

Re-imagining UK aid

What a progressive strategy should look like

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For over a decade a consensus has existed at Westminster on overseas aid, with the main political parties all backing the 0.7% spending target. 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*.

For too long aid spending has been driven by notions of charity, national self-interest, and an ideological belief that free markets and multinational business can solve the world's problems. A new progressive vision for UK aid is urgently needed, focused on principles of social justice and the redistribution of economic and political power in the world.



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What is wrong with aid?

UK aid spending is currently being shaped by a government with a preference for privatisation, big business, and 'free market' models of development. DFID's focus on incorporating the private sector into all aspects of development stretches from supporting the expansion of private healthcare and education in developing countries 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 approach is based on the misguided belief that growth at the top of society is ultimately good for everyone because wealth will 'trickledown' to help the bottom.

At the same time, large amounts of DFID's work is being outsourced to for-profit private contractors, most of who are based in the UK or

other rich countries, who are now among the main beneficiaries of aid spending.¹ Alongside this privatisation of UK aid, we are also witnessing a shift towards aid increasingly being spent in the national interest, rather than on poverty reduction.

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.

For a start, aid could be re-imagined as a form of **global wealth redistribution** in a similar way to how, at a national level, most societies have some mechanism for redistributing wealth from the richest to the poorest. Whether it be social housing or national health services, 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. 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.

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.

What should this money be spent on?

1. Strengthening public services: Health and education

Providing universal access to services such as healthcare and education, free at the point of use, makes an enormous difference to people's lives and plays an important equalising role in society. A progressive aid strategy should contribute to efforts by developing country governments to build, expand and strengthen public services.

Lessons can be learnt from DFID's experience in pooling money with other donors, through schemes such as the Global Partnership for Education (GPE) which supports governments to develop their own plans in consultation with their citizens, rather than funding multiple fragmented projects which are often donor-led.

2. Creating sustainable economies: Tax justice

Effective and accountable public services require long-term public financing. But 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. One of the biggest problems is tax avoidance where corporations and rich individuals shift money around their multinational operations so they don't pay tax where it's due. This is estimated to cost developing

countries \$100 billion a year in lost revenue.² And with over 3,000 separate bilateral tax treaties crisscrossing the globe, governments are forced to compete, against one another offering ever lower tax rates to multinational corporations to attract investment.

A progressive aid strategy would support national governments to expand their ability to develop progressive tax regimes. At a global level, resources could go towards developing a tax body to monitor and report on multinational taxation issues.

3. Building a democratic economy: Public-public partnerships

A progressive aid strategy would look at building democratic partnerships which develop accountable governments at local and national level. One way to do this is public-public partnerships (PUPs) - collaborations between two or more public organisations, working on a not-for-profit basis to share knowledge and expertise. A 2009 study into 130 PUPs in water from around the world showed how they can provide a flexible way to increase the coverage of water services in developing countries.³ In one partnership between Dutch public water companies and their counterparts in Ulaanbaatar City, Mongolia, a more effectively run and financially viable water utility was created. At the three year partnership, 29,000 people had improved water quality.⁴

Although the UK water sector is entirely privatised and so it cannot share much with other countries itself, but PUPs could be set up with the NHS or the public education system for example. The UK could also support PUPs between developing countries and use aid money to establish and support training centres to provide institutional support for these partnerships.

4. Enabling governments to stand on their own feet: Budget support

'Budget support' involves the direct transfer of money from donor to 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. 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 and can be a reliable form of funding that reduces fragmentation and uncertainty.

In Zambia, where between 2005 and 2010, the government received \$1 billion in budget support, it not only provided additional finance for health and education, but also led to the government increasing its own domestic resource allocations. Increased investment in education, for example, led to an additional 800 schools opening, over ten thousand additional teachers employed and a rise in primary school pupils.⁵

Given that governments, not private companies, are the ultimate guarantor of basic rights and the relationship between citizen and state is vital to the functioning of a democratic society, budget support should remain a part of a progressive aid strategy.

5. Sparking a renaissance in farming: Food sovereignty

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. This is not the only way to produce food. The food sovereignty movement stresses that small-scale farmers should produce primarily for local markets, feeding their own people first, rather than prioritising overseas markets. It also promotes sustainable farming known as agroecology which can be more productive in terms of yields, less environmentally destructive and can transform the livelihoods of farmers through increased incomes.⁶

A progressive UK aid strategy could enhance this work through, for example, supporting farmers' cooperatives, community seed banks, field schools and farmer-to-farmer exchanges. It could help increase small-scale farmers' access to local, national and regional markets, and invest in further research on agroecological farming methods.

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 impacts. To do so, it must place women's movements at its centre – they are best placed to tackle injustice and bring about lasting change.

A landmark 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 a country's willingness to address gender-based

violence and enact progressive social policies.⁷ However, local, front-line women's rights groups are chronically underfunded.

Aid can support women's groups via international women's funds which 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.

7. Helping citizens live a life of dignity: Cash transfers

There is an increasingly convincing case to do away with many of the intermediary layers of the aid 'industry' such as charities, development agencies and consultants which can spend millions of pounds on salaries, fees, travel or accommodation. Cash transfers are an alternative way to spend aid where this money is given directly to individuals or families.

A review from the Overseas Development Institute (ODI) compiled data from 165 separate studies in to cash transfer programmes found that they have positive effects on reducing monetary poverty, increasing school attendance, improving use of health services and reducing child labour.⁸

A progressive UK aid strategy would employ cash transfers, made, if possible, via national governments or other local institutions, without overshadowing the need for funding to respond to collective challenges such as health and education.

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. But in their current form, these largely fail to properly represent countries in the global south and have longstanding issues over insufficient accountability.

A progressive aid strategy would emphasise enabling genuine partnerships. 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 to women's rights organisations on the frontline of local, transformative change. Such institutions and funds must focus more on ensuring the voices and priorities of the poorest are front and centre.

How should this aid be managed?

1. From the bottom-up: Supporting locally-led development

A progressive aid strategy must proactively prioritise spending that supports and empowers developing countries rather than subverting or sidestepping them.

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. A similar pledge should be made for all UK aid.

It can also learn from previous UK aid funded projects such as The Enabling State Programme in Nepal which provided financial and technical support to the Nepali Government and civil society organisations. The 13 year programme aimed to promote inclusive government policies and strengthen the relationship between the Nepali state and its citizens. Among its results, the programme helped put gender based violence on the government agenda - including a new government unit and revisions of related legislation. It also supported civil society to ensure legal protection for LGBT individuals which led to Nepal becoming the first country in South Asia to protect LGBT rights.⁹ Key to its success was that it was led by Nepali staff and focused on the Nepalese context, rather than being donor-driven.

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. 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.

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 nearest million. Not only imprecise, these figures suggest an ability to cleanly attribute outcomes to UK aid 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). A progressive aid strategy would work towards developing new processes for tracking and measuring impact that focuses on measuring progress towards long-term, transformative structural change. It could start by asking alternative questions such as: how much aid is spent locally via civil society groups or 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; or whether the process helped empower local actors and build their capacity. A progressive strategy would also emphasise building strong and meaningful accountability and feedback mechanisms. It would prioritise evaluations 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.

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4 GWOPA (2012) 'Water Operators' Partnerships in Asia Case Study III' <http://mirror.unhabitat.org/pmss/getElectronicVersion.aspx?nr=3309&alt=1> Pg.3

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7 Mala Htun and S.Laurel Weldon (2012) 'The Civic Origins of Progressive Policy Change: Combating Violence against Women in Global Perspective, 1975-2005'

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