Re-imagining UK aid
What a progressive strategy could look like

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Introduction: Aid can contribute to a better world

“International assistance must be re-imagined and re-focused on principles of social justice and the need to redistribute economic and political power in the world.”

For over a decade a consensus has existed at Westminster on overseas aid. The mainstream political parties have agreed to support the internationally agreed target of spending 0.7% of gross national income on official development assistance (ODA).

Achieving this consensus was a considerable achievement. But the focus on how big the aid budget is has prevented a robust debate over how this money should be spent, what it should be spent on, and why.

This has left aid policy to be shaped by consecutive governments with a preference for privatisation, big business, and ‘free market’ models of development.

Meanwhile, the public debate on aid is characterised in extraordinarily simple terms – you’re either for it or you’re against it. On one side right-wing politicians and tabloids call for an end to the UK’s aid programme altogether, while on the other charities and mainstream politicians pump out defensive messages celebrating the supposed near miracles aid can achieve.

This report provides a third position. It supports the 0.7% target, as a minimum, but it argues that a new progressive vision for UK aid is urgently needed. International assistance must be re-imagined and re-focused on principles of social justice and the need to redistribute economic and political power in the world. We should ditch the notion that charity, national self-interest, or ideological faith in free markets and multinational business can solve the world’s problems.

Of course, aid cannot rectify all historical injustices or, on its own, create a completely fair world. But it can play an important role. It can help strengthen democratic public services around the world for example, and promote alternative economic models that deliver for the majority of people. Aid can help tackle the root causes of inequality and challenge the vulnerability and precariousness of people’s lives.
The focus cannot be purely on short-term results which can be measured by accountants, however. Aid spending must instead focus on achieving long-term structural change which builds democracy from the bottom up, and gives people power over their lives. Crucially, the UK’s development strategy must be embedded in every aspect of government policy, so that it can’t be undermined by unjust and self-interested tax, trade, immigration and foreign policies.

While this report is not a comprehensive manifesto for UK aid spending, we hope that it can be the beginning of a meaningful debate with politicians, development organisations and the wider public. It draws on concrete examples of already-existing aid projects (marked in boxes) to show how our vision is not a utopian dream, nor does it need to be created from scratch.

Today, it is more important than ever to re-imagine UK aid. If we fail to take this opportunity to transform it, the free market approach could become increasingly entrenched and aid will become an ever more despised segment of the government’s budget, rather than something to be proud of. Anyone who thinks aid can play a positive role in social change, needs to get involved in re-thinking what it looks like.

Note: This report is focused on development aid, rather than humanitarian assistance spent in the context of disasters, conflicts and emergencies.
2. Background: What’s going wrong with UK aid?

In 1970 the United Nations General Assembly passed a resolution that “each economically advanced country will progressively increase its official development assistance to the developing countries and will exert its best efforts to reach a minimum net amount of 0.7% of its gross national product at market prices by the middle of the decade.”

Although UK aid spending has fluctuated over the last 50 years, and reached a particularly low point in the 1990s, the country first reached the 0.7% spending target in 2013 and then enshrined the target into law in 2015. This made the UK the second largest donor country, by total quantity of money, following the USA.

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**Figure 1** British Aid as share of national income

Source: Centre for Global Development
UK aid: milestone moments

- **1997:** The Department for International Development (DFID) is created when the UK aid programme is separated from the Foreign and Commonwealth Office (FCO) and given its own cabinet minister.
- **2000:** Millennium Development Goals (MDGs) come into effect, promising to eradicate extreme poverty and hunger by 2015. They guide UK aid spending.
- **2001:** The Government abolishes ‘tied aid’ meaning aid contracts are opened up to international competition.
- **2002:** The International Development Act comes into force requiring all UK aid to be spent with the explicit goal of poverty alleviation in a third country.
- **2013:** After sustained public campaigning, the UK reaches its target of spending 0.7% of GNI on aid for the first time.
- **2015:** Parliament passes new legislation enshrining the 0.7% spending commitment in law, meaning DFID spends approximately £12 billion a year on aid.5
- **2015:** The Sustainable Development Goals (SDGs) replace the MDGs with a broader framework covering issues such as inequality, human rights and peace.

Since 2002, legislation has been in place to ensure that UK aid must be spent with the objective of reducing poverty. This does set the UK apart from other donors, but the law and ambitious international frameworks such as the MDGs and SDGs have not been enough to prevent UK aid being used in unhelpful and even dangerous ways.

One trend of particular concern is the increasing role of the private sector – particularly big business – in aid spending. The Department for International Development’s (DFID) focus on the private sector stretches from supporting the expansion of private healthcare and education in developing countries and the promotion of large public-private partnerships (PPPs) in energy, to the deregulation of agriculture to encourage multinational business ‘investments’. At the extreme end, development funds have been spent on luxury apartments and shopping malls. This is based on the misguided belief that growth at the top of society is ultimately good for everyone because wealth will ‘trickle down’ to help the bottom.6

This has been a controversial shift. In 2014, a report from the UK’s own aid watchdog, the Independent Commission on Aid Impact (ICAI), said that “DFID needs to recognise that the private sector is not a developmental panacea” and that its approach risks underplaying governments’ role “in ensuring that economic development provides benefits to the poorest in society.”7 In 2015, ICAI again warned that DFID’s private sector work too often lacks concrete targets and detailed plans clearly focused on reducing poverty.8

A related trend is the increased use of private contractors to deliver aid programmes on behalf of the government. Although DFID says that the majority of its spending is ‘bilateral’ - going to countries such as Pakistan, Ethiopia and Afghanistan - such statements are misleading as they imply that aid is given directly to poor countries. The truth is more complex. Most UK aid is now spent via international organisations, UK charities and for-profit private contractors. Only a
small amount goes directly to groups in developing countries, and the UK is now committed to ending its direct support for government budgets altogether. This trend is part of DFID’s recent focus on efficiency and ‘value for money’, which they claim is helped by contracting out work via competitive procurement. In practice, however, only a handful of for-profit contractors, based in the UK and other rich countries, dominate this ‘aid-funded business’ and are now among the main beneficiaries of this taxpayer money intended to tackle global poverty.9

Alongside this privatisation of UK aid, we have also witnessed a worrying shift towards aid being spent in the national interest rather than on poverty reduction. DFID’s current leadership is clear that aid should be spent in ways that support the UK’s security, foreign and trade policy objectives. This was explicit in the government’s 2016 aid strategy UK aid: tackling global challenges in the national interest which states that aid spending means the UK “walking taller” in the world.10 It also places a greater emphasis on so-called ‘fragile and conflict affected states’ with the belief that doing so will make the UK safer.

In order to spend more aid in the national interest, the current UK leadership is even rewriting the rules on aid. At the encouragement of the UK government, the Organisation for Economic Co-operation and Development (OECD) who govern what spending donors can officially count as aid, recently changed the criteria on what can count as ODA to allow some military and security spending.11 Helen Clark, former head of the UN Development Programme (UNDP), said these changes could divert money from communities, and even undermine the stability of countries.12 The 2017 Conservative manifesto goes further. It aims to change the internationally agreed definition of aid altogether, and even states the party’s willingness to “change the law to allow us to use a better definition of development spending.”13

As part of this shift, an increasing share of the aid budget has been handed to other government departments such as the business department, the foreign office, and even the national security council.14 A recent study found that by 2016 “more than a quarter of the aid budget (£3.5 billion) was being spent outside DFID, up from 14% two years earlier.”15 There are a number of reasons for this. DFID’s own staff numbers have not grown in proportion to its increased budget, raising concerns about fewer people being asked to spend more money, quickly, to meet and maintain the 0.7% target. Cuts in other government departments may have also led them to look to UK aid as a source of cash they can tap into. But, fundamentally, there is a growing problem with the very concept of ‘development’.

Amongst an earlier generation it wasn’t uncommon for people to understand development as something that could only happen once countries were freed from control by, and dependence on, colonial powers. Development was about reducing the vulnerability and precariousness of people’s lives and putting needs, rights and freedoms at the centre.

But, in recent decades, the goal of transformative developmental change led by poor communities themselves has fallen out of the frame almost entirely. It has given way to an approach firmly rooted in the economic mantra of our times: free markets, deregulation and privatisation as the key ways that economies grow and prosper.

Between 2000 and 2015, aid thinking was dominated by the Millennium Development Goals (MDGs) – with targets to reduce extreme poverty and child mortality, for example. The MDGs contained laudable political goals, but were silent on the means to achieve them, so that governments were often encouraged to believe that the means to reduce poverty was more free markets and more big business.

