Strategy, looking in turn at its priorities and unpacking each. We focus only on humanitarian crisis, supporting women and girls, poverty targeting and cross-cutting issues of bilateral vs multilateral aid and transparency. For each, we set out key context and recent trends in UK aid, then outline top-line considerations for the UK as it moves to deliver on its priorities as effectively as possible. This focus is driven by our specialist expertise in financing for these areas to deliver sustainable development and effective crisis response.

This briefing is not an exhaustive analysis or a set of recommendations, and references used throughout are set out as endnotes that provide deeper dives into relevant and useful evidence and analysis.
Humanitarian crisis

Context

The numbers of people experiencing humanitarian crisis continues to grow, with more than 243.8 million people identified as being in need of humanitarian assistance even before the Ukraine conflict. Financing is struggling to keep pace, creating unprecedented shortfalls in support to people experiencing crisis. Crisis and fragility areas intertwined as ever with poverty; two-thirds of people in extreme poverty now live in fragile states according to recent figures. This is reflective of both how challenging it is to sustainably reduce poverty in fragile contexts, and also the identified causal links between countries experiencing high levels of poverty and the incidence of conflict. There is also an increasing number of protracted crises, with the number lasting five years or more doubling since 2015. Sustainably addressing the causes and impacts of crisis and fragility is therefore critical to achieving the Sustainable Development Goals and delivering universal ambitions for a safe, secure and prosperous world.

The UK’s International Development Strategy’s pledge to “lead globally for a more effective international response to humanitarian crises” could not come at a more important time. What’s more, the ambition to “help countries escape cycles of conflict and violence which underpin so many protracted humanitarian emergencies” is, as such, a commitment to taking a holistic view of crisis prevention, mitigation and response.

Key stats on the UK’s international humanitarian assistance

- The UK’s international humanitarian assistance fell in 2020, when most other large donors were increasing their contributions as the Covid pandemic unfolded. This cut of 29% from 2019 had significant impacts, particularly on the Yemen crisis, which saw funding fall by almost half compared to the previous year as a result of UK aid cuts and drew much public attention.

- Following these cuts, the pledge in the strategy of £3 billion over the next three years does not constitute restoring funding to 2020 levels (confirmed in Liz Truss’ evidence to the International Development Committee) though it does constitute a small increase from 2021. The UK has played a significant role in important humanitarian system reform processes, and contributing lower than historic levels of funding risks undermining its influence in this area moving forwards.

- It is unclear how the £3 billion will be disbursed each year during that period. However we do know that Afghanistan has been pledged £286 million in 2022/23 while Ukraine has so far been pledged £220 million. Assuming £1 billion per year, this means half of the budget will be allocated to two crises, and the rest remaining for all other humanitarian response funding.
• This is a shift compared to previous years, when funding has been spread between a greater number of countries (see Figure 1). As such, countries experiencing protracted crises such as Yemen, the Democratic Republic of the Congo and Syria are very unlikely to see support from the UK recover close to pre-cut levels, despite our research showing that these countries continue to have the greatest number of people in need. The likely trend instead appears to be an increasing concentration of UK assistance to a small number of crises. This further raises the question of the UK’s ability to respond to new humanitarian crises that emerge within the existing 0.5% GNI ceiling.

Figure 1: Distribution of UK humanitarian aid disbursements in 2020, by top ten recipients

![Figure 1: Distribution of UK humanitarian aid disbursements in 2020, by top ten recipients](image)

Source: Development Initiatives based on International Aid Transparency Initiative (IATI) data.
Notes: IATI and OECD DAC data for FCDO closely align but do not match exactly. Where specified, the FCDO IATI data is based on bilateral allocations only and therefore does not contain core contributions to multilateral organisations, the majority of which cannot be attributed to a sector or recipient. This allows for consistency with the approach used with the OECD DAC data for the relevant analysis. Further, current prices are used when analysing IATI data due to the focus on cuts between 2019 and 2021.

• In terms of how humanitarian aid is disbursed, the UK reported that in 2020, 98% of its international humanitarian assistance was provided as multi-year funding, the largest proportion from any donor. This is a significant achievement, providing predictable levels of funding that improves efficiencies and effectiveness through enabling recipients to plan ahead.

