Aid-Z: The No Nonsense Guide to UK Aid and Development
About Bond
Bond is the UK membership body for over 440 organisations working in international development, ranging from large agencies with a world-wide presence to community and specialist organisations. We work to influence governments and policymakers, develop the skills of people in the sector, build organisational capacity and effectiveness, and provide opportunities to exchange information, knowledge and expertise.

About UKAN
UK Aid Network (UKAN) is a coalition of UK-based development NGOs working together to advocate for more and better quality of aid through joint policy, lobbying and advocacy work.

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Responsibility for the content of the Aid-Z rests entirely with Bond and UKAN.

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In April 2015, the UK became the first G7 country to legally enshrine its commitment to spend 0.7% of its Gross National Income on providing aid to developing countries. This binding commitment consolidates the UK’s long-standing position as one of the global leaders in recognising, and acting upon, its moral obligation to work towards the eradication of global poverty.

The UK’s status as a champion of aid and development is something to be proud of. Aid makes a huge difference to millions of people around the world – saving lives and creating opportunities for people to pull themselves out of poverty. British aid provides immunisations, life-saving aid to people in crisis and access to education and clean water. It also promotes long-term development, by backing women’s empowerment and helping national governments to build better health, education and tax collection systems.

In other ways, too, it is in the UK’s interest to help shape what happens in the world. Violent extremism, illegal immigration, climate change and rising food prices are not problems that can be addressed by acting only within our borders. Aid focused on tackling poverty and nurturing civil society can play an important part in tackling the root causes behind such challenges.

And, contrary to what some of the critics of UK aid policy suggest, 0.7% is not a random figure. The target was agreed for the first time in 1970 at the UN General Assembly, based on a calculation of the contribution donor governments would need to make in order to comprehensively address global development and poverty challenges. The huge progress that has been made in meeting the Millennium Development Goals (MDGs), for example halving extreme poverty, halving the proportion of people without access to improved sources of drinking water – much of which has been achieved with the support of development aid – amply demonstrates the value and importance of this commitment.
However, as anyone who reads a newspaper or follows the proceedings at Westminster will be aware, the UK’s commitment is as much a source of criticism as it is of pride. Journalists and politicians criticise the UK’s leadership on aid on a wide range of grounds: we should be spending the money on meeting the needs of UK citizens at home; we’re handing over money to corrupt foreign governments who use it for their own ends; we giving money to countries that can afford to run their own space programmes; by giving aid we’re just fostering a culture of aid dependency; and so on.

Nobody involved in, or supportive of, the UK’s aid policy would claim that it is beyond criticism. However, the persistent attacks by sections of the media and some politicians, and regurgitated in popular debate, are generally based on significant misunderstandings, or misrepresentations, of the facts. This misinformation has the potential to undermine the UK’s efforts to address global poverty and inequality; and is inimical to healthy political and public debate. This guide aims to provide accessible information and analysis to counter this misinformation. It does not claim to provide the final word on the numerous, complex issues that fall within the remit of UK aid and development policy. What it does do is provide the factual information and objective arguments that we hope will provide the basis for a balanced, vigorous debate about how the UK can most effectively fulfil its historic commitment to the world’s poorest and most disadvantaged people and communities.

The UK’s status as a champion of aid and development is something to be proud of. Aid makes a huge difference to millions of people around the world – saving lives and creating opportunities for people to pull themselves out of poverty.
Overview

Bilateral aid comprises aid provided directly by donor countries to a recipient country, sector or project. Core contributions to development organisations not on the Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD DAC) list of multilateral organisations is also classed as bilateral aid. The Department for International Development (DFID) has bilateral country programmes in 28 priority countries.

The DAC defines multilateral agencies as “international institutions with governmental membership”. When UK aid is channelled via multilateral organisations this is reported as multilateral Official Development Assistance (ODA). Almost two-thirds (£6.32 billion or 62.9%) of DFID’s £10.1 billion total expenditure was spent through multilateral agencies in 2013-14. DFID cites a number of capabilities possessed by multilaterals as the grounds for this budget allocation.

These include: a global presence and the legitimacy to work even in politically sensitive contexts where national governments are not welcome; the ability to provide a neutral platform for negotiating treaties on trans-boundary issues; and the ability to broker international agreements and monitor their adherence.

For the purposes of aid budget allocation, DFID treats the EU as one of the UK’s main multilateral delivery partners. However, it is not strictly a multilateral but a “pooled bilateral”, spending money on behalf of its Member States.
Key facts and stats
During the financial year 2013-14, a total of £3,259 million was spent directly by DFID’s 28 priority country offices.\(^5\)

In 2013-14, the UK provided core funding of £1,163 million to the EU and to the European Development Fund, representing 26% of all UK core funding to multilateral organisations.\(^6\)

Myths and responses
Myth: EU aid is inefficient, and if the UK provides aid at all it definitely should not do so via EU institutions.

Response: In fact EU development assistance has led to real results on the ground. Over the period between 2004-2012, EU institutions and member states had jointly contributed to: 47 million people benefiting from improved food security; 14 million pupils enrolled in school; 18 million children vaccinated against measles; more than 70 million people connected to clean drinking water; and more than 711 million voters covered by election observation missions, hence supported in having democratic elections.\(^7\)

Good news story
EU programme to strengthen food security, smallholder farmers and women in Swaziland\(^8\)
Jointly with the UN Food and Agriculture Organisation, EU aid contributes to the government-led “Swaziland Agricultural Development Project”, an initiative designed to create a vibrant commercial agricultural sector, and link up smallholder farmers in Swaziland to new markets. As a result, over 20,000 smallholder farmers produce more, higher-quality food and connect with new markets. A special focus is placed on supporting female smallholder farmers. For instance, “Eswatini Kitchen”, one of the 40 agri-businesses that receive programme funding, has managed to significantly increase its annual turnover with a more business-minded approach. It has also provided employment to 24 single mothers, helping them to provide food security for their families.
Budget support

**Overview**

Budget support provides financial resources directly to a recipient country government's budget, and supports a country’s own national development strategy. It emerged and gained popularity in the late 1990s and early 2000s as an important instrument for enhancing country ownership. This is a core aid effectiveness principle which has been consistently reaffirmed at a global level through the Paris Declaration and Busan Partnership (see section on “Ownership”).

The idea behind budget support has been that providing more resources through a country’s budget, alongside the most immediate impact of bolstering essential service delivery, creates incentives to improve planning systems and thereby improve institutional governance in the long-run. By contrast, more traditional “project finance” approaches with high levels of donor control and separate accounting and delivery structures can lead to duplication, and generate inefficiencies by creating multiple parallel systems outside the government’s budget framework. Furthermore, budget support “offers the prospect of reducing transaction costs, facilitating donor coordination and enhancing the predictably of aid flows.”

Evidence suggests that the impacts of budget support have been broadly positive. Benefits have included improved public finance management, better harmonisation and alignment of aid spending, increased pro-poor expenditure, and, crucially, improved development outcomes. Despite this, in recent years there has been a palpable decline in global aid spending through budget support. This trend has been replicated in the UK, where budget support fell by almost 22% between 2010 and 2014. Drivers for this downward trend include a perception that budget support can fuel corruption; concerns about human rights in recipient countries; and a lower appetite among donors for approaches where results are less specific and longer-term.
Key facts and stats
Globally, budget support fell dramatically from US$4.4 billion in 2010, to US$3 billion in 2011 and only US$1.3 billion in 2012.\textsuperscript{11}

A European Commission review of budget support showed that improvement in the Human Development Index was 30\% higher in countries receiving high levels of general budget support than in those receiving lower levels.\textsuperscript{12}

Myths and responses

**Myth:** Budget support fuels corruption.

**Response:** There is no demonstrated link between budget support and corruption. As with all aid modalities, there is a risk of corruption and mismanagement, but this is best mitigated through thorough procedures and rigorous criteria. The process by which country governments qualify for budget support includes an assessment of financial management capacity, as well as political considerations such as good governance.