In 2015, the MDGs were superseded by the Sustainable Development Goals (SDGs) which cover a broader set of aims including tackling inequality, environmental care, peace and justice. While the SDGs also contain ambitious goals, and indeed some of the means for achieving these goals, they again remain too silent on the deep economic and political changes needed to address root causes of poverty and inequality. Academic Jason Hickel claims their approach is...
to “save the world without transforming it,” arguing that the goals are “undermined by their devotion to growth along present models” including the extraction of raw materials and a focus on export-oriented growth.16

In practice, this has enabled aid donors to present the private sector – particularly transnational corporations – as a ‘partner’ in development. Developing countries are told to adopt very light regulations that work in favour of large businesses as development has almost become synonymous with financial investment, private sector growth and even capitalism itself.

Britain is a global leader for this approach. Consider how the Conservative Party saw development in 2009: “Capitalism and development was Britain’s gift to the world. Today we have an opportunity to renew that gift by helping poor countries kick-start growth and development.”17 More recently, Secretary of State Priti Patel has further entrenched the free market approach into UK aid policy, explicitly stating her intention to use UK aid to “tear down the barriers to free trade”18 and help UK companies invest in developing countries.19 She has even gone so far as to suggest that DFID be replaced with a joint international trade and development department.20

Not only does this ignore that the purpose of development should be about rights, equality and empowerment; it also ignores decades of lived experience and academic evidence about the best economic strategy for a developing economy. After all, most industrial countries developed not through free trade but through active state intervention in the economy. Despite this history, rich countries today have a record, unfortunately, of pushing rapid trade liberalisation onto developing countries. This is effectively what the Cambridge economist Ha Joon Chang meant with the expression “kicking away the ladder.”21
**Five examples of the privatisation of UK aid**

1. **Aiding big agribusiness: the New Alliance for Food Security and Nutrition in Africa**

Under this scheme, launched by aid donors including the UK at the 2012 G8 summit, ten African governments committed to changing land, seed and trade policies to make it easier for private agribusiness to invest in their countries. Officially this initiative’s goal is to “raise 50 million people out of poverty in Africa by 2022.” But it has been condemned by farmers groups and civil society organisations and described as a “new wave of colonialism” in Africa. In a 2015 report the UK aid watchdog, the Independent Commission for Aid Impact (ICAI) described it as “little more than a means of promotion for the companies involved and a chance to increase their influence in policy debates.”

Former UN special rapporteur for the Right to Food Olivier De Schutter said that it has exacerbated land insecurity among small-scale food producers and facilitated the privatisation of seeds which has put farmers’ seed systems in jeopardy. DFID has spent £600 million on this scheme.

2. **Privatising power in Nigeria: the Nigeria Infrastructure Advisory Facility (NIAF)**

This project was set up to provide “policy, planning, economic and financial advice” to the Nigerian government on a range of infrastructure issues. It included a controversial privatisation of the country’s electricity sector. An external review described the privatisation as very difficult to reverse and, because NIAF’s reforms focused on the structure of the industry, rather than the availability of power or distribution to poor communities, the “overall impact on poverty reduction is assumed rather than currently observable.” DFID has spent £1.4 billion on this facility.

3. **Public money for private schools: Bridge International Academies**

Bridge’s controversial chain of ‘low-fee’ private schools focuses on families living on less than $2 per day. They have faced international condemnation in recent years including from Uganda’s high court who ordered the closure of Bridge schools across the country, claiming they “provided unsanitary learning conditions, used unqualified teachers and were not properly licensed.” Kenya’s National Union of Teachers also released a damning report claiming the schools provide “poor quality education” and that they remain unaffordable to many households, contributing to “educational segregation” in the country.

An unprecedented 2016 statement from the UN Committee on the Rights of the Child warned that UK aid for low-fee, private schools run by for-profit business enterprises might even be contributing to violating children’s rights. DFID has invested more than £10 million in this chain of schools.

4. **Outsourcing aid to for-profit contractors: Adam Smith International**

Most UK aid is not given directly to developing countries but is instead spent through intermediaries, including for-profit private contractors who expect to make money from this work. A small group of eleven firms wins the majority of DFID contracts. The UK company Adam Smith International (ASI) is one of them. ASI became a multi-million pound company thanks to DFID, its primary customer. But in 2017, ASI – whose DFID work included managing the NIAF programme in Nigeria – was at the centre of a scandal in which it was found to have attempted to falsify evidence submitted to a parliamentary inquiry scrutinising the use of contractors. As a consequence, DFID said ASI will not receive any new UK aid-funded business and ASI executives have resigned from the company.

DFID has awarded ASI at least £450 million in UK-aid funded contracts since 2011.
5. Aiding private profits via development finance: CDC Group

CDC Group is a company owned by DFID. Its mandate is to fight poverty by investing in private businesses operating in developing countries. But its portfolio of projects includes an upmarket shopping mall and luxury apartments in Kenya, private healthcare in India and controversial palm oil plantations in Democratic Republic of Congo which have been linked to land and labour violations.39 Many of these projects are profitable for CDC but have little impact on poverty reduction. Despite reforms since 2012, investments in private equity funds – many of which are based in tax havens Mauritius, the Cayman Islands, Guernsey and Luxembourg – remain a major part of CDC’s operations, amounting to £238 million in new commitments in 2015.

Moreover, the CDC Group claim its main developmental impact to be job creation. The reality, however, is that it has no way to clearly attribute its investments directly to the creation of new jobs. The company largely relies on estimates of the potential knock-on effects its investments might have on in-directly creating jobs. In any case, the job quality or working condition standards are not sufficiently measured which means there is no way to know if any jobs that are created are actually empowering rather that exploitative.40 DFID has provided CDC Group with $1.5 billion in aid money since 1999 and has recently increased the amount of aid money that can go to the company to £12 billion.41
3.1 Reimagining aid as redistribution and compensation

Aid cannot make up for all the injustices and inequalities suffered by the so-called developing world. But it can play an important role in struggles for social justice. In order to do this, we need to start re-envisioning what aid is so that it is neither considered a charitable gift to poorer countries, nor is it considered a strategic tool to secure UK national interests in the world.

For a start, aid could be re-imagined as a form of global wealth redistribution that aspires to provide for universal welfare. In a similar way to how, at a national level, most societies have some mechanism for redistributing wealth from the richest to the poorest (even if all too often it is outweighed by redistribution in the opposite direction). Whether it be social housing programmes in Germany, or the National Health Service (NHS) in the UK, welfare systems recognise that everyone is interconnected and wealth is not simply generated by the rich working alone, but by using the labour and resources of others. They are the result of ordinary people campaigning and fighting for a fairer share of their society’s wealth and demanding that the basics of life – healthcare, education, shelter – should not be determined by the market.

Aid spending should be rooted in similar principles, albeit in global terms. In this way we can start to consider aid more as a form of taxation and less as a donation from donor to recipient. As long-term aid researcher and commentator Jonathan Glennie has suggested: “just as individual contributions are the price of living in a civilised society, so national contributions to the global pot could be the price of living in a prosperous and sustainable world.” He has proposed replacing aid with a much broader global mechanism to pool public funds and redistribute them internationally. Under such a model for global public cooperation, Glennie suggested: “Everyone... apart from the very poorest countries would pay, just as all but the very poorest citizens or smallest businesses contribute to national exchequers.” There could even be fixed payments from national governments according to an agreed formula.

Similarly, aid can also be considered a form of compensation. The developed world has grown rich, over many centuries, by pulling resources out of developing countries. Whether through the extraction of natural resources which can’t be replaced; tax avoidance by western corporations; ignoring the impacts of climate change; neo-liberal economic reforms; or wars fought for strategic interest, the impact of the rich world on developing countries can never be entirely redressed. But we can make a start. Aid, if re-imagined, could contribute to rebuilding economies and societies which have been plundered and pillaged.

One of the first things to change is the term ‘aid’, which is too suggestive of a benevolent gift. We need to start thinking more in terms of ‘global contributions’ or ‘international cooperation funds’ for example.

There are also already existing economic, social and cultural rights agreed internationally which could provide an alternative rights-based, social justice-oriented framework for aid spending. International law dating back to the 1960s, for example, requires states to work towards the realisation of human rights to health, education and an adequate standard of living.

There are long-standing and ongoing efforts to reform aid and make it more transparent and accountable too. The need for local leadership and ownership of aid, for example, has been emphasised by a number of international summits on effectiveness of development spending including the Paris Declaration (2005), the Accra Agenda for Action (2008), and the Busan Declaration (2011).

And, in 2014, a group of UK campaign groups (including Global Justice Now) adopted The Progressive Development Charter, which offers an alternative framework. The charter is directed at the charity sector itself, but it could be widened out and its principles applied more broadly.
The Progressive Development Charter

Adopted by an informal group of UK NGOs, 22 January 2014

We believe injustice, inequality and poverty are political conditions, and that solutions must be based upon a just and equitable redistribution of power. The organisations and institutions that we work for, with and through in the UK and worldwide must take on a more critical analysis of power and engage in political processes to tackle the inequalities of power, wealth and resources that create and maintain injustice and poverty.