• While the data specifically on the UK’s delivery on localisation is not of sufficient quality to draw firm conclusions, and they have not self-reported this figure via the Grand Bargain, we know that overall just 3.1% of international humanitarian assistance is going directly to local and national actors, including governments, NGOs and societies. The target set and committed to by the UK at the Grand

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**Bargain** was 25% of funding, in recognition of the fact that these actors are often first to respond in a crisis. Based on the aggregate figures we have, it is very likely the UK is currently falling short of this aspiration.

### Key considerations and implications for delivery of the UK’s International Development Strategy

- **Maintaining UK leadership on:**
  - **Multi-year predictable funding.** Given the UK’s strong track record, it has an opportunity to provide real leadership in this area by protecting and maintaining its previous commitment and encouraging others to follow suit. Many donors are giving less than half of their humanitarian assistance as multi-year funding, and according to recent data, some major donors are even reducing the amount provided in this way.
  
  - **Advancing the ‘triple nexus’.** Reducing the incidence, severity and impacts of crises requires working at the ‘nexus’ between emergency response and longer-term approaches to reduce peoples’ vulnerabilities and risks, including poverty and insecurity. Research shows that the UK has historically demonstrated a clear commitment to this work and the strategy maintains that commitment. Translating that into action has seen some progress to date and the strategy presents a further opportunity to lead on this agenda. Our research on the UK’s work at the nexus provides detailed findings and recommendations.

- **Ensuring humanitarian funding does not come at the expense of sustainable development and actively supports underfunded crises.** Increasing humanitarian assistance while maintaining a ceiling of 0.5% GNI for aid means a likely lowering of investment in key areas for sustainable development, economic prosperity and therefore stability such as health and education systems and social protection. There is also the challenge of the UK’s priorities for humanitarian assistance, such as Ukraine, risking a diversion of resources away from many already severely underfunded crises. With a finite budget and significant humanitarian needs globally, it is vital to have a whole-of-government approach and strong coordination across the sector to prevent unintended consequences and maximise the impact of investments.

- **There is a golden opportunity for the UK to lead on localisation.** Donors are falling far short of commitments to local and national responders but the strategy reaffirms the UK’s desire to “reach people in greatest need […] providing them with what they need the most to recover from crises”. The UK could take this opportunity to set the agenda on how localisation can be achieved in practice. To be the first donor to make meaningful headway in this area would contribute significantly to the ambition to be a global leader in humanitarian response.

- **Championing transparent budgets, open decision-making and real-time reporting of aid commitments and disbursements.** Aid transparency was a commitment made by the UK alongside many other donors as part of the Grand
Bargain agreement but there are still many gaps in the data. Transparency is a vital means to an end. It is the only way for all relevant actors to have total visibility and ensure that sufficient volumes of support are being provided where need is greatest, through collective effort and effective coordination and distribution of funds. This demands comprehensive but also real-time reporting of aid. Quality and timeliness of reporting are paramount to ensure that data can be used to drive good decision-making, and ensure best possible impact.
Women and girls

Context

As declared in the SDGs in 2015, “Gender equality is not only a fundamental human right, but a necessary foundation for a peaceful, prosperous and sustainable world.” The Covid-19 pandemic has caused a reversal in progress on gender equality and cuts by the UK government during this time have had a significant impact on projects supporting women and girls.

It is therefore encouraging to see women and girls as a top priority of the International Development Strategy with the pledge to “restore funding” in this area, although until budgets are published it is uncertain what this will look like. It is noteworthy that the language of ‘gender equality’ gets little mention in the strategy, and yet is recognised by the UN as better reflecting the holistic approach that is needed to tackle the root causes of inequalities that women and girls experience. It has been well argued that the UK government cannot treat ‘women and girls’ as a standalone group in need of help if it is to achieve its ambitions to help deliver “the freedom [women and girls] need to succeed”. If the government is reframing gender equality in this way, it needs to be clear about how its approach, and the extent to which this decision represents substantive policy change or semantics.

Key stats on the UK’s support for women and girls

The UK has a strong track record of providing aid where gender equality is a principal or significant objective, almost doubling between 2014 and 2019 to £6.3 billion. In 2020 however, available data shows a cut of around £1.9 billion, landing most heavily on country-specific projects.

Figure 2: UK gender-relevant ODA to country-specific, regional and global projects, 2019–2021
Additional analysis suggests that as a result of aid cuts in 2020, UK aid programming failed to reach an estimated 20 million women and girls who otherwise would have received support. Notably, family planning, reproductive healthcare and women’s rights organisations saw cuts of -37%, -48% and -10% respectively. Women’s rights organisations, in particular those in crisis contexts, were experiencing cuts as far back as 2017.