**Myth:** Funding projects is the only way to achieve results.

**Response:** There is no doubt that funding individual projects may give donors more control over how money is spent, allowing them to set targets and monitoring frameworks that suit their particular approach. Yet the disadvantages of project finance have been well documented: fragmentation, duplication, weak country ownership and thereby worse results for those living in poverty.

Good news story

**Sector budget support in Africa\textsuperscript{13}**

An Overseas Development Institute (ODI) study of ten sectors in five African countries focused on the use of sector budget support (aid going to the budget but solely to one particular sector such as health or education). It showed that this led to more support for the expansion of service delivery; improved planning, budgeting and financial management; more predictable aid flows; improved policy implementation with stronger government accountability and ownership of policies.\textsuperscript{14} The introduction of free basic services, primary education in Rwanda, Uganda and Mali and free basic healthcare in Zambia, as a result of sector budget support has increased demand and service uptake. In Uganda and Rwanda, there was a notable expansion in primary education following the provision of sector budget support.
Overview
Climate change represents a major threat to eradicating poverty. Typhoons and floods caused by climate change destroy entire communities, and damage homes and property, whilst unpredictable seasons are leading to poor or failed harvests for poor farmers, putting millions at risk of hunger. Climate change therefore threatens to undo years of development progress to which UK aid has made such an important contribution. Alongside urgent efforts needed to prevent the worst impacts of climate change – through rapid carbon emission reductions – development programmes and initiatives also need to be resilient and adaptive to a changing climate in order to be sustainable and transformative.

The UK Government’s main funding mechanism for pursuing these twin development and climate change objectives is the International Climate Fund (ICF). This £3.87 billion fund, running from 2011-16, is jointly managed by DFID, the Department for Energy and Climate Change (DECC), and the Department for Environment, Food and Rural Affairs (Defra). The ICF supports programmes in developing countries to adapt to the impacts of climate change, promote low carbon growth, and protect forests.

A question remains as to how much aid should pay for the high levels of adaptation financing (estimated at US$100 billion per year) that developing countries need in order to manage the impacts of climate change, and to invest in low-carbon development pathways. From a climate and social justice perspective this should be additional to aid commitments, as richer countries should pay their fair share for poorer countries to adapt to a problem they were not responsible for causing, leaving the aid budget to focus on “core” provisions for poverty reduction. Yet more recently aid agencies and environmental groups in the UK have been calling for the “uplift” in the aid budget (i.e. the increased amount raised through 0.7% as a result of the UK’s growing economy) to be used for an ambitious UK climate finance pledge ahead of the Paris Climate Summit at the end of 2015.

Another critical question is the balance of climate finance to adaptation and mitigation – despite promises by the UK government to spend 50% of climate finance on adaptation. By the end of the 2013-14 financial year, more than half of ICF funding had gone towards climate change mitigation (promoting low-carbon development). Meanwhile, 28% had gone towards adaptation (helping poor communities cope with the impact of climate change).15
Key facts and stats
Bilateral climate aid amounted to US$23 billion in 2013, constituting 17% of total bilateral aid.

DFID is responsible for 62% (£2.4 billion) of the Government’s ICF budget.16

Myths and responses
Myth: Climate change is just an excuse for countries to get more money from us.
Response: Climate change is already having a significant impact on people living in poverty, who, because of their poverty, are least able to cope with this impact. Similarly, it is the world’s poorest people and countries that are most at risk from future climate change.

Good news story
Jasmine Rice: Adapting rice farming to climate change in Northeast Thailand17
Yasathorn is one of the ten poorest provinces in Thailand. In 2007, after the province experienced its longest rainy-season dry spell in decades, Oxfam and Earth Net Foundation decided to take action to safeguard the livelihoods of the region’s farmers. In consultation with farming communities, they implemented a one-year pilot climate change adaptation project designed to reduce the negative impacts of climate change on the production of organic jasmine rice.

The project activities included: educating men, women and children about climate change and its potential impacts in Thailand; providing loans to finance the design, construction and implementation of on-farm water management systems; and sharing ideas with other farmers about how to adapt their farming practices to cope with climate change. As a result of the project the communities reduced their food insecurity by maintaining sufficient rice output, and diversified their food crops to include fruits and other vegetables, some of which was sold at market for cash income.
Overview

Increasing international financial and technical cooperation for development has been on the UN agenda for decades, with the First Financing for Development (FFD) Conference in Monterrey in 2002 formally bringing the international community together to assess how a diversity of financial flows can contribute to international development.

ODA and international financial and technical cooperation have been core themes for the negotiations, as well as other instruments such as domestic resource mobilisation (tax), foreign direct investment and private flows, trade and debt. The various facets of the financing for development agenda have been further addressed at the 2008 FFD conference in Doha, the special conference on the 2009 financial crisis in New York, and most recently at the Third FFD Conference in Addis Ababa, in 2015 – where governments came together to set out a financial framework to finance the new, universal Sustainable Development Goals (SDGs). The Addis Ababa Action Agenda is mainly one of voluntary action, but contains some progressive parts as much as setbacks. On the positive side, FFD3 has provided the framework to fund the SDGs and contains strong commitments on transparency, a recommitment to ODA targets and to the effectiveness principles, and places domestic resource mobilisation higher in the agenda. On the downside, the negotiations stalled on international tax cooperation, there is an overemphasis on the private sector even if initial steps to increase accountability of Public-Private Partnerships are taken, and debt and systemic issues are reflected too weakly.
Key facts and stats
International development resources have grown significantly in recent years, amounting to US$2.1 trillion across all developing countries. This includes aid – which increased to nearly US$135 billion by 2013 – as well as major increases in foreign direct investment, lending and remittances.¹⁹

Domestic resource mobilisation and government spending for development in developing countries increased from US$2.4 trillion in 2000 to US$6.4 trillion in 2012. This is an average growth of 8.6% per year.²⁰

Myths and responses
Myth: There is no need for governments to invest in aid anymore, as there are various financial instruments for development and we can substitute aid with private sector investments.

Response: Whereas private sector investment is clearly an important instrument to spur development and inclusive economic growth, each financial instrument has a role to play to achieve development, tackle inequalities and end extreme poverty. Aid is particularly important for supporting public services, investing in health and education systems and supporting tax capacity strengthening. ODA also has a particular role to play in the poorest and Least Developed Countries, where adequate investments in poverty reduction and development cannot solely be made through domestic resources, nor provided through private sector investment which is selective and focused on gains rather than genuine resource transfers for development. In Middle Income Countries with higher domestic resources, ODA plays a supportive role to help establish longer-term tax collection and strengthen domestic capacities.

Good news story
Some progress at Addis Ababa²¹
Although the third FFD Conference in Addis was an investment conference rather than a pledging moment, some important initiatives and pledges were launched, or made, at side events. For instance, DFID made major announcements in support of the data revolution, an attempt to gather the data needed to evaluate the success of development interventions and improve financial results to end extreme poverty. On a global scale, pledges included the launch of the Global Financing Facility in support of “Every Woman, Every Child”, launched by UN Secretary-General Ban Ki-moon and World Bank President Jim Yong Kim, which raised over US$2 billion initially.
Economic development and the private sector

Overview

Promoting economic development through the private sector has become an increasing priority for a wide range of donors. A recent study by the International Trade Union Confederation found that the private sector was a main priority in 19 out of 23 donor development strategies examined. This prioritisation is reflected in the fact that there has been a 10-fold growth of financial commitments to the private sector with public aid money between the early 1990s and 2010.