We commit to Progressive Development, specifically:

• defining international development as radical change which challenges the status quo of power and hierarchy
• opposing the perception and practice, wherever we find it, that development is about service delivery and aid, rather than social justice
• implementing programmes and strategies that are motivated by empowerment and justice, not charity, pity and the vague aim of doing things for people
• empowering those without power to change their own lives, with our support in removing the global, national and local obstacles which currently prevent this
• using images in our work that tell the truth and treat people with dignity and respect
• listening to, learning from and acting in solidarity with those grassroots and social movements, South and North, that embrace a radical vision and seek to challenge a system that benefits few and impoverishes many
• promoting a gender-just vision of development that is inclusive of all women and men
• joining and working alongside existing social movements fighting for social, economic and environmental justice
• using the facts and evidence about inequality and its causes in all our advocacy, campaigning, fundraising and communication with the public, with government, with donors and with others we seek to influence
• acting with honesty and humility as individuals working for global justice, recognising that we don’t have all the answers and we don’t speak for others
• being the change we want to see, and seeking to make our organisations and institutions reflect all these commitments and become truly progressive places that we are proud to work for and represent.
3.2 What should this money be spent on?

3.2.1 Strengthening public services: Health and education

Access to public services including health and education makes an enormous difference to people’s lives. For the poorest, it can be just as important as monetary income.

Under market conditions, an individual’s access to healthcare, education, housing, energy and much more is determined solely by their ability to pay, which only entrenches inequalities within society. But providing universal access to public services, free at the point of use, can play an important equalising role in society. The pride with which the UK public often think about the NHS – even 70 years after its creation – is testament to the difference this service has made to people in the country.

Aid policy could contribute to similar feats overseas by providing infrastructure funding and technical support, for example. And because effective and accountable public services require long-term public financing, aid could also assist countries in generating sustainable financing through support in retaining and collecting tax (see section ‘Creating sustainable economies: Tax justice’).

DFID has traditionally been a significant funder of health and education in developing countries. Healthcare spending, for example, accounted for the largest share of UK aid spending between 2011 and 2014. But in 2015 it fell to fourth place, comprising 13% of the total. What’s more, DFID has increased support for models that may prioritise profit over the realisation of human rights, such as for-profit private healthcare. This is the wrong strategy; out of pocket payments can further impoverish people who are already struggling or dissuade them from seeking healthcare altogether.

There have also been concerns about DFID focusing on ‘vertical’ programmes, targeting specific diseases or population groups, and short-term easy to measure results, such as the number of children inoculated, over critical but harder to quantify priorities like building quality health systems.

Similarly, in education, a focus on boosting enrolment rates and measuring bums-on-seats has also sidelined critical questions about the quality of education and whether students are actually learning. A 2012 ICAI evaluation of DFID support for education in East Africa, for example, warned that “the quality of education being provided to most children is so low that a large majority is failing to achieve basic literacy and numeracy.”

A progressive development strategy would reverse shifts towards for-profit private services and would instead focus on expanding and strengthening universal public services, free at the point of use. This can build on DFID’s experience in pooling money with other donors rather than funding multiple fragmented projects. It would also support accountability in public services by expanding community-based healthcare and education. Plus it would, crucially, address related challenges to accessing services such as nutrition, transport and gender-based violence.

On health, a progressive strategy should reflect the 1978 Alma Ata Declaration’s emphasis on expanding primary healthcare for all and the call from the People’s Charter for Health for universal access to quality healthcare according to people’s needs and not their ability to pay. In doing so, it can share lessons from the UK’s experience in developing the NHS as well as expand partnerships between the NHS and public systems in developing countries.

On education, a progressive strategy should provide support to public education systems through multilateral institutions, such as the Global Partnership for Education (GPE). And it can draw on recommendations of the Global Campaign for Education (GCE) which recently urged the UK to help developing countries raise more money through taxes and prioritise education in public spending.
Funding public services

The Global Partnership for Education (GPE): This multilateral fund combines money from donors, multinational agencies and developing country governments to strengthen public education systems to achieve equitable, quality education. Importantly, under the GPE governments develop their own education plans in consultation with their citizens and civil society. GPE funds then support those government-led plans, rather than separate, fragmented, donor-led initiatives. DFID is the biggest funder of GPE, having contributed over £700 million to the initiative.

In Rwanda, where DFID has also served as the coordinating agency for the GPE, money is transferred directly to the national department of education to implement the government’s Education Sector Strategic Plan. This assistance builds on Rwanda’s own commitment to increase access to education at all levels and improve the quality of education. From 2012 to 2018, the share of Rwanda’s national budget allocated to education is set to increase from around 17% to 22%.

In 2016, the GPE said its support to Rwanda has already contributed to results in the education sector, including increases in school enrolment rates, including for pre-primary education; decreases in student dropout and repetition rates; thousands of new teachers hired and classrooms constructed; and an increase in the number of students enrolled in technical and vocational education and training.

Coordinating support for public healthcare:

DFID has also supported multilateral funding initiatives for public healthcare in developing countries. In Burma (Myanmar) DFID channelled most of its £100 million funding for healthcare in the country between 2010 and 2015 via UN-administered funds, including the Three Diseases Fund, the Delta Maternal Health programme and the 3MDG Fund. A 2013 ICAI report largely praised this support, saying the UK was helping develop a robust public health system in the country and that pooling money with other donors has improved coordination and communication.

Strengthening civil society

Supporting healthcare activism in South Africa: In the 1990s and early 2000s, the South African group Treatment Action Campaign (TAC) received significant funding from aid donors, including the UK. In South Africa, the influential grassroots group pushed back against the government’s damaging policy to deny the Aids crisis. TAC has been credited with saving millions of lives, combining activism with monitoring of public health systems, including drug shortages, and providing healthcare education in poor communities. The UK pledged £1.6m in support to the group between 2010 and 2015. But, in 2014, DFID controversially cut its assistance to the group amid a wider shift away from supporting middle-income countries including South Africa. Although DFID claimed “the ending of UK support will not reduce South Africans’ access to treatment,” the move was criticised by Stephen Lewis, former UN special envoy for Aids in Africa, as the “height of irresponsibility.”
Community and locally-led development

Locally-led healthcare and education support in India: In 2012 ICAI looked at DFID-supported programmes in the state of Bihar. It said that DFID funding helped decrease infant mortality rates and to increase the numbers and skills of birth attendants. More than 130,000 extra births were delivered by trained professionals in 2010-11 because of UK aid.62 ICAI highlighted that, “unlike many other contexts, the relationship between DFID and its partners in India (who are mainly in state and national governments) is more that of equals than of donor and recipient.” It said most staff at the DFID office in India were local and “know much more about the local context than do expatriates.” This, it said, made “a significant positive impact on the effectiveness of the programme.”63
Sharing expertise

Partnerships with the NHS: Partnerships across borders can strengthen capacity and skills on both sides. In 2016 the government announced it was setting aside £20m in aid to support a new UK Public Health Rapid Support Team with clinicians, scientists and academics that “can be deployed to tackle outbreaks of disease anywhere in the world within 48 hours.” Run jointly by Public Health England and three UK universities, the project works “with counterparts in developing countries to train local response teams to identify and control disease outbreaks.”64 While still too early to assess the results of this new project, the partnership approach is a welcome direction, and one that DFID should closely monitor and learn from.

The Tropical Health and Education Trust has also coordinated global health partnerships, enabling thousands of NHS staff members to work temporarily with their counterparts overseas. It said that in addition to benefiting developing countries’ health systems, these partnerships are “also having a beneficial impact on the NHS,” as staff return home with greater knowledge and leadership skills.65

3.2.2 Creating sustainable economies: Tax justice

A core problem with the global economy is the way rules (or lack of rules) that guide international business practices prevent countries retaining their wealth and using it for the benefit of their people. Investment might roll into a country but profits can just as easily flow out again.

One of the biggest problems is tax avoidance where corporations and rich individuals shift money around their multinational operations so that they don’t pay tax where it is due, but in lower tax jurisdictions, or tax havens which offer secrecy to businesses. This is estimated to cost developing countries $100 billion a year in lost tax revenue.66 And this is not the only feature of the global economy that hampers the ability of countries to both obtain and retain wealth. There are over 3,000 separate bilateral tax treaties crisscrossing the globe, meaning that governments engage in “tax wars.”67 This is where they compete against one another in a ‘race to the bottom’ offering ever lower tax rates to multinational corporations to attract investment. And the situation is exasperated further by trade and investment deals,68 as well as rules laid down by the International Monetary Fund (IMF),69 which tell countries not to place restrictions on wealth flowing in and out of their borders.

Africa alone is estimated to lose $35 billion every year to tax avoidance – more than the roughly $30 billion annual aid budget for the continent.70 Health Poverty Action has showed how Sierra Leone could fund its entire national health service by ending tax incentives for multinational corporations.71 It currently loses three times the value of its health budget to tax incentives alone.