There are also questions around the quality of data reported by the UK on its support for women and girls overseas, with the National Audit Office reporting last year that the Department for International Development (DFID) – therefore implicitly now the Foreign, Commonwealth and Development Office (FCDO) – “does not have a strong understanding of its spending in this area; and it has been slow to start bringing performance information together to provide an accurate picture of progress across the portfolio of its activities”.

Key considerations and implications for delivery of the UK’s International Development Strategy

- **Delivery of the strategy must address the root causes of the inequalities experienced by women and girls to have a meaningful and sustainable impact.** Language matters, and the move away from ‘gender equality’ in the strategy sends the signal that the government may intend to narrow its approach rather than taking the holistic view required for systemic and lasting change that will deliver equality for women and girls. The upcoming refreshed Strategic Vision presents the UK government with an opportunity establish clarity and demonstrate that it has not narrowed its approach. Empowering women and girls is of course part of achieving equality, but for the government to really deliver impact, it must ensure that implementation of the strategy means addressing the root causes – the structural, economic and social barriers that prevent women and girls enjoying the same rights, freedoms and opportunities as men and boys.

- **Maintaining the pillars of the current Strategic Vision for Gender Equality is the only way to truly deliver on the new ‘3 E’s’.** The strategy sets out the ‘3 E’s’ of education, empowerment and ending violence in a way that is far narrower than the UN approach to the areas that must be progressed to achieve gender equality. Crucially, it will be challenging to drive sustainable progress across the three areas set out in the strategy without directly delivering on other aspects of inequality faced by women and girls. For example, supporting an equal share of unpaid care work has a role to play in helping women and girls attain a better education; ensuring women and girls lead and participate in crisis response planning is important for protecting women from gender-based violence. Ensuring coordination and integration of efforts to deliver equality for women and girls throughout and across all aid programming is vital.
• **The commitment in the strategy to empowering people and being responsive to their needs means working with and through women’s rights organisations.** The trend of decreasing levels of funding to women’s rights organisations means these organisations are not being as enabled and involved as they could be. Yet they are best placed to understand and support women and girls. Recent research into support for women and girls in crisis tells us that the way donors operate can often exclude the organisations that are best able to respond to their needs and that action is needed to improve this.25

• **Restoring funding for women and girls means an additional £1.9 billion is likely to be needed, and does not need to come at the expense of other areas if the approach is multi-sectoral.** The volume of recent cuts means a substantial and concerted effort is needed to meet a commitment of restoring funding. Support for women and girls often comes in the form of ‘gender-sensitive’ projects and programmes – whether through education, humanitarian response, health, climate or other areas. This is not, however, an exercise in box-ticking. Sustainable impact is about consciously and explicitly building equality for women and girls into all programme design from the outset. The UK must ensure programme teams are supported and mobilised to do this, and doing so will help deliver both the funding commitment and greater impact.

• **Greater transparency on funding through better reporting is vital to drive progress and assess impact for women and girls.** There is a lack of data on the needs of women and girls and how well-funded these are. The strategy has committed to restoring funding for women and girls, and this must be captured in data and reporting so that it is clear how exactly resources are being allocated and what impact they are having. This is a systemic issue across all donors. There is an opportunity for the UK to drive solutions that improve reporting systems and ensure support for women and girls is better captured and understood.
Poverty, equality and inclusion

Context

As the UK government moves to implement the International Development Strategy, sustainable poverty reduction and inclusive growth must be a guiding principle for every aspect of delivery. When truly inclusive growth is achieved, through an inclusive approach across development efforts, there are significant multipliers in terms of the benefits of increased security, stability and sustainable economic growth. Throughout the strategy there is recognition of the need to tackle poverty, including the particularly welcome commitment to ensure 0.2% of GNI goes to the least developed countries.

Poverty reduction and tackling inequality are not named priorities in the strategy, yet to move away from that focus has implications for its potential success. The strategy makes clear its aims to drive ‘inclusive growth’ and, according to the OECD Framework, this cannot be done without achieving equality of opportunities that increase multidimensional living standards across populations. Consciously counting and including the poorest and most marginalised communities in development efforts and tackling barriers to their inclusion is critical to achieving this.