DFID is also part of this trend. Economic development, with an emphasis on promoting economic growth and the private sector, has become a significant strand in DFID’s strategy and spending, resulting in a number of changes. Firstly, the amount of money DFID channels to private sector entities for both programme delivery and fund management (administering funds and grants on behalf of DFID) has risen significantly. Secondly, the role of the UK’s Development Finance Institutions (DFIs) – including CDC – has been enhanced. Thirdly, DFID has expanded the number of instruments to “leverage” private finance, whereby public money is used to incentivise private investment that is deemed beneficial for development.

A thriving private sector is clearly crucial for economic development; ensuring this leads to poverty reduction is more challenging. The crucial requirement is to make sure that private sector development is inclusive and pro-poor – that it provides good quality jobs and tangible benefits to poorer communities through increased incomes, and that the wider economic growth it drives benefits society as whole. This requires focusing on the informal sector, where the vast majority of business activity takes place in the developing world. And it requires the mobilisation of domestic resources via tax to pay for public services such as health and education.
Key facts and stats
DFID’s budget allocation to its Private Sector Department was planned to rise from £135 million in 2014-15 to £683 million in 2015-16.\textsuperscript{24}

In July 2015, DFID announced that it would be investing £735 million into CDC over a three year period. DFID stated that the investment would allow CDC to “target more support to job-creating sectors, such as agribusiness, manufacturing, infrastructure, financial institutions, health, education and construction.”\textsuperscript{25}

Myths and responses

Myth: It doesn’t really matter who delivers aid projects. They all have to meet the same requirements to address poverty and inequality, and be transparent.

Response: There is substantial evidence that private sector actors are not satisfying the same standards as NGOs in delivering aid. For example, an evaluation of 128 World Bank financed Public-Private Partnerships found that the main measure of success was profitability, and that other factors were rarely considered.\textsuperscript{26} Private contractors are also often reluctant to embrace initiatives to foster greater transparency in the contracting process.

Good news story

**JITA social enterprise in Bangladesh\textsuperscript{27}**
Jita Bangladesh Ltd is a rural distribution network employing poor women as sales agents (Aparajita) who bring a range of products to rural households through door-to-door sales. The women in the past were chronically poor and marginalised by a culture that makes it difficult for them to leave the home unaccompanied by a male family member.

CARE has worked with Accenture Development Partnerships, Challenges Worldwide, danone.communities, Renaissance Partners and the DFID Business Innovation Facility to establish the Rural Sales Programme. Work was undertaken with communities to ensure the acceptance of women taking on commercial, unchaperoned roles outside the home. The highly successful social enterprise has almost tripled the incomes of the women who now sell door-to-door branded goods to low income households in rural communities, and earn commission on sales. Today JITA employs 4,500 women, and 2 million rural households now have access to essential hygiene and nutrition products.
Overview

There is no single, agreed definition of a fragile state. DFID’s working definition is “countries where the government cannot or will not deliver core state functions to the majority of its people, including the poor”. In 2010, the UK government committed to spend 30% of ODA “to support fragile and conflict-affected states and tackle the drivers of instability”. This commitment has been more than fully implemented: DFID’s planned bilateral expenditure in fragile states for 2014-15 exceeded 30% – which is without taking account of multilateral expenditure, and expenditure through other departments. 28

Finding a way of engaging effectively with fragile states is crucial in achieving the objective of eradicating extreme poverty. One third of poor people currently live in fragile states. By 2018, this figure is likely to have increased to half; and by 2030, to nearly two-thirds. 29 In 2011, in recognition of the fundamental challenges presented by fragile states, donors and fragile and conflict-affected countries agreed the “New Deal for Engagement with Fragile States” to build on development effectiveness commitments. The new deal acknowledges that governance transformations take between 20-40 years and that there is a need for country-owned and country-led development pathways, with donors playing a supportive role. In addition, it sends a message to donors that they need to change the way that aid is managed. This includes being transparent, taking risks, using country systems, and ensuring timely and predictable aid.

Effective support for development in fragile and conflict-affected states must also be informed by a good understanding of the specific dynamics in each context, including conflict factors. Failure to do this risks doing harm by exacerbating underlying conflict issues, and making communities more vulnerable to a range of shocks and stresses. Aid must go further than simply being sensitive to conflict issues – it must also contribute to building peace and stability.
Key facts and stats

Today, 1.2 billion people live in fragile and conflict-affected states, with 43% of them living in poverty.\(^3\)

Of the seven countries unlikely to meet any MDGs by the 2015 deadline, six are fragile states.\(^1\)

The eight most aid-dependent countries in the world are fragile states.\(^2\)

Myths and responses

Myth: Spending aid money in fragile states is pointless because the conditions make it almost impossible to achieve any results.

Response: It is true that short-term results from aid to fragile states are difficult to achieve. This is an inevitable consequence of the conditions that define these states as “fragile”. However, it is these very conditions that mean these countries’ need for aid is greater, and that the long-term impact of aid expenditure could therefore be more significant.

Good news story

Health zones in the Democratic Republic of Congo\(^3\)

DFID’s “Accès aux soins de santé primaires” supports 56 health zones in the Democratic Republic of the Congo, to provide nine million people with access to essential primary and secondary healthcare services. This includes basic preventative health services, maternal and child health nutrition, and safe water components.

Achievements noted in the most recent report to DFID included: 61,988 births assisted by skilled health personnel; 71,195 children vaccinated; 42,461 pregnant women received two doses of Intermittent Preventative Treatment for malaria; 75,568 pregnant women with children under one received insecticide treated bed nets; 714,328 people sought care in health facilities supported by Accès aux soins de santé primaires; and 3,306 people received training to improve health services delivery and management. Beneficiary feedback indicated high levels of satisfaction with the quality of healthcare.

DFID spent over 30% of the aid budget in fragile states in 2014-15
Overview
In 2000, the UN General Assembly adopted the United Nations Millennium Declaration, which committed nations to a new global partnership to reduce extreme poverty, and set out the eight Millennium Development Goals (MDGs).

Fifteen years later, the Millennium Development Goals Report 2015 confirmed significant progress across several of the goals. These include goals relating to eradicating extreme poverty and hunger, achieving universal primary education, and promoting gender equality and empowering women. However, there have also been criticisms that these impressive measures of overall progress mask significant disparities across countries, and regarding different groups within society. Progress in Sub-Saharan Africa in particular has been markedly slower than in other parts of the world. It has also been argued that many marginalised and vulnerable groups did not experience the same levels of progress as others – although the way in which progress against the MDGs has been measured has concealed this disparity.

The MDGs are succeeded by the Sustainable Development Goals (SDGs), adopted by UN member states in September 2015. Among other things, the “2030 Agenda for Sustainable Development” aims to address some of the criticisms of the MDGs. It envisages a more holistic, and more inclusive, approach, epitomised by the principle of “leaving no one behind”, prioritising the hardest to reach, and emphasising the universality of the SDGs, which apply to all member states, rather than only developing countries. A strong emphasis on gender equality, on mainstreaming climate change, and on transparency, accountability and participation also reflect the more comprehensive and inclusive aspirations underpinning the SDGs.

The framework for financing work towards achieving the SDGs – set out in the Addis Ababa Action Agenda – was agreed at the Third International Conference on Financing for Development in July 2015 (see section on “Development Finance”).
Key facts and stats
Progress against the key MDGs included the following:38

- Since 1990, the number of people living in extreme poverty has more than halved.
- The proportion of undernourished people in developing regions has almost halved.
- The primary school enrolment in developing regions has reached 91%.
- The proportion of people who lack access to improved sources of water has halved.

Myths and responses
Myth: The MDGs were a failure. We have still got massive problems of poverty, inequality, hunger – all the problems they were supposed to address. Developing a new framework to succeed the MDGs is a waste of time.