Ironically, there is little evidence that low corporate taxation even plays a big role in attracting investments that wouldn’t have occurred otherwise.72 The OECD has found that factors such as education, a skilled workforce, decent infrastructure and political stability are more likely to attract investment. Factors that are, themselves, reliant on strong and functioning tax systems.73

Lost taxation also impairs democracy.74 Without tax justice, aid spending can even be damaging in cases where governments, and other aid-funded groups, might feel more accountable to foreign donors than to people living in developing countries. As South Africa’s former finance minister stated, it is “a contradiction to support increased development assistance, yet turn a blind eye to actions by multinationals and others that undermine the tax base of a developing country.”75

How can DFID help address this contradiction? The UK government has a particular responsibility to
deal with this as it presides over a vast network of overseas tax havens. Although DFID has already identified tax as a priority area, a recent ICAI review noted that more needs to be done by DFID to consider developing countries’ needs and priorities in tackling tax avoidance.76

A progressive aid strategy would support national governments to expand their capacity, knowledge and expertise to develop progressive tax regimes, ensuring that the burden of capturing taxes falls on the wealthiest and not the poorest. DFID must also work with other government departments to ensure DFID’s work in encouraging tax justice in developing countries is not undermined by the UK’s own tax policies - an area that DFID was recently criticised for being weak on.77

At a global level, the UK could put resources towards expanding the mandate of the UN Tax Committee, supporting its upgrading from ‘group of experts’ status to a fully-fledged intergovernmental body which could help provide consistency in taxation so that countries are not undermining each other’s tax policies. It could also provide international reporting to prevent companies playing countries off against one another, and even explore options for a global wealth tax. This idea has been championed by the G77 (which represents 126 developing countries), led by Ecuador.78 But the UK has persistently rejected the idea and blocked moves to establish such a global tax body.79

And tax is only one part of the picture. Developing countries must be able to better regulate multinational corporations and their wealth if they are to benefit from foreign investment. Under tax, trade and investment rules, it is increasingly difficult to control how corporations operate or to ensure that countries properly benefit from ‘investments’. Last year, an estimated $32.4 billion left Africa as corporations simply invested their profits in financial centres elsewhere.80

But ‘controlling’ corporations is no easy task. It has proved difficult even to get corporations to abide by basic international human rights, and countries are repeatedly challenged for doing no more than ensuring foreign corporations abide by national laws. There is a proposal currently being considered at the United Nations for a new UN treaty on corporations that could hold corporations to account for their human rights violations.81 Instead of opposing such a treaty, which the UK has done, DFID could assist with funds to help with its development, which would allow countries to prevent corporations undermining the human rights of citizens around the world. Aid could also be used to strengthen civil society groups or trade unions who work towards ensuring decent working conditions and fair pay. This can be an important way to hold corporations to account and ensure that any jobs created through investments are not exploitative.
3.2.3 Building a democratic economy: Public-public partnerships

For the last 40 years, privatisation has increasingly been put forward as the solution to all of society’s problems as we are routinely told the private sector runs things more efficiently. One of the main models used to introduce privatisation is public-private partnerships (PPPs). These ‘partnerships’ have been rolled out in everything from health and education to water and transport networks. PPPs come in different forms but essentially involve some mix of public and private involvement in financing, construction, management, and operation.

In practice, however, PPPs have often shifted the risk (and debt) onto the public sector, while the private sector is able to reap the profits. Rather than being a potential democratic asset, PPPs leave the government with a huge liability. In one example, in Lesotho, a World Bank-supported PPP for a single hospital ended up consuming as much as a third of the country’s entire health budget.88 The UK is one of the largest shareholders of the World Bank – which advocates for PPPs in developing countries – and it has also supported PPPs directly through DFID.89

A progressive UK aid strategy would look very different. Rather than privileging a small handful of businesses, it would look at building democratic partnerships which can help develop accountable governments at local and national level. One growing model for doing this is public-public partnerships (PUPs) which are collaborations between two or more public organisations, working on a not-for-profit basis to share knowledge and expertise.

Case Study

Supporting taxation

Sharing expertise: Tax Inspectors Without Borders (TIWB) is a UNDP backed programme that facilitates tax experts from across the world to work, and share knowledge and skills, with tax officials in developing countries. They work on real cases, helping, for example, to audit accounts of multinational companies. The first eight projects have secured an additional $260 million in tax revenue.82 A similar UK-based project, which DFID helped establish, is the Capacity Building Unit on tax within HMRC (the UK’s revenues and customs department). It provides technical advice and skills on taxation to developing country officials. An ICAI review of the programme said it was a “promising model of collaboration” and noted that while too early to quantify results, officials from Tanzania, Ghana, Ethiopia and Pakistan have expressed appreciation for the support received.83

Both of these projects have had lessons to learn – TIWB has been criticised over potential conflicts of interest and for failing to ensure leadership from developing countries,84 while the Capacity Building Unit has found that projects need a longer timeframe in order to have lasting impacts.85 Nevertheless, there is clear potential for this model of support to be improved and developed into a broader programme to ensure that tax authorities in developing countries are equipped to build progressive tax reforms and deal with corporate tax avoidance.

The International Centre for Tax and Development: This international global policy network, which is supported by DFID, conducts research and builds the evidence base for effective taxation policies.86 In doing so it helps developing countries mobilise resources and develop efficient and equitable tax systems. Examples of its impact include support for the Ugandan Revenue Authority’s research that revealed the scale of wealthy Ugandans not paying their fair share of taxes. This, in turn, led to a new unit in the country which is bringing in additional revenue.87

[Case Study continued]
One area in which there have been many successful PUPs is in the water sector – a basic service that is essential to human life. Building water utilities is critical given that globally 783 million people still lack access to clean water, and women, worldwide, still disproportionately bear the burden of collecting water.

A joint study in 2009 documented 130 PUPs in around 70 countries and showed how these can provide a flexible way to increase the coverage of water services in developing countries through training and developing workers; technical support; improving efficiency; increasing finances available; and improving democratic control.

A separate study from 2010 also found that, although more effective ways to evaluate PUPs are needed, there are really clear benefits including lower prices for users, more democratic services, building solidarity between workers and users and renewed faith in the public sector. PUPs were found to provide concrete evidence “to deconstruct the myth that the private sector is inherently better at service provision than the public sector.”

A progressive UK aid strategy would support such partnership models, including PUPs involving different countries in the global south. The UK water sector is entirely privatised and so it cannot share much with other countries itself. But similar PUPs could be set up with the NHS and with the public education system. The UK could also itself benefit from such partnerships, and perhaps could learn from other countries which have reversed water privatisations and remunicipalised these services. Aid money could also be used to establish and support training centres and networks to provide institutional support for partnerships like these.

Mahtab, a small-scale farmer in his rice fields near his home in Bangram, Pabna.
Case Study

Sharing knowledge

Amsterdam-Ulaanbaatar partnership: A three year partnership (2007 - 2010) between Dutch public water companies and the Water Supply and Sewerage Authority of Ulaanbaatar City in Mongolia aimed to build capacity to deliver water and sanitation for the city’s expanding population. The Dutch water operators shared expertise in management and provided practical technical support for a new water-testing laboratory, improved pumping stations and new equipment. Another element was new software and training programmes for Mongolian staff. Employees from the Ulaanbaatar water authority travelled to the Netherlands for training, and four staff members were supported to gain university qualifications in water management.

The partnership helped build a more effectively run and financially viable water utility, with improved staff, business planning, customer relations and better tariff collection methods. Public education schemes to conserve water in schools and businesses produced significant reductions in water consumption. By the end of the three year partnership, 29,000 people had improved water quality. Funding for the programme was supported by Dutch aid as well as a non-profit Swiss foundation, Water for Life.

Partnerships for public water services: In recent years a model called Water Operator Partnerships (WOP), similar to PUPs has been adopted by many countries. These are organised by the Global Water Operator Partnerships Alliance (GWOPA), which is hosted by UN HABITAT. Although WOPs do not explicitly exclude the private sector, they have so far been run exclusively as not-for-profit capacity development schemes between public sector water companies. Some scepticism remains as to how long the commercial motives of the private sector can be kept at bay, but thus far there have been positive results from these partnerships. The Netherlands has participated in a number of WOPs via a scheme involving two of the country’s largest public water companies – Vitens and Evides – which provides knowledge and expertise to water utilities in developing countries. In 2015 it worked in 20 different countries running 49 long term projects and 353 short term missions. It is primarily funded with aid from both the EU and the Dutch government’s Sustainable Water Fund scheme.

3.2.4 Enabling governments to stand on their own feet: Budget support

‘Budget support’ involves the direct transfer of money from the donor to the recipient government without going through international organisations, NGOs or private contractors. Done right, it is one of the most direct ways to strengthen public institutions in developing countries. It can be given as general budget support, or aimed at specific sectors (e.g. health). The recipient country takes responsibility for managing and spending the money, though in some cases conditions are tied to the funds. Spending aid this way can increase local democracy and accountability. It can be a reliable and predictable form of funding that reduces fragmentation and uncertainty. For those reasons, it has been a key part of the international aid effectiveness agenda for years.