Failure to do so means unequal opportunities that create “rising barriers to full participation in economic and social life by the most disadvantaged members of society” and is “detrimental to growth and well-being”. Further, there is robust evidence that income inequality and distribution matters for growth: “if the income share of the top 20 percent (the rich) increases, then GDP growth actually declines over the medium term, suggesting that the benefits do not trickle down. In contrast, an increase in the income share of the bottom 20 percent (the poor) is associated with higher GDP growth.”

In recent decades, we see that only modest progress has been made in raising the consumption floor (the lowest level of consumption at which people are known to exist) despite significant reductions in extreme poverty. In other words, poverty reduction over the last decade or so has often been among populations that were not in the deepest poverty, whilst those furthest below the poverty line have made little progress. This is the reason that the transformative principle of ‘leave no one behind’ was brought about by the Sustainable Development Goals: to recognise that you cannot achieve sustained progress, stability and prosperity unless everyone is counted and included. If inclusive growth that produces the desired outcomes of the strategy is to be realised, promoting the leave no one behind agenda (a priority and promise from the UK government just a few years ago) cannot be abandoned.

Key stats on the UK’s poverty targeting

- There is a stark disparity between aid allocations per person to countries with differing poverty rates. In 2020, a median of £1.20 per person in extreme
poverty was provided by the UK as bilateral aid in countries where over 20% of the population is living in extreme poverty. Whereas, in countries where less than 1% of the population lives below the extreme poverty line, the median allocation is £210 per person in extreme poverty.

Figure 3: Proportion of UK bilateral aid provided to countries according to poverty rates

The share of aid going to countries where over 40% of the population is living in extreme poverty has also dropped to 12% of total bilateral ODA.

Source: Development Initiatives based on OECD and World Bank PovcalNet
Notes: Extreme poverty is defined by the $1.90 a day international poverty line. PovcalNet publishes poverty data consistently up to 2017 with some partial data up to 2019. DI forecasts data for 2019 using income distribution data (see DI’s ‘Poverty trends: global, regional and national’ report for more detail). Countries for which no poverty data is available are shown in the "no poverty data category". The number of countries in each band, based on 2019 poverty estimates, are as follows: above 40%: 21 countries, above 20% to 40%: 23 countries, above 1% to 20%: 49 countries, 0% to 1%: 33 countries, No poverty data: 16, and Non-country specific: 23.
• The proportion of UK aid going to the least developed countries (LDCs) has fallen to 30%, despite LDCs’ share of people living in extreme poverty increasing from 31% to 50% between 2010 and 2020. The volume provided in 2020 was lower than every year since 2010 and latest available data shows that in 2021 it is likely that the UK cut aid to LDCs to 0.14% of GNI. This means the commitment to 0.2% in the strategy reflects the ambition to restore some of this funding.

Key considerations and implications for delivery of the UK’s International Development Strategy

• Efforts across every aspect of delivery should consciously address poverty, promote inclusion and reverse growing inequalities. Beyond inclusive growth, all development policy and programming must have poverty reduction and inclusion built into their design and objectives. For example, climate mitigation and adaptation must not carelessly destroy the livelihoods of vulnerable communities; breaking the cycle of conflict is in part about reducing inequality and ensuring populations prosper fairly. The government should put mechanisms in place to help ensure this is built into programme design and reflected in reporting.

• Truly inclusive growth must be the only growth that the UK supports. While the new strategy talks of inclusive growth, there is a risk that the shift away from explicitly focusing on the leave no one behind agenda could allow policies, programmes and spending to divert resources and attention away from the most marginalised. In doing so, it may drive policies that are blind to those most likely to be excluded, and so in effect exacerbate the inequalities that hold them back from making progress. The UK has a strong reputation for its commitment to
good disaggregated data that helps us understand who is being left behind. It must maintain these efforts to ensure everyone is included in progress.

- **Meeting the needs of partner countries means listening to and including the whole population of that country’s society.** The UK must design policies and interventions in a way that consciously includes those who are often left furthest behind, based on gender, disability, age and anyone who faces discrimination or marginalisation due to aspects of who they are or where they live. A prerequisite to this is ensuring every person is counted and included in data, investing where viable in the national statistics offices of country governments.
Cross-cutting issues

Bilateral vs multilateral ODA

The channel through which aid is be spent should be selected to maximise impact towards intended goals, while ensuring value for money. Both bilateral and multilateral ODA can be effective mechanisms for this. Multilateral aid has unique properties that allow for the efficient pooling of resources and skills towards shared goals that require a coordinated global response. The UK’s International Development Strategy prioritises many of the areas where multilateral cooperation is known to be highly effective and necessary to enable a coordinated short-term response, such as in crisis situations, and for longer-term sustainable impact, for example around global health and climate change.