Response: It is true that there is still much to be done, but the MDGs did help galvanise action on critical development issues, and contributed to the progress that has taken place since they were adopted. A lesson from the MDGs is that a more comprehensive, coherent and all-encompassing approach is needed on issues like climate change and gender equality, which risk undermining progress on development if not adequately addressed. The new SDG agenda has responded to this shortcoming of the MDGs, through covering a more diverse range of issues and ensuring both developed and developing countries are held to account on progress.

Good news story
Haiti’s progress on the MDGs39
In January 2010, a devastating earthquake struck Haiti – more than 220,000 people were killed and over 300,000 injured. The earthquake left more than 1.5 million people homeless, and resulted in an immense humanitarian crisis.40 However, despite this disaster, Haiti has made significant progress towards achieving the MDGs – reaching, or almost reaching, several of the targets.

Poverty reduction was identified as Haiti’s number one priority – GDP rose from US$1,548 per capita in 2009 to US$1,602 per capita in 2012, and extreme poverty stabilized at 24% in 2012. Over the longer term, the country had steadily boosted the net enrolment rate in primary education from 47% in 1993 to 88% in 2011, also achieving equal participation of boys and girls in education. Other important successes included as at 2014: infant mortality decreased 44% since 1990, faster than the global average; and nearly 65% of households have improved access to water, compared to only 36.5% in 1995.
Overview

Meeting the basic humanitarian needs of people affected by conflict and natural disasters around the world is an increasing challenge. In 2013, for the first time since World War II, the number of refugees, asylum-seekers and internally displaced persons (IDPs) around the world exceeded 50 million. The Ebola crisis in West Africa has further underlined the risks posed by pandemic outbreaks, and the need for robust, comprehensive measures to contain them. In addition, climate change is expected to generate more frequent and more devastating natural disasters.

Aid is critical for meeting these escalating humanitarian needs. There are three general sources of funding: support from donor governments (generally from the aid budget); UN agencies (which have “standing” budgets for this purpose, which often come from multilateral aid); and public appeals.

As with other types of aid provision, gauging the impact of this international humanitarian assistance is not straightforward. One approach is to measure funding, which in turn is used by different agencies to implement projects that respond to the immediate need. In 2013, global international humanitarian funding totalled a record US$22.2 billion, with 73 million people targeted, also a record. The international community was able to deliver more, with 80 more organisations participating in inter-agency appeals compared to 2012; and 45% of humanitarian projects had a gender component.

In terms of assessing the long-term impact, a more outcomes-focused approach is to recognise how countries that have been supported through humanitarian crises in the past have subsequently made significant development progress. For example, according to African Economic Outlook, “20 years after the Rwandan Genocide, the country has become a development success story and unity and reconciliation have been consolidated, strengthening good governance in the medium term”; and the IMF ranks Ethiopia as one of five fastest growing economies in the world (economic growth being generally recognised as one important indicator of development).
Key facts and stats
Spending on humanitarian programmes accounted for approximately 12% of DFID’s 2014-15 expenditure.\(^{43}\)

In 2013, violence against aid workers reached an all-time high, with 155 humanitarian workers killed and 134 kidnapped in 251 separate attacks.\(^{44}\)

Myths and responses
**Myth:** Aid is not working; we are still giving to countries decades after the end of humanitarian disasters, and countries are no more stable following DFID interventions.

**Response:** Humanitarian aid is helping record numbers of people cope with the immediate, devastating effects of conflicts, natural disasters and disease crises. And in the longer-term, it supports countries to make the kind of development progress that will enable them to better prepare for, and cope with, crises; and to meet the fundamental objectives of reducing poverty and inequality.

Good news story
**Helping Pakistan recover from the 2010 floods\(^{45}\)**
In summer 2010, Pakistan experienced devastating floods along the populous Indus River Valley. The flooding affected an estimated 21 million people: more than 1,700 people died in the floods; nearly two million houses were damaged or destroyed, while rushing water swept away roads, bridges, and villages, ruined crops, and triggered landslides; and two million hectares of crops were destroyed.\(^{46}\) UK aid helped more than half a million people recover from the floods by providing a range of support, including:

- Helping about 895,000 people get off dependency on food aid by providing seeds, fertilisers and tools;
- Restoring irrigation and drainage systems for tens of thousands of households and farms so they could start planting for the main Kharif season;
- Giving 12 chickens, 2 goats or fodder to 187,000 households.
Overview

The tax system is one of the most important tools that governments have at their disposal as a means of addressing inequality. However, tax systems in developing countries tend to be the most regressive, and the furthest behind in meeting their revenue-raising potential.47

A significant reason for this shortfall is the inadequacy of the institutions and regulatory framework for collecting tax and monitoring revenues. Another significant factor is the provision of tax incentives: tax holidays, tax exemptions and free trade zones. These are designed to attract direct foreign investment in developing countries, a practice that has increased in recent years. Such incentives have often been encouraged by bilateral donors and multilateral agencies, and risk depriving developing countries of much-needed revenues.48 Compounding this is the fact that the international tax system enables large multinational corporations and wealthy individuals to avoid paying taxes by using tax havens to shelter profits, and by exploiting various other loopholes.

Research shows that this source of public revenue has a big impact on the quality of governance, and taxation provides feedback loops between citizens and government that other revenue sources lack.49 Initiatives to build developing countries’ “domestic resource mobilisation” capacity have therefore been an increasingly significant objective in the provision of ODA.50 The need for improved global tax transparency and a crack-down on tax avoidance and evasion has also been the subject of debate and negotiation through numerous global fora – from the G8 and G20 to the global Financing for Development process (see “Development Finance”).

Developing countries lose as much as $160bn potential revenue from corporate tax dodging – more than the amount given annually by rich countries in aid

$160bn
**Key facts and stats**

It is estimated that developing countries could be losing out on as much as US$160 billion a year in potential revenue due to corporate tax dodging, which is more than the amount given annually by all rich countries in aid.\(^5\)

A tax of 1.5% on the wealth of the world’s billionaires today could raise US$74 billion. This would be enough to fill the annual gaps in funding needed to get every child into school and deliver health services in the poorest 49 countries.\(^5\)

**Myths and responses**

**Myth:** Poor countries are totally dependent on aid from us; they do not make any efforts to raise tax revenue from their own citizens.

**Response:** In fact, many developing countries have made significant progress in improving their internal tax systems, often with support from ODA (see “Good news story” to the right). Moreover, one of the main obstacles for developing countries to raise more money through taxation is that the international tax system allows companies and rich individuals to avoid paying their fair share. Whilst changing the global tax system has risen up the global political agenda in recent years, it will take time for significant changes to take place and for developing countries to see the rewards.

**Good news story**

**The Rwanda Revenue Authority**\(^5\)

One of the urgent reforms put in place by the Rwandan government following the violence of 1994 was the modernisation of the national tax system. The key element of the reform was the establishment, with support from DFID, of the Rwanda Revenue Authority (RRA) – a semi-autonomous body that replaced the old, unreliable and often corrupt revenue departments. Rwanda also revised and modernised its tax and customs laws, and reduced income tax rates; and DFID also supported the required RRA staff training.