A 2014 European Commission study of budget support to Tunisia, Mali, Zambia, Tanzania, South Africa, Mozambique and Morocco concluded that spending aid this way “has contributed in important ways to upgrading the capability of these governments to manage their public finances, to deliver services and to regulate economic activity.”
for the benefit of their citizens.” In low income countries, the study said this aid supported “a considerable improvement in the coverage and utilisation of services – particularly in education and health.”

Although DFID has previously spent significant amounts of money this way, the department is now committed to ending all forms of budget support. In part this is because of corruption scandals as well as concerns over mismanagement, aid dependence (where a large share of a government’s budget is financed by aid, over a long period of time), and displacement (where instead of aid adding to a government’s resources for health, for example, it just displaces money that is then spent on something else, which may be less developmental).

DFID’s move away from budget support has also happened alongside the department’s shift towards the private sector. Given that governments, not private companies, are the ultimate guarantor of basic rights and that the relationship between citizen and state is vital to the functioning of a democratic society, budget support should remain a vital part of a progressive aid strategy.

Case Study

Supporting government budgets

**Stronger public services in Zambia:** Between 2005 and 2010, the Zambian government received $1 billion in budget support from several donors, including DFID. A 2011 evaluation found that this support enabled the Zambian government to take a more coordinated approach to implementing its national development plans and poverty reduction strategies, compared to other more restrictive types of donor funding. In this case, budget support not only provided additional finance for health and education, it also led to the government increasing its own domestic resource allocations.

Results included: an increase in the number of health workers from 12,000 to 17,000; greater availability of essential drugs; higher immunisation rates and declines in infant, child and maternal mortality rates. Spending on education increased from $326 million to $590 million, and the Ministry of Education invested more in teachers, classrooms and books. An additional 800 schools opened, the number of teachers grew from 50,000 to 63,000 and primary school pupils increased from 2.9 million to 3.4 million.

3.2.5 Sparking a renaissance in farming: Food sovereignty

The focus of global food production is one of ‘bigger is better’. Although most of the world’s food consumed today is still produced by small-scale farmers, this is increasingly presented by powerful institutions, corporations and governments as a thing of the past. The world’s food system is becoming dominated by a few very large agribusinesses that own a growing share of the world’s seeds, promote chemical-intensive, industrial-scale farming and operate via long international supply chains. These changes are being reinforced by unfair trade rules and aid budgets which are supporting schemes to liberalise food and agricultural markets in order to help big corporations invest in land and production in developing countries. In fact, DFID’s current agricultural strategy focuses on getting small-scale farmers to leave behind their farming livelihoods altogether, and instead enter industries such as manufacturing.

But these changes can have serious consequences: for smaller farmers who are unable to make ends meet and face unfair competition; for the consumers, who have less say over their food’s...
production; for the environment and for animals, which are pumped with unnecessary chemicals; and for governments who are less able to protect their citizens from rises in the price of basic foods on international markets. At the extreme end of the spectrum, financial markets now speculate on food products, sending prices up or down depending on what will maximise their profits.

This is not the only way to produce food. The food sovereignty movement is growing around the world, stressing that small-scale farmers should produce primarily for local markets, feeding their own people first, rather than prioritising the food desires of overseas markets. It also promotes so-called agroecological methods of farming which can be more productive in terms of yields, less environmentally destructive, and can transform the livelihoods of farmers through increased incomes. The UN’s Food and Agricultural Organisation (FAO) is already supporting the rollout of agroecological practices. But these methods currently only receive 5% of the total global funding for agricultural research and development.

With more support, the future of our food systems could look radically different. Farmers need support to live less precarious lives with less uncertainty about the price they will receive and less unfair competition from global corporations. A progressive UK aid strategy could, for example, support:

- establishing and strengthening farmers’ cooperatives
- increasing small-scale farmers’ access to local, national and regional markets
- investing in further research on agroecological farming methods
- community seed banks, field schools and farmer-to-farmer exchanges
- fairer land access and redistribution
- a multi-donor food sovereignty fund led by small-scale farmers directed by their own priorities.
Building food sovereignty

The Malawi Farmer-to-Farmer Agroecology project (MAFFA): In Malawi, where one-third of the population lacks access to adequate, safe and nutritious food, a Canadian aid-funded programme has supported the rollout of this peer-to-peer agroecology research and training programme. Established in 2012, and involving over 6,600 farming households, it provides farmers in two regions of the country with training on agroecological methods and nutrition issues. The programme is structured so that as more farmers are trained in agroecological techniques, the pool of trainers able to undertake this peer-to-peer training grows. It also facilitates the exchange of seeds through seed banks and seed fairs, which has been crucial in farmers maintaining ownership of their seeds – a key component of food sovereignty. As the majority of farmers are women, the project has seen positive changes in household gender relations, including greater involvement in decision-making for married women, and men taking on more household tasks including childcare, cooking, fetching water and collecting firewood. According to an FAO review of the programme, it has also reduced costs for farmers and, through crop sales, has provided an important source of income. The programme has also improved maize yields, crop and dietary diversity, soil fertility, and food security – along with increasing resilience to climatic variability.

The Chololo Eco Village project: This EU-funded project in the Dodoma region of Tanzania brought researchers together with the community of Chololo to test new environmentally sustainable innovations in agriculture, livestock, water, energy and forestry. As part of this project, some 400 farmers were trained in sustainable tillage and land preparation practices including spacing, intercropping, soil water conservation and seed production. In addition, the project supported trainings on leather-tanning as a means of diversifying livelihoods away from sole reliance on rain-fed agriculture. Sixty beehives and ten small fishponds were also introduced. This project increased use of energy-saving stoves and bio-gas for cooking and lighting and improved cultivation practices that have not only helped to conserve soil, but have also had outstanding results in increased crop yields. Maize yields increased four-fold from approximately 500kgs per hectare to 2,500kgs. This has improved food security and increased household incomes.

3.2.6 Tackling root causes of injustice: Gender inequality

Fighting gender inequality has to be at the heart of a progressive aid strategy if aid is to have meaningful and lasting impacts. The UK is one of several donors already making gender equality a major priority. There are concerns, however. Some suggest that DFID focus too much on an ‘instrumentalist’ approach that sees gender equality as a means to achieve economic development, rather than a rights-based approach that considers it an end in itself. This way of working may “improve the lives of individual women and girls” but leave the long-term problems intact to “reproduce gender inequality generation after generation.” A December 2016 report from ICAI also said that an overemphasis on “value for money” might have encouraged a focus on those easiest to reach, rather than those most in need.

A progressive aid strategy would place women’s movements – many of which are already struggling to promote and protect their rights and build more inclusive, democratic societies – at its centre. A landmark 2012 study, looking at 40 years of data across 70 countries, found that the presence of strong and independent women’s movements...
was the single most important factor impacting on a country’s willingness to address gender-based violence and enact progressive social policies. However, local, frontline women’s rights groups are chronically underfunded and many operate on shoestring budgets.

Estimates suggest that only about 8% of gender-focused international aid currently goes directly to women’s movements and organisations in the global south. While women and girls have received more attention from development organisations, research from Womankind Worldwide has found that very little aid is going through local women’s rights organisations themselves, with donors increasingly opting for short-term projects over the long-term core funding needed for real transformative change.

Funding civil society directly is not a simple issue and some may be uncomfortable with a global power such as the UK funding – and therefore potentially influencing – this sector in developing countries. But local groups are best placed to tackle injustice and bring about lasting change. There are examples that a progressive strategy could draw on, including DFID support for work by women’s organisations in Uganda and Bangladesh to mobilise communities against gender-based violence. (See box ‘UK aid to tackle gender inequality’).