However, the strategy also contains the decision to reduce multilateral spend in favour of disbursing ODA via bilateral channels, setting a target of 75% of FCDO spending to be allocated through country and bilateral channels by 2025. This will in part strategically enable a re-balancing of the UK’s ODA spending, following the disproportionate cuts to bilateral spending between 2019 and 2021. As GNI increases and the UK’s ODA returns to its 0.7% GNI target, multilateral spending could increase whilst holding the proportions fixed. However, as confirmed by Liz Truss following the publication of the strategy, the current plans see multilateral spending decrease in volume during this spending review cycle and beyond, from £3.7 billion in 2022/23 to £2.4 billion by 2025.

Key considerations

• **Delivering on the ambitions of the strategy will require funding choices based on impact and value for money over geopolitical concerns.** An effective development strategy should allow flexibility in choice of funding mechanism to enable donors to maximise impact and value for money towards the achievement of the development priorities. Conversely, an inflexible target for bilateral and multilateral ODA risks prioritising national and geopolitical drivers. The UK’s new target appears at odds with its prioritisation of the global challenges outlined in the strategy. It furthermore risks undermining the UK’s leadership position in global fora and in support of multilateral reform efforts needed to deliver on 21st-century challenges.

• **Addressing global challenges will require global cooperation and leadership.** When it comes to delivery on this target, the reduced budget envelope means the UK must carefully assess and strategically prioritise its remaining multilateral spending, using mechanisms such as the multilateral aid review to assess cooperation options and ensure maximum impact. As the UK returns to 0.7%, the government should allocate additional funding based on what is most effective for achieving the priorities outlined in the strategy and should not restrict its ability to do this by capping multilateral spending. Additional funding should be allocated based on its effectiveness towards achieving the priorities outlined in the strategy.
Transparency and accountability

Ensuring data on ODA is easy to access, understand and use increases the ability of taxpayers in donor countries and citizens in ODA-recipient countries, and their representatives, to hold development actors to account. It also enables international development actors to coordinate and plan their activities more effectively and efficiently. The UK has been a leader in the transparency and accountability of ODA and it is encouraging that the strategy notes the importance of transparency and of all ODA-spending departments remaining accountable. However, it does not commit the UK to upholding the strong commitments contained within DFID's 2018 transparency agenda or set a target for all ODA-spending departments to achieve a ‘good’ or ‘very good’ in the Aid Transparency Index.

While FCDO has continued to publish data on ODA expenditure to International Aid Transparency Initiative, there has been an erosion of the ability to scrutinise UK ODA since the FCO–DFID merger, in part due to the lack of budgetary information. The strategy itself was not accompanied by a full breakdown of ODA budget allocations, which limits the ability to analyse the strategy and monitor UK development activities in full.

Key considerations

- Immediate publication of the three-year budget plan would be of huge benefit to all those who stand to be impacted by UK aid spending and those seeking to analyse how the strategy is translating into funding allocations. Further, in addition to departmental budgets, a total cross-departmental ODA budget plan should be published in full annually to help provide a joined-up picture of UK aid.

- All UK ODA-spending departments should adopt the previous aid strategy commitment to achieve a ‘good’ or ‘very good’ UK Aid Transparency Index. Supporting a transparency agenda more broadly, the UK should aim to promote the use of IATI open data with country government partners and civil society. It should continue to support partners and suppliers to reach high transparency standards by publishing open data using the IATI data standard.
Notes

2 Ibid.
3 Ibid.
4 Marks, Z, Poverty and Conflict, GSCRD, October 2016.
9 Ibid.
11 Ibid.
14 CARE International and Development Initiatives, March 2022. UK Leadership on gender equality globally.
18 Care International and Development Initiatives, 2021. UK leadership on gender equality globally; a quantitative review.
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30 Ravallion, Martin, National Bureau of Economic Research, 2014, Are the world’s poorest being left behind?
33 Extreme poverty is defined by the $1.90 a day international poverty line.
34 Development Initiatives, 2022. UK aid: Trends in the quality and quantity of UK ODA.
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