As a result of the reforms, Rwanda achieved a three-fold increase in revenues between 1998 and 2006, which enabled the national budget also to grow three-fold. In the space of just a few years, spending on water and sanitation increased more than five-fold, education expenditure more than doubled, and health expenditure grew to almost five times the 2003 level. Poverty fell from 74% of the population in 1994 to 56.9% in 2006, and the number of children in primary education increased from 74% in 2001 to 95% in 2006. The increased tax revenues meant that the gap between aid and domestic revenue as a percentage of GDP was reduced, and the proportion of Rwanda’s budget financed by aid has declined. In 2001, only 34.6% of the total budget was financed by domestic sources; by 2006, it had risen to 48.7%.
Overview

In-country “aid fragmentation” occurs when multiple donors spread themselves across many sectors with individual, uncoordinated projects. This is a problem because it reduces the effectiveness of aid, and undermines the results that it can deliver on the ground: for recipient countries, each additional aid relationship carries its own bureaucracy requirements and thus transaction costs; and partner governments often have to use scarce resources to keep track of dozens of agencies and thousands of projects.\(^{54}\)

Addressing aid fragmentation, through the “harmonisation” of aid, has therefore been recognised as one of the key principles of effective development. The 2005 Paris Declaration on Aid Effectiveness defines harmonisation as donor countries working together to “coordinate, simplify procedures and share information to avoid duplication”. One important instrument to achieve donor coordination within an entire country programme is “joint programming”, which was included in the 2008 Accra Agenda for Action, and has now become a key instrument of the global development effectiveness agenda.\(^{55}\) The joint programming approach is pursued through collaboration between donors and partner countries, and typically means dividing up donor engagement across a partner country, in order to avoid duplication, ensure coherence and avoid high transaction costs. It involves mapping of donors’ priorities in a country, and the programmes or projects they are running; a needs analysis in consultation with the partner country government; the coordination of inputs and financial allocations across sectors and donors; and agreement of the resulting strategy.

The EU is collectively the world’s largest aid donor, but comprises 28 member states which operate as individual donors and hence reinforce fragmentation on the ground. It is therefore one of the most obvious stakeholders to conduct pilots on joint programming. The EU made “joint programming” its default approach under its seven year budget, the 2014-2020 Multiannual Financial Framework. It has expanded its joint programming from six pilot projects in 2011-12 to 40 countries in 2014, and potentially 50 by 2020.\(^{56}\)
Key facts and stats
Half of the EU’s joint programming strategies under the European External Action Service and DG DevCo have already reached operational stage in 20 countries.

Myths and responses
Myth: The most effective way for donors to pursue development objectives is to operate individually, taking only their programming priorities into account.

Response: In fact, individual donor action in developing countries can lead to aid fragmentation, which undermines aid effectiveness by increasing the administrative burden and costs for both donors and recipients. It also increases the probabilities of policy incoherence (the failure of different projects to combine to achieve maximum development impact), inefficiencies, duplication or sector neglect – where poorly co-ordinated aid provision results in a focus on a limited number of sectors, to the neglect of others. A common donor strategy, such as “joint programming”, which is aligned to a partner country’s national development strategy, is one of the most important tools for effective aid. It reduces the fragmentation of aid, enhances donor harmonisation, and increases ownership in a country.

Good news story
EU and joint programming pilot in Ethiopia
Ethiopia has been one of the EU’s pilot countries for joint programming. At the start of the pilot programme, it had to deal with 46 donors, 20 of them from the EU. In 2012, donors undertook a joint country analysis assessing the country’s strengths and weaknesses, and reviewing the national development plan, to ensure it could be used as a framework for support. Donors then agreed a division of labour, taking decisions about who would invest in which sector. For example, in Ethiopia the UK concentrates its efforts on health, education and governance initiatives.

The joint initiatives still have to be assessed. However, immediate results are a significant reduction of transaction costs and the administrative burden placed on comparatively weak government structures. For example, Ethiopian authorities now do not have to report against 46 individual grants, but can instead report against a joint strategy.
Overview

Corruption risks undermining development and reducing the effectiveness of development aid, by diverting public resources which could otherwise be spent on public services. Corruption also strikes at the heart of democracy by corroding the rule of law, democratic institutions and public trust in leaders. For the poor, women and minorities, corruption means even less access to jobs, justice or any fair and equal opportunity. Corruption also significantly undermines public trust and support for aid in donor countries.

But it is necessary to keep the actual impact of corruption in perspective in relation to aid and development. Small-scale corruption – for example, a government official claiming inflated travel expenses – whilst unjustifiable, is ultimately an inefficiency that could be considered a small “tax” on aid.

Suppose small-scale corruption amounts to a two percent tax on the cost of improving someone’s life – every effort needs to be made to reduce this cost, but this should not be made into an insuperable barrier to providing aid. In the same way that the existence of waste and inefficiency – undoubtedly present in almost every business and government in the world to some extent – cannot alone be a reason not to support a country’s development ambitions.

Importantly, since understanding of the significance of corruption to poor people has grown, more aid has been channelled into projects and programmes aimed both at highlighting the systemic problems of corruption, and supporting people in fighting corruption at the local level. Some of these programmes have been very successful – for example, an evaluation in south India reported accrued benefits of US$11 for poor people for every US$1 invested in anti-corruption programmes; and also identified a number of wider, more qualitative, benefits from the programmes, such as empowerment of women and tribal groups, and greater awareness of entitlements to medical and health services.

$1 = $11

Accrued benefits to poor people from anti-corruption programmes funded by aid
Key facts and stats
According to research commissioned by the Nigerian government, the country and its citizens have missed out on at least $35 billion over 10 years due to corruption in the oil industry. This represents more than one year of government spending. Just one tenth of this amount would have been enough to give a basic education to the 5.5 million girls in Nigeria currently missing one.\(^1\)

While not denying the evidence of the adverse impact of corruption on development, there is also evidence that this impact is “manageable” – for example, an analysis of 41 different studies involving 460 estimates of the impact of corruption on growth found that less than a third of studies suggest a significant negative relationship between corruption and growth.\(^2\)

Myths and responses
**Myth:** So much of our aid money gets wasted on bribery, or because of corrupt government officials, that we should stop giving it. Aid just encourages corruption by providing easy money for people to steal or misuse.

**Response:** The amount of aid money that gets wasted through corruption is only a very small proportion of the huge amounts that donor countries provide – the vast majority not only reaches its intended recipients, but has a massive impact on addressing poverty and inequality. Corruption must of course be addressed, but it simply doesn’t make sense to use it as a reason for attacking the aid budget. When money is wasted in the education budget the response is not to close down schools or stop providing education to children; instead, efforts are made to stop the waste happening – which is exactly what donor countries are doing about corruption.

Good news story
**Citizens against Corruption**\(^3\)
“Citizens against Corruption” was a DFID-funded programme – running from 2008-2013 – which provided both small grants and technical support to civil society organisations (CSOs) in development/transition countries fighting corruption and promoting good governance in public services and institutions.

The evaluation of the programme found that projects had been effective in addressing the problems of corruption, particularly those that are experienced by poor people, in a wide range of country contexts. Activities were designed by local CSOs, and had been remarkably successful across a range of objectives, including: promoting citizens’ investigation and vigilance; community mobilisation; constructive engagement with public officials; and seeking out “reform champions”. Using this approach, the wider Partnership for Transparency Fund – within which “Citizens against Corruption” sits – has a strong track record of supporting effective work at the local level, which often results in a clear reduction in poverty and/or savings to public service budgets.
Overview

Development assistance is crucial to providing basic services and boosting inclusive growth. It thus has a strong role to play in the poorest countries in particular, such as the Least Developed Countries (LDCs)\textsuperscript{64} or fragile and conflict-affected states – countries that currently cannot make adequate investments in public services and sustainable development solely through their domestic resources. In the outcome document of the Third Financing for Development Conference, UN member states recognise the key role ODA has to play for LDCs and fragile states in particular.\textsuperscript{65}

LDCs have the greatest “depth of poverty”; poverty levels are far below the international poverty line of US$1.25/day, and LDCs have the largest funding gaps due to low levels of public revenue and foreign direct investment inflows.\textsuperscript{66} On average, ODA represents about half of external flows to LDCs, hence is crucial for supporting sustainable development. Yet despite the unique needs of LDCs, and an overall increase in global aid levels, already low levels of aid to LDCs have further declined since 2010.\textsuperscript{67}

The current decline of aid to LDCs is a cause for concern. Despite the fact that there is a diversity of financial flows, such as tax and private sector investment, that can be useful in achieving different facets of development, the potential for such financial flows to the poorest countries is often limited – as private investors are reluctant to operate in risky environments, and domestic resource mobilisation is constrained by poor economic performance and weak governance. In this context, aid is crucial as it can be directly targeted at building public services, and human and productive capacity, and is a transparent, accountable, and “plan-able” finance mechanism.\textsuperscript{68}

Less than a third of global ODA went to the Least Developed Countries in 2014
**Key facts and stats**

Levels of ODA to LDCs have declined since 2010. Despite overall increases in global aid levels, less than a third of global ODA went to LDCs in 2014. The UN has set a target for donors to provide between 0.15-0.2% of GNI to LDCs.