The most appropriate way for the UK to support women’s groups is via international women’s funds, as the Danish government has done. These funds both raise money and provide grants to local women’s rights organisations. Some of these funds have decades of experience in supporting local movements rather than setting agendas and priorities from the outside. (See example of Mama Cash in box ‘Progressive international funds’).
3.2.7 Helping citizens live a life of dignity: Cash transfers

There is an increasingly convincing case to do away with many of the intermediary aid ‘industry’ layers of development agencies, consultants and NGOs. These organisations spend millions of pounds on salaries, fees, travel, accommodation and other associated costs. Indeed, working in development has become a lucrative career for some, with some charity bosses, for example, earning six figure salaries.\(^{132}\)

Cash transfers are an alternative way to spend aid where this money is given directly to individuals or families. In practice, these projects can vary considerably, including in the amount of money transferred, how often, and whether these payments come with conditions attached (such as enrolment of children in school) or not. Currently just 2% of DFID’s bilateral budget is spent through direct cash transfers.\(^{133}\)

While critics may depict such transfers as unacceptable ‘hand-outs’, arguing that this money will be wasted or squandered, evidence on cash transfers suggests that the opposite is the case.\(^{134}\) An extensive 2016 review from the Overseas Development Institute (ODI) compiled data from 165 studies on cash transfer programmes from 30 countries. It found that these transfers have positive effects on reducing monetary poverty, increasing school attendance, improving use of health services and reducing child labour.\(^{135}\)

Similarly, a 2017 ICAI review, which looked at 18 DFID-funded cash transfer programmes, found that they had “succeeded in their primary purpose of alleviating extreme poverty.”\(^{136}\)

A progressive UK aid strategy would support cash transfer programmes as a direct way to reach people. These transfers should be made, if possible, via national governments or other local institutions. However, it is crucial that enthusiasm for cash transfers to individuals or families does not overshadow the need for funding to respond to collective challenges (for example, public health and education systems). There is a danger that cash

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UK aid to tackle gender inequality

Support for grassroots groups in Uganda and Bangladesh: Raising Voices is a Ugandan women’s organisation which runs campaigns for domestic violence prevention\(^{126}\) combining grassroots activism against violence against women with community outreach, training and national-level advocacy.\(^{127}\) A recent OECD study highlighted DFID support to the organisation which helped them scale up their community mobilisation work and successfully lobby for new domestic violence legislation.\(^{128}\)

The OECD study also highlighted a DFID-supported project in Bangladesh called Creating Opportunities for Poor and Excluded People (COPE), which was implemented by a national NGO called the Manusher Jonno Foundation (MJF) that has provided long-term support to more than 100 civil society organisations including women’s rights groups. The report said that DFID support helped enable “the voice of poor and minority communities to be included systematically in the legislative process.” Including, for example, “advising the government on drafting of an anti-discrimination act.”\(^{129}\)

The OECD report presented this case as an example of how supporting grassroots efforts requires donors to “partner with organisations that understand the local context and have established relationships and legitimacy within communities.”\(^{130}\) A DFID review of the programme also noted that key factors behind its success were MJF’s knowledge of the local context, its active networks, and its ability to link up grassroots work and national policy processes.\(^{131}\)
transfers can be seen as a convenient way to turn citizens into consumers left to fend for themselves in all aspects of their lives. As articulated by economist Jayati Ghosh, “cash transfers cannot and should not replace the public provision of essential goods and services, but rather supplement them.”

Ekimat Maraha leaves a fingerprint to confirm a receipt at cash transfer programme in Kenya.

**Case Study**

**Cash transfers**

**Mexico:** Oportunidades (formerly known as Progresa) is the Mexican government’s cash transfer programme which started 20 years ago. Its transfers to poor households are conditional on regular school attendance and visits to health clinics. The programme has reached over 4 million families and is largely considered a resounding success, with significant increases in school enrolment (up 11% for girls and 7.5% for boys), improved nutrition and health for children and adults, particularly women, and increased access to maternal health care and higher contraceptive use. The programme has also been associated with long-term economic improvements and a reduction in poverty.

Continues...
Underpinning the programme was the premise that poor families are well aware of the benefits of investing in their children but cannot afford schooling costs or the lost income of having children in class rather than in work. Oportunidades gives parents the equivalent amount of money to compensate for the lost income of having kids in school. According to the OECD, the important lesson from this project is that “development impact is higher when redistribution schemes are coupled with interventions aimed at improving human capital of the poor.” The programme has been financed by the Mexican government with loans from the Inter-American Development Bank.

Zimbabwe: The Zimbabwean government’s Harmonised Social Cash Transfers Programme is an unconditional cash transfer that provides regular payments to some 55,000 households identified as both food poor and having labour constraints, either with no able-bodied working-age members, or a high ratio of dependents to workers. It is jointly funded by the Zimbabwean government, UNICEF and DFID (who have contributed £38 million).

A 2015 review found that this cash enabled households to meet basic needs such as those for clothing, shelter and medical costs as well as encouraging greater self-reliance. Households had improved their agricultural activities including using more diverse food crops, and increasing livestock ownership, resulting in improved food security and nutrition. Overall, the programme was found to have “immensely improved the socio-economic status of orphans and other vulnerable children.”

3.2.8 Creating new international institutions: Multilateral spending

At the international level, institutions do exist that could – if reformed – support global justice goals and a progressive aid strategy. There are public development banks that can finance infrastructure, a World Health Organisation to set global health priorities, and numerous other agencies specialising for example in urban planning (UN HABITAT), environmental protection (UNEP), and education, culture and science (UNESCO).

But these institutions, in their current form, largely fail to properly represent countries in the global south – and have longstanding issues over insufficient accountability. As an obvious example, the World Bank is notoriously undemocratic, with wealthier shareholders receiving more votes.

Likewise, concerns have been raised about more recently established international institutions such as the Green Climate Fund (to reduce carbon missions and adapt to climate change). Researchers at the International Institute for Environment and Development (IIED) have warned that the overwhelming majority of the projects and spending from the fund have gone through other huge organisations including the World Bank, despite the “clear need to engage national and local agencies that are closer to communities most vulnerable to climate change.”

A progressive aid strategy would emphasise enabling genuine partnerships – not providing ways for the rich world to exercise even more power over developing countries. It would build on examples such as the Global Partnership for Education which combines and coordinates funds on a multilateral level, as well as the experience of international women’s funds which provide grants and critical support to women’s rights organisations on the frontline of local, transformative change.

Such institutions and funds must focus more on ensuring that the voices and priorities of the poorest are front and centre in determining the shape and content of programmes along with research priorities. In this respect, it could also look to, and further support, experiments such as that to open up the UN Committee on World Food Security. While there are concerns about increasing corporate involvement in this space, it has a unique Civil Society Mechanism that can be learned from. (see box ‘Progressive international funds’)

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A progressive strategy can also draw on recent thinking by Jonathan Glennie who has argued that aid in its current form could be replaced with a much broader global mechanism to pool public funds and redistribute them globally. Glennie’s vision is that stable, regular payments would replace “begging-bowl rounds” in which multilateral organisations, for example, seek voluntary contributions from states. He argues that global public funding should become “a permanent fixture on the development landscape... always at hand to support sustainable development, global public goods, poverty initiatives and humanitarian emergencies.”

Naseegh Jaffer from the World Forum of Fisher Peoples speaking to the CFS plenary on implementation of guidelines on tenure of land, fisheries and forests.

Case Study

Progressive international funds

Funds for women’s rights: The NGO Womankind Worldwide has noted that “women’s funds are increasingly significant players and have a critical role in funding organisations considered too small or risky by the mainstream.” These funds include Mama Cash, the first international women’s fund, founded in 1983 by five Dutch feminists to provide grants to “emerging radical women’s groups all over the world.” Mama Cash raises money from different sources, with donors including the Dutch government, and makes grants to local organisations to “educate, advocate, break down sexist stereotypes and build cultures of peace, justice and respect.” Importantly, it focuses funding on groups that are directly led by women, girls and trans people. This is crucial to ensuring that funding supports development that is locally-led and directed by those it is intended to support.
Mama Cash believes that feminist social change takes time and commitment, and so it provides flexible and long-term grants so that groups can set their own agendas and use their resources as they see fit. Among its achievements, Mama Cash hosted and supported the Red Umbrella Fund, a participatory fund and the first global grant-making mechanism to give sex workers influence over initiatives that impact them.153

According to Nicky McIntyre and Esther Lever at Mama Cash, participatory funds such as the Red Umbrella Fund ensure “those who are most impacted by injustice are making decisions about the strategic direction of the funds, how funding is allocated and to whom. In doing so, these funds are contributing to shifting power dynamics and are increasing the value and quality of that funding.”154

A recent OECD report on donor funding for women’s rights organisations said the “advantage of multilateral funds is twofold. Firstly, they enable donors to support small women’s rights organisations and grassroots activities which they could not fund bilaterally. Secondly, they create opportunities to influence the international system and to improve coordination of donors and wider international efforts to support gender equality.”155

**The Committee on World Food Security (CFS):** Once a relatively bureaucratic, high-level space, the CFS has more recently become seen as one of the most inclusive global governance forums.156 What makes it particularly unique is its Civil Society Mechanism (CSM) which facilitates ongoing engagement by civil society on its work. At CFS meetings, civil society sit alongside government delegates. They are not shunted to the side for parallel side events, but are at the centre of discussions.

In recent years, the CFS’s achievements include the adoption of a landmark set of global guidelines on responsible governance of land tenure and access rights to land, fisheries and forest resources.157 The CFS must be strengthened further, however, and become more inclusive still. Its main meetings, for example, are in Rome - not inexpensive for grassroots groups in developing countries to attend. Its products and decisions are also not binding - the land governance guidelines, for example, are voluntary and there are so far insufficient systems for monitoring and accountability.

### 3.3 How to manage aid progressively

#### 3.3.1 From the bottom-up: Supporting locally-led development

Aid has to be led, owned and managed by ‘local’ people. This is not a radical position. It is at the heart of the international aid effectiveness agenda. At repeated global summits, in Rome (2003), Paris (2005), Accra (2008), and Busan (2011), aid donors including the UK have committed to ‘harmonise’ their work with that of other donors and, crucially, with developing countries’ own plans and priorities.158 But this agenda has been weighed down by technical language and limited by a lack of meaningful monitoring and accountability.

As one 2015 ODI report noted: “While local ownership and participation are repeatedly name-checked in development, this has rarely resulted in change that is genuinely driven by individuals and groups with the power to influence the problem and find solutions.”159

DFID spends most of its money through intermediaries, primarily through large multilateral organisations, international NGOs, and for-profit contractors that are overwhelmingly based in rich countries. Despite UK aid having been officially ‘untied’ from UK commercial interests for 15 years, it is still UK companies who continue to win the lion’s share of DFID contracts. In contrast, only a very small fraction of UK aid money is given directly to local organisations in poorer countries.
A 2015 ICAI report on DFID’s security and justice projects, for example, warned that they don’t give enough emphasis to “local networks and country knowledge”.\(^{160}\) It said the department’s contracting process “favours a small number of large firms at the expense of small and not-for-profit implementers, who may enjoy greater local knowledge and legitimacy.”\(^{161}\)

A progressive aid strategy could start by proactively promoting policies and targets to change these trends and prioritise spending that supports and empowers developing country entities and institutions rather than subverting or sidestepping them.\(^{162}\) One simple step could be to adopt ‘buy local’ pledges. DFID has already committed to spend 25% of humanitarian aid through local groups by 2020.\(^{163}\) At a minimum, a similar pledge should be made for all UK aid.

It can also learn from previous UK aid funding that, for example, channelled money directly to government and civil society projects in Nepal to develop campaigns and policies to tackle social inequality (see box ‘Aid led and managed locally’).

Crucially, a progressive strategy should never stop asking the question of how aid is delivered. The way it is delivered is not a politically-neutral, technical, background issue. Healthcare aid given to a developing country government to boost public services, for example, is different from projects designed in London, and outsourced to UK contractors who fly staff overseas. The power dynamic is different, as is the potential for long-term lasting change.

### Case Study

#### Aid led and managed locally

**Tackling inequality in Nepal: The Enabling State Programme (ESP) was a 13 year DFID-funded programme to promote inclusive policies and programmes and strengthen the relationship between the Nepali state and its citizens. Rather than directly implement projects, the ESP “provided financial and technical support to the Nepali Government and civil society organisations.”\(^{164}\)**

The project’s focus was wide ranging, including tackling gender-based violence (GBV); furthering lesbian, gay, bisexual and transgender (LGBT) rights; and increasing political participation of women and other excluded groups.

Among its results, the ESP helped put GBV on the government agenda - including the establishment of a special GBV unit by the prime minister’s office and revisions of related legislation. Work supporting civil society to ensure legal protection for LGBT individuals led to Nepal becoming “the first country in South Asia to protect LGBT rights.”\(^{165}\)

Funding from the ESP also enabled more than 12 million people to register to vote by phone and internet and led to the introduction of a new code of conduct for politicians and political party registration processes.\(^{166}\) Significantly, the programme also “contributed to the election of an unprecedentedly inclusive and proportionately representative Constituent Assembly in 2008.”\(^{167}\)

Fundamental to the ESP’s success was that, from the start, it was intentionally “focused on the Nepali context, not on a donor-driven or normative agenda.”\(^{168}\) The programme was led by Nepali staff who understood the local context. Reviews of the programme also pointed to the importance of long-term funding with flexible budgets and plans that allow staff to respond to emerging challenges and opportunities. Had the ESP managers been expatriates, and had DFID demanded...
the programme be driven by rigid, short-term results targets, it is doubtful it would have been as effective. These positive results from the ESP have provided important lessons to the wider development sector, and have already influenced policy and practice in other projects.

**Buying locally in Afghanistan:** A 2009 DFID-funded research report from the group Peace Dividend Trust estimated that, in 2006, less than 40% of international aid to Afghanistan actually entered the Afghan economy. This is because the bulk of goods and services were purchased internationally instead. Meanwhile, this research found that the impact of aid on the local economy was “dramatically higher” when it instead went directly to the government or through multi-donor “trust funds”. Even when money is spent through international entities, it found, the local economic impact “can be increased significantly through the use of Afghan vendors – without compromising value for money outcomes.”

In Afghanistan, DFID spent almost £1.3 million in aid between 2008 and 2012 to “facilitate local procurement in Helmand by the international community.” According to one review, this support helped facilitate more than 300 contracts (worth more than $100 million) and thousands of jobs between Helmandi businesses and international organisations.
3.3.2 More than numbers: Measuring transformative change

DFID often presents the impacts of UK aid spending with top-level figures on, for example, the number of lives saved, or children vaccinated, often rounded to the nearest hundred thousand or even the nearest million. Not only imprecise, these figures suggest an ability to cleanly attribute outcomes to UK development assistance that simply doesn’t exist.

A focus on quantifying immediate impacts has also led to an over-emphasis on what can be more easily counted (such as bednets distributed, or school attendance) rather than what truly counts, but may be harder to measure (such as well-being and quality of learning). While these results may make it easier for politicians to justify aid spending to sceptical UK tax payers, rigid quantitative targets can mean inflexible adherence to plans and a tendency to focus on easier to measure and shorter-term projects.

In the context of women’s rights, Womankind Worldwide has warned that an “increasing emphasis on demonstrating results... can be particularly challenging for women’s rights organisations because of the structural nature of the changes they are seeking. These changes are complex, take time, and are not easy to measure or quantify – such as transforming entrenched social norms, practices and behaviours.”

A progressive aid strategy would work instead towards developing new processes for tracking and measuring impact that focus on measuring progress towards long-term, transformative structural change. It would pay close attention not only to how much money is spent but also how it is spent. It could start by asking alternative questions such as:

- the share of UK aid spent locally via civil society groups, NGOs, and small businesses compared to the share spent via groups in rich countries;
- the extent to which UK aid is being coordinated with other donors and spent according to the priorities that developing countries have set themselves;
- whether the process helped empower local actors and build their capacity;
- how much support is provided for human rights defenders and activists;
- how much progress has been made towards internationally-agreed economic and social rights;
- how much support is given via global funds and organisations actually directed by local communities themselves.

A progressive strategy would also emphasise building strong and meaningful accountability and feedback mechanisms. It would prioritise having projects and aid spending evaluated not just by experts from rich countries but also by academics and civil society from developing countries, and by members of the affected communities themselves.
Conclusion

The ‘benevolent donor’ swooping in, saving lives and lifting people out of poverty is an outdated and harmful narrative. We urgently need a new set of principles to guide how we think about aid, and how we spend it.

Aid should be reimagined not in terms of generosity or self-interest but as a form of global wealth redistribution, more similar to paying taxes than giving to charity. It must be based on principles of solidarity and justice, meaning local ownership and leadership must become a reality. There are local movements for economic and social justice, including frontline women’s movements, in many developing countries which a progressive aid programme can work to support.

A progressive UK aid strategy must reverse the trend of supporting market-led approaches to development which have largely sidelined alternative social and economic models. A central way of achieving this is the development of public services to remove access to basic resources from the dictates of the market.

And because developing countries need stable public financing, securing tax justice must be at the heart of the UK’s aid strategy. The UK can strengthen public capacity in developing countries by directly supporting government budgets as well as by pooling funds with other donors in international funds that are directed by developing countries and affected communities themselves. Based on principles of solidarity and sharing, public-public partnerships should also be embraced as a way for countries to share knowledge and expertise on areas such as healthcare and providing water services.

Spending vast sums of aid through UK-based, for-profit, private consultants is the wrong approach. Instead, this money should be spent through local groups, organisations and governments, or even given directly to people themselves through cash transfers.

Aid is, of course, only one small aspect of building a better world and it is important not to exaggerate the role aid can play. But we must prevent aid from being distorted from its core progressive potential: to ensure that everyone, everywhere can have access to a dignified life.

If we are to achieve this, we urgently need a new and honest conversation about UK aid spending.
Treatment Action Campaign (TAC) marches as part of their campaign for access to medicine.
5. Policy Recommendations

How to (re) imagine aid spending

• Reconceptualise aid as a form of wealth redistribution aspiring to provide universal welfare.
• Expand current legislation that requires all aid to be spent on poverty reduction, to also include reducing inequality.
• Reverse the growing trend for aid to be spent in the UK’s national, security and commercial interests, and re-affirm the ‘independence’ of UK aid.
• Strengthen DFID’s coordination with other government departments to ensure that other policies such as those on tax, trade and immigration do not undermine UK aid and are instead working in harmony.

What to spend aid on

• Strengthen public services including healthcare and education in developing countries, and end DFID’s financial support for the privatisation of essential services.
• Prioritise universal access to quality services (such as health and education) including by pooling funds in multilateral bodies, offering technical assistance and adopting partnership approaches that, for example, share UK expertise from the NHS.
• Help increase developing country tax revenues and their ability to regulate transnational corporations - both by supporting national governments to increase their capacity and expertise in progressive taxation and by tackling global tax avoidance head-on.
• Adopt principles of food sovereignty, recognising non-commercial methods of food production such as agroecology to put small-scale food producers and consumers at the centre of the global food system, and promote access to food as a human rights issue.
• Place women’s movements at the heart of development strategies and provide crucial finance for them through global funds for, and managed by, grassroots groups.
• Invest in public-public partnerships because this is a form of proven, meaningful solidarity that helps build capacity and share knowledge on both sides.
• Reverse the decision to end all budget support. It should remain an option for aid spending, and be considered an important means to strengthen public services and government institutions and make them more accountable.
• Scale up the use of cash transfers as a direct means to reach some of the world’s poorest people and alleviate extreme poverty, while recognising that these payments cannot replace the need to fund collective, public services.

How and where to spend aid

• Reduce the dependence on for-profit private consultants, particularly those based in the UK and other rich countries and work to spend this money through local groups instead.
• Conduct a review of all private sector contractors and funds (including the CDC Group) and consider options to cancel contracts, withdraw from projects, and divest from investments that don’t meet the legally required poverty reduction objective of UK aid.
• Prevent any additional aid money being given as capital investment to the CDC Group. The company must also be required to meet the same requirements and processes as other contractors.
• Direct more money to civil society groups in developing countries in particular. This should be done indirectly through international grant-making funds that civil society control themselves.
• Play a more active role as a major shareholder of international institutions including the World Bank to ensure they become more accountable to their development missions and to communities impacted by their projects.
• Combine more funds with other aid donors to support efforts that are led by developing country governments, drawing on lessons learned from the Global Partnership for Education.
Young boy drinks from tap in Udayapur District, Nepal
26 Figure gained from FOI request from DFID in 2015. Available at www.globaljustice.org.uk/sites/default/files/files/pageuploads/2014_01_09_foi_response_ps600m_breakdown.pdf


29 This is the accumulated figure of NIAF 1 £32 million and NIAF 2 £100 million taken from: devtracker.dfid.gov.uk/projects/GB-1-113511 and devtracker.dfid.gov.uk/projects/GB-1-201433


34 Estimate based on CDC Investment of £6 million directly into Bridge, see here: data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/international-development-committee/dfids-work-on-education-leaving-no-one-behind/oral/49579.html and DFID direct funding to Bridge for work in Nigeria which totals almost £3.5 million, see here: devtracker.dfid.gov.uk/projects/GB-1-202678/transactions


36 Adam Smith International, Full accounts made up to 31 December 2014 and Adam Smith International, Full accounts made up to 31 December 2013 and Adam Smith International, Full accounts made up to 31st December 2010 beta.companieshouse.gov.uk/company/02732176/filing-history Pg. 7


43 The International Covenant on Economic, Social, and Cultural Rights (ICESCR) enshrines states’ responsibilities for the realisation of rights to adequate food, clothing and housing, health and fair working practices. UNGA (1966) www.ohchr.org/EN/ProfessionalInterest/Pages/CESCR.aspx

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45 ‘The Progressive Development Charter’ progressive development forum.wordpress.com/about/


48 For instance one study in Bangladesh found: “Episodes of illness and ill-health may result in substantial medical expenses and trigger impoverishment of households. Cost of healthcare services may deter or delay patients, especially the poor, from seeking appropriate care.” Farhana Begum, Shahinul Alam, and Akmal Hassain (2014), ‘Funds for treatment of hospitalised patients: evidence from Bangladesh’ www.ncbi.nlm.nih.gov/pmc/articles/PMC4221452/

49 The IDC in 2014 expressed concern that a target driven mentality was diverting focus away from health systems strengthening. House of Commons International Development Committee (2014), ‘Strengthening Health Systems in Developing Countries’ www.publications.parliament.uk/pa/cm201415/cmselect/cmintdev/246/24604.htm


54 Global Campaign for Education ‘About Us’ www.globalpartnership.org/about-us


56 Republic of Rwanda ‘Education Sector Strategic Plan 2013/14 - 2017/18’ www.globalpartnership.org/download/file/fid/46921 Pg.4

57 Global Partnership for Education ‘Education in Rwanda’ www.globalpartnership.org/country/rwanda

58 Global Partnership for Education ‘Results’ www.globalpartnership.org/country/rwanda


60 David Smith (2014) ‘UK has ‘signed a death warrant’ for South Africans with HIV-Aids’ www.theguardian.com/global-development/2014/nov/05/uk-death-warrant-south-africa-aids-hiv

61 Ibid.


63 Ibid. Pg.11 - 12


65 THET ‘What we do’ www.thet.org/our-work/what-we-do


67 ‘Tax Wars’ www.taxjustice.net/topics/race-to-the-bottom/tax-wars/

68 See for example General Agreement on Trade in Services, Article XI.2: www.wto.org/english/docs_e/legal_e/26-gats.pdf Pg.293


74 Tax Justice Network ‘Aid, Tax and State Building’ www.taxjustice.net/topics/inequality-democracy/aid-tax-state-building/


77 Ibid. Pg.iv


GWOPA ‘About WOPs’ gwopa.org/en/about-wops


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University of Malawi ‘Malawi Farmer to Farmer Agroecology project’ www.fao.org/3/a-br095e.pdf

Ibid

Institute of Rural Development Planning, Tanzania ‘Chololo EcoVillage chololoecovillage.files.wordpress.com/2014/05/chololo-book-ver-10-lores.pdf Pg.10


For example, in 2014 the International Development Act was amended to say that before spending aid the development secretary must consider whether it “is likely to contribute to reducing inequality between persons of different gender.” services.parliament.uk/bills/2013-14/internationaldevelopmentgenderequality.html


GADNetwork (2012) ‘DFID’s Strategic Vision for Girls and Women’ static1.squarespace.com/static/536c4ee8e4b0b60b6c6ca774/t/543801cce4b0e78dea92062/1412956620279/GADN+Briefing+2+-+DFID%27s+strategic+vision+for+girls+and+women.pdf Pg.4


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126 In 2003, it co-founded an independent NGO called the Ugandan Centre for Domestic Violence Prevention (CEDOVIP)


129 Ibid Pg.18

130 Ibid Pg.17


132 Data compiled by Third Sector on high-paying charity salaries across all sectors, but including many international development charities: offlinehbp1.hbp.co.uk/NewsAttachments/NST/Feat1PayStudy3.pdf


138 UNDP (2011) ‘Poverty Reduction Scaling Up Local Innovations For Transformational Change’ www.undp.org/content/dam/undp/library/Poverty%20Reduction/Participatory%20Local%20Development/Mexico_Progressa_web.pdf Pg.1
139 Jere Behram and Susan Parker (2011) ‘The Impact of the PROGRESA/Oportunidades Conditional Cash Transfer Program on Health and Related Outcomes for the Aging in Mexico’ repository.upenn.edu/cgi/viewcontent.cgi?article=1033&context=parc_working_papers
140 Shanghai Poverty Conference ‘Mexico’s Oportunidades Program’ web.worldbank.org/archive/website00819C/WEB/PDF/CASE_-_62.PDF
141 Ibid.
142 UNDP (2011) ‘Poverty Reduction: Scaling Up Local Innovations For Transformational Change’ www.undp.org/content/dam/undp/library/Poverty%20Reduction/Participatory%20Local%20Development/Mexico_Progressa_web.pdf Pg.1
143 IADB ‘Mexico to receive $600 million in IDB financing for Oportunidades program’ www.iadb.org/en/topics/social-protection/mexico-to-receive-600-million-in-idb-financing-for-opportunidades-program,8729.html
152 Mama Cash ‘About Mama Cash’ www.mamacash.org/who-we-are/about-mama-cash/
161 Ibid. p.40
162 A report from the Centre for American Progress included several examples of how spending through local institutions has saved USAID money. In one case, it said the agency “reduced its cost to build schools in Senegal by 50% by shifting the same contract to a fixed-price reimbursement model with the local government rather than procuring from a traditional international contractor.” Centre for American progress report (2013) ‘Is Local Spending Better?’ www.americanprogress.org/wp-content/uploads/2013/11/ProcurementReform.pdf Pg.30

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165 Ibid. Pg.2
166 Ibid. Pg.3
168 Ibid. Pg.19
170 DFID (2012), ‘Project Completion Review: Afghanistan Marketplace Project – Helmand’ iati.dfid.gov.uk/iati_documents/3627304.odt Pg.4
171 For example, see National Audit Office report describing how DFID has successfully supported developing countries’ enrolment in primary school, but needs “more emphasis on quality” National Audit Office. (2010) ‘DFID Bilateral Support to Primary Education’ www.nao.org.uk/wp-content/uploads/2010/06/101169.pdf Pg.8