**Myths and responses**

**Myth:** The world’s least developed countries are beyond help, not least because they have the worst levels of corruption.

**Response:** The argument for providing aid to LDCs is essentially the same as that for fragile states. It may be more difficult to see significant improvements in the short-term in these countries because, by definition, they are least well-equipped to make that progress. But it is these very conditions that mean that the need for aid is greater in these states; and that the long-term impact of aid expenditure will be greater.

See the “K’orrupption” section for the response to this element of the LDC myth.

**Good news story**

**Northern Uganda’s recovery from 20 years of war**

The conflict between the Ugandan government and the Lord’s Resistance Army in northern Uganda lasted for two decades. By the time the fighting finally ended in 2006, an entire generation of youth had been brought up in a broken society. As part of its Post-Conflict Development Programme, the Ugandan government, together with the Commonwealth Secretariat, set up the North Uganda Youth Development Centre – to deliver formal and informal vocational training to young people in the region, with a view to preparing them for work, improving their livelihoods, and assisting them to make a positive contribution to the recovery and economic growth of Northern Uganda.

In 2010, the UK government started co-funding the centre to ensure that training was expanded to all parts of the region affected by war. By 2012, a network of 42 vocational training institutions were being supported and over 6,000 youth trained – with the expectation that a further 100,000 would receive training by 2015. Trainees included former child soldiers, young mothers, orphans and those who could not afford education or training because of the conflict.
Overview

Many of the world’s poorest people still live in middle-income countries (MICs) – defined by the World Bank (in 2014) as having a GNI per capita of more than US$1,045 but less than US$12,746. MIC governments are often better equipped to raise their own resources compared with some of the poorest countries. But development assistance has a crucial role to play in strengthening capacity to raise domestic resources, support accountable institutions and improve public services.

Worldwide, 836 million people lived in extreme poverty in 2015. Of these extreme poor, 60% live in just five countries, of which four have MIC status (India, China, Bangladesh and Nigeria), whilst only one of them is defined as an LDC (Democratic Republic of Congo). It is worth noting that the UN classification of LDC also comprises one-third of the countries which are classified as MICs by the World Bank. Hence the income status is not necessarily linked to the level of development.

The common perception is that countries that have moved on to a MIC status should not receive any aid support anymore. But the first Sustainable Development Goal will commit the international community to eradicate extreme poverty by 2030 and tackle inequalities everywhere. Whilst governments in MICs will naturally need to take their fair share of responsibility for tackling domestic poverty and inequality by distributing wealth more fairly and improving essential services, targeted ODA will also play an important role to support the longer-term transition of these countries.

nearly 60% of people in extreme poverty live in four MIC countries: India, China, Bangladesh and Nigeria
Key facts and stats
Overall, over two-thirds of the world’s extreme poor, that is 68%, live in MICs.73

Myths and responses
Myth: UK aid funds space programmes and picks up the tab for looking after the world’s poorest when countries could afford to do it themselves.

Response: All of Britain’s aid is directed to where it is needed most. The UK has already closed or changed its aid programmes in fast emerging developing economies, such as China, India and South Africa. It is in part thanks to UK aid that many developing countries have been able to pull themselves out of poverty and end their reliance on aid.

Some countries still need aid; many of the fast emerging economies still have many people living in desperate poverty, and without access to basic services such as an education, healthcare, electricity or clean water. Many of those people live in MICs.

Good news story
Community mobilisation for ending violence against women in India74
In MICs such as India, donors and NGOs like Oxfam are engaged in tackling the inequality and human rights violations which keep the poor in poverty. As such, their focus is on the most marginalised groups. Sexual violence and violence against women is shockingly perpetuated in India. A recent study in seven Indian states found that 52% of women surveyed had experienced some form of violence; and 60% of men surveyed felt violence against women was justified.

Jointly, with a local partner and DFID, Oxfam helped to address violence against women by providing legal support and raising awareness in its community work in those Indian states where violence was above average – where 73-75% of surveyed women had experienced intimate partner violence. The total outreach of these activities amounted to approximately 864,400 people.
Overview

For a period during the mid-2000s, debt cancellation constituted a significant proportion of Official Development Assistance. One-off debt cancellations for Iraq and Nigeria in particular were counted as aid, whilst there was also ongoing debt relief for some low income countries under the Heavily Indebted Poor Countries initiative. Debt relief as a proportion of ODA jumped from just 8% in 2004 to 21.3% in 2005 and 17.2% in 2006,\(^75\) in response to the Make Poverty History campaign.

Whilst virtually all countries which could qualify for debt relief have done so, there are other countries which were excluded but continue to suffer from high debt payments. There are 15 developing countries which are spending more than 15% of government revenue on foreign debt payments, such as Jamaica, El Salvador and Sri Lanka.\(^76\)

Many commentators regard this failure to provide necessary debt relief to some countries as a serious barrier to progress in eradicating global poverty and inequality. The United Nations Conference on Trade and Development states that “debt relief fundamentally frees resources, creating additional fiscal space for social spending, and is essential if the MDGs are to be achieved”.\(^77\)

And in May 2015, over 30 Asian NGOs called for the cancellation of all of Nepal’s debt in the wake of two devastating earthquakes. They pointed out that Nepal was due to spend US$210 million on debt repayments in 2015 alone, representing more than 5% of government revenue.\(^78\)

There are also concerns that debt payments could become problematic for a number of countries in coming years. A recent Jubilee Debt Campaign report identified nine countries that are heavily dependent on foreign lending: Bhutan, Ethiopia, Ghana, Lao PDR, Mongolia, Mozambique, Senegal, Tanzania and Uganda.\(^79\) Ultimately, debt undermines the impact of aid, as it deprives poor countries of valuable financial resources for economic and social development, leaving a funding gap that aid cannot fill alone.
Key facts and stats
Lending to low income countries has almost tripled since 2008, driven initially by countries borrowing to cope with the impacts of the global financial crisis.80

There are 15 developing countries which are spending more than 15% of government revenue on foreign debt payments.

Myths and responses
Myth: We should not be letting countries off the debts they have incurred; it’s their fault for borrowing the money in the first place.

Response: Poor countries often get into debt because they have no choice. Borrowing money is often the only option they have to be able to invest in public services, or in the most extreme cases to feed their populations. There is therefore an inevitable power dynamic with debt. Whilst borrowers in poor countries may be guilty of making poor decisions, they have often done so in desperate circumstances. A major cause of debt crises is irresponsible lending practices by creditors in rich countries unwilling to share the costs when problems arise. Furthermore, debt burdens which were thought to be sustainable can also be negatively impacted by shocks such as earthquakes, hurricanes or global financial crises.

Good news story
Debt relief in Sub-Saharan Africa81
Since 1996, 36 countries, mainly in Sub-Saharan Africa, have benefitted from debt relief under the Heavily Indebted Poor Countries initiative and the Multilateral Debt Relief Initiative. Many governments used debt savings to help abolish primary school fees. In Tanzania, fees were abolished in 2002, following debt relief the previous year, and primary enrolment increased dramatically from 49% (1999) to 98% (2008). Mozambique used its debt service savings to vaccinate children against tetanus, whooping cough and diphtheria, install electricity in schools and build new ones. Cameroon used its debt savings to launch a national HIV/AIDS plan for education, testing and prevention – including of mother-to-child transmission.
Ownership is an important principle for development effectiveness, and has been reiterated through numerous global fora – including the Financing for Development process (see section on “Development finance”), the Sustainable Development Goals (see section on “Goals: The MDGs and the SDGs”), the G7 and G20. Ownership in development is about supporting poorer countries to drive, own and be accountable for their own development. Not simply because this is a good principle, but also because it helps to ensure the most effective and long-term development.

There are three agreed, concrete measures for measuring donors’ support for enhancing country ownership: using country procurement systems; untying aid; and reducing conditionalities of aid. Donors have committed to improving country ownership by agreeing to channel 57% of total aid through public financial and procurement systems by 2015. This was agreed at the Busan High Level Meeting on aid effectiveness in 2011, with a commitment to untying their bilateral aid fully.

But these commitments have not yet been fulfilled. Both EU and global progress monitoring reports stress the need for accelerated progress towards the Busan target. The EU channels 50% of its collective aid through country systems, and so has missed the target. The UK is one of the few countries to have met the country system target. It is only outranked by four top performers within the EU which currently channel more than 70% of their ODA through partner country systems.

Untying aid is critical for aid effectiveness, as tied aid has much lower development impact. It excludes local companies and deprives local markets from benefiting from increased employment, or social security contributions. The UK is one of the few countries to have, at least formally, untied their aid fully. But there is a grey area of aid informally still being directed to companies from just a few countries.
Key facts and stats
Research by the Guardian in 2012 showed that, of £750 million worth of contracts published on the government procurement site from January 2011, only 9 of the 117 major contracts had gone to non-UK firms. This suggests a de facto “re-tying” of UK aid.

Myths and responses
Myth: Poor countries cannot be trusted to spend aid wisely. It is important donor countries have as much control as possible and set conditions, and if that means getting some benefits through aid being spent with British companies, then all the better.

Response: Evidence shows that where countries are granted greater ownership through approaches such as budget support (see section on ‘Budget Support’), this helps support coherent and strategic national development strategies, and builds the capacity of national financial management. If aid is untied, and goods and services are sourced through local providers, it delivers better value for money – which increases on average by 15-30%, or most starkly by up to 50% in terms of food aid.

Good news story
Greater democratic ownership in Bangladesh
In some cases, nationally-owned policy making and monitoring processes institutionalise the role of civil society and other stakeholders in ways that may serve to foster democratic ownership. There is growing evidence of the effectiveness of such multi-stakeholder approaches to advance ownership at the global level, and there are indications that multi-stakeholder dialogue is on the rise at country level.

For example, Bangladesh’s Sixth Five Year Plan includes third-party monitoring of the Plan, to support greater democratic ownership. The government stated that third party monitoring “offers the opportunity to complement the analysis of performance indicators with in depth information gathered directly from citizens at the local level. The Government of Bangladesh believes that effective monitoring of the Five Year Plan by third parties will be instrumental in strengthening accountability and transparency; and effective in helping to take corrective actions to improve development results.”
Overview

Poverty reduction is the fundamental objective in the provision of ODA: DFID’s headline statement of its purpose is to “lead the UK’s work to end extreme poverty”. The most commonly used definition of extreme poverty is earning less than US$1.25 per day (at 2005 prices), set by the World Bank. The UN states that one billion people have been lifted out of extreme poverty since 1990, although 800 million remain below the extreme poverty line. This means that the first of the Millennium Development Goals, which was to halve the proportion of people living in extreme poverty by 2015, has already been achieved.  

Given the fundamental importance of global poverty reduction, it is not surprising that much attention has focused on the extent to which aid provision has contributed to this success. There is widespread evidence of the positive impact of aid on poverty and livelihoods at a programmatic level. But it can be complicated to ascertain a direct causal relationship between aid and lower levels of poverty at a macro, global level, given the multiple factors that influence poverty reduction and the fact that the data is often insufficient. Huge sums of aid have been provided to developing countries, and a large proportion of those countries have seen significant reductions in poverty. Aid has been spent, among other things, on projects and programmes directly or indirectly intended to foster economic growth, job creation, and so on. It is therefore reasonable to argue that aid provision must have played a role in poverty reduction.

Another element of this debate has been that a major factor in achieving the poverty reduction goal has been the reduction in the proportion of the Chinese population living in extreme poverty. This is down from 60% in 1990 to 13% in 2008, and has been achieved without the receipt of large amounts of aid. However, this argument ignores the fact that there are 30 to 40 other countries that have made similar proportional reductions in the number of people living in extreme poverty – such as Vietnam, Pakistan, Nepal and Swaziland.
Key facts and stats
In 1990, nearly half of the population in developing regions lived on less than US$1.25 a day. This rate dropped to 14% in 2015.92

Myths and responses
Myth: Achieving the MDG on poverty reduction isn’t an aid success story – it’s mainly due to China’s improved economic performance.
Response: Because of their size, it was always going to be the case that the performance of China and India would be crucial to achieving the MDG on poverty reduction. The very fact that they have come so far is cause for celebration rather than scepticism. But dozens of other countries have made similarly good progress in reducing poverty, independent of the influence of Chinese and Indian trends.

Good news story
Swedish aid to Vietnam contributes to poverty reduction93
Between 1990 and 2008, the proportion of the population living in poverty in Vietnam fell from 73% to 17%.
A long-term assessment by the Swedish International Development Co-operation Agency (SIDA) explored – among other things – the extent to which it was possible to attribute Vietnamese poverty reduction to Swedish development assistance. While acknowledging the unavoidable difficulties in establishing this kind of causal relationship, the evaluation nevertheless concluded that:
“The evidence examined […] points to Swedish development co-operation with Vietnam having strong poverty reducing impacts. […] It would appear to be beyond doubt that Sweden has worked with the Government of Vietnam to lift many millions of Vietnamese out of income poverty. The benefits of this assistance are almost certainly not limited to income dimension poverty alone, but to gains in other dimensions. […] It can reasonably be concluded, therefore, that Swedish development co-operation has improved the health, education and overall human development levels of millions of Vietnamese citizens.”

1 billion lifted out of extreme poverty. But 800 million remain
Overview
The closely related questions around the “impact” and the “effectiveness” of ODA are fundamental to debates about development policy and practice. There is, in fact, a substantial body of evidence that aid does have a positive impact. The great majority of international projects meet their immediate objectives; and aid has contributed more generally to growth and wider development at the sector and country level.94

In terms of effectiveness, a series of international conferences over the past decade or so have helped to drive substantial shifts in the way aid is spent and how donors and recipients of aid interact, and to improve accountability and transparency mechanisms. The Busan High Level Forum on Aid Effectiveness in 2011 established the Global Partnership on Effective Development Cooperation (GPEDC), and set out four key development principles. This built on the earlier Paris Declaration and Accra Agenda for Action,95 which underpin the notion that countries should lead on their own development process:

1. Country Ownership – developing countries should define the sustainable development model that is tailored to their specific situations and needs.

2. Focus on Results – interventions should be driven by the strongest impact on eradicating poverty, tackling inequalities and achieving sustainable development.

3. Inclusive Development Partnerships – multiple stakeholders play different and complementary roles to achieving development, hence partnerships must be equal and inclusive.

Key facts and stats
The UK has performed strongly compared to many other donors in the 2014 post-Busan Progress Report, having made progress on improving aid predictability in the short and medium term.

UK aid is formally 100% untied.\textsuperscript{96}

Most donors record success rates in excess of 75% for their projects.\textsuperscript{97}

Myths and responses
Myth: Newspapers continually report the failure of various aid projects, so it is clear that aid does not work and we should stop providing it.

Response: No one is pretending that every single aid project is successful. But the great majority are, and they have contributed to huge improvements in the lives of hundreds of millions of poor people around the world. In 2014-15, UK aid supported 11 million children to go to school (including 5.3 million girls), supported 5.1 million safe births, reached over 13 million people with emergency food assistance, and supported freer and fairer elections in 13 countries.\textsuperscript{98}

And anyway, the provision of aid is, by its very nature, a risky business. By definition, recipient countries are experiencing a range of difficulties that make it impossible to guarantee that projects will always be successful. Likewise, innovation and experimentation are also an important part of making aid ever more effective – and knowing what works means also understanding what doesn’t work. Occasional failure is a crucial component of improving long-term impact.

Good news story
The Global Partnership for Education in Cameroon\textsuperscript{99}
The economic crisis of the 1980s prevented the government of Cameroon hiring more teachers at a time when student numbers were rising. Then, in the 1990s, teacher salaries were reduced due to budget cuts, and teacher recruitment stopped – and the student-teacher ratio grew to more than 60 students per class. In 2006, Cameroon joined the Global Partnership for Education – a multilateral agency that supports developing countries to ensure that every child receives a quality basic education. With the help of over US$100 million from the GPE and the French development agency – supplementing US$290 of its own education budget – the government starting hiring more teachers. They also introduced reforms around salary scales, benefits, career progression, etc, to make the teaching profession attractive again.

As a result, 37,200 qualified primary school teachers were hired between 2007 and 2011, 60% of them women. The increased presence of female teachers helped to get more girls into school; and class sizes reduced across the country. The government also introduced more efficient payment mechanisms for teacher salaries, resulting in a decline in drop out and repetition rates.
Overview

A country can be said to be aid-dependent when it cannot perform many of the core functions of government, such as delivering basic public services like schools and clinics, without aid. A more nuanced definition focuses more on the level of aid dependency – that is, when aid funds a high percentage of government budget expenditure, on an ongoing basis.

Countries and people do not “choose” to be aid-dependent. Rather, they are often the victims of circumstances outside their control. Historic factors and inequality, internal or external conflict and climate change are all circumstances that can stifle a country’s development, and lead to reliance on external help to fund and meet basic needs.

Aid dependency can undermine development in a number of ways. It can lead to a loss of policy autonomy for governments if donors insist on recipient countries implementing the donors’ policy priorities. It can undermine governments’ accountability and responsiveness to their citizens, because governments become more concerned about their relationship with donors. And it can undermine the predictability of government spending, and so militate against long-term planning.

Over the first decade of the 21st century, aid dependency fell on average by a third in the world’s poorest countries.¹⁰⁰ Some countries that used to receive a lot of aid now hardly receive any, or even donate to other countries; for example, Botswana, Morocco, Brazil, Mexico, Peru, Thailand, Singapore, and Malaysia. One of the many reasons aid dependency is falling relates, paradoxically, to aid itself. When aid is given in such a way that it supports poor countries to lead their own development, be more accountable to their own people, and mobilise more of their own resources, then aid itself contributes to reducing aid dependency.
Key facts and stats
Countries that experienced significant reduction in aid dependency between 2000 and 2009 included Ghana (from 47% to 27%); Mozambique (74% to 58%); and Vietnam (22% to 13%).

Fourteen of the thirty most aid-dependent countries in 2000 reduced their dependence by more than 20% of expenditure by 2009.

Myths and responses
Myth: Aid creates dependence in poor countries.
Response: Evidence shows that countries would rather not rely on aid, and independence should always be a key goal of development. Countries like South Korea are a great example of how overseas aid can help a country to stand on its own two feet. Aid is not about hand-outs, but investment.

Some of the poorest countries in the world (Afghanistan, Cambodia, Ghana, Liberia, Nepal, Rwanda, Sierra Leone, Uganda and Vietnam) have set reducing aid dependence as a key medium-term goal in their national development or aid-management policies.

Good news story
Ghana’s poverty reduction
Ghana has been making significant development progress over a long period. By the beginning of this decade, the proportion of Ghanaians going hungry had been reduced by three quarters over the previous 20 years. And almost eight out of every ten children, both girls and boys, were in school. Increased spending by the Ghanaian government on a number of areas, including education and health, has been a major factor in achieving these improvements.

Aid has made a significant contribution to this government expenditure. In absolute terms aid increased from US$1 billion in 2003 to US$1.9 billion in 2010. However, in common with many other countries, aid dependency has gone down, from 46% of government expenditure in 2000 to 27% in 2009. A number of factors have made this transition possible: growth increased from 3.7% in 2000 to 7.3% in 2008; Ghana is a star performer within Africa on tax revenue, collecting 22% of GDP in tax; and oil was recently discovered there.
Overview

The link between conflict and development has become increasingly evident over recent years. By the end of 2014, more than 50% of the world’s poor were living in fragile and conflict-affected states, up from 20% in 2005. The inclusion of a goal on peace, justice and governance in the Sustainable Development Goals is a recognition that peace and justice are fundamental to development.

In order to effectively address conflict overseas, governments need to prioritise conflict prevention and action to tackle the underlying causes of conflict. The 2011 Building Stability Overseas Strategy put forward a comprehensive vision for the UK’s engagement in fragile states. It set out a goal of long-term stability based on legitimate governance, human rights, and the consent of the local population. In support of this, the defence community may have an important role to play in promoting peace, including through supporting defence transformation, small arms counter-proliferation, demobilisation of combatants, demining, or other tasks suited to their capabilities. The defence community should also welcome the role and expertise of development actors in supporting more peaceful societies.

Development NGOs across the spectrum have emphasised that addressing the safety and security of ordinary people is an important component of development. Yet defence-related activities with the objective of building stability will often not be appropriate recipients of ODA, and the relationship between conflict and development does not by default mean that a larger chunk of the aid budget should be allocated to defence actors.

Increase in world’s poor living in fragile and conflict-affected states

In order to be effective in promoting long-term security, aid allocations must be dictated by their potential for reducing poverty, rather than UK national security interests. In recent years, however, there have been increasing concerns about the potential “securitisation of aid”. That is, the classification of hard security initiatives as development or humanitarian activities, or the direction of aid explicitly towards addressing UK security concerns. The Chancellor’s commitment to NATO’s target of spending 2% of national income on defence has raised concerns that there will be increasing pressure to use more of the aid budget on activities that can be labelled “defence”, so as to reduce costs at a time when budgets elsewhere are being squeezed.
Key facts and stats
The UK spends more than 30% of ODA in conflict-affected and fragile states. Security and justice assistance, including the support for policing, courts and community justice, accounted for £95 million of UK aid expenditure in 2013-14.

In his July 2015 Budget, the Chancellor pledged to meet NATO’s target of spending 2% of national income on defence every year, up to 2020.

Myths and responses
Myth: Achieving the UK’s immediate national security interests should be a major priority of our aid budget, and the over-riding priority of our engagement in conflict-affected states.

Response: Whilst initiatives to reduce conflict and build peace should be a legitimate focus of the aid budget, support should not be predicated on UK security interests alone. There are many poor countries ravaged by conflict where peace-building approaches could have a positive impact on development, but where UK security interests are low. Conversely, where UK security interests are high, this can lead to approaches that are unhelpful for long-term development. For example, approaches that involve the use of indiscriminate violence, support for questionable regimes, or inadvertently fuel corruption may have the effect of fuelling instability by reinforcing conflict drivers. These may undermine more holistic strategies for building peace that give emphasis to less violent, more constructive alternatives.

Good news story
Community safety in South Sudan Saferworld has been running a community security programme in South Sudan since 2012. The programme supports Community Security Working Groups (CSWGs) comprising community leaders, women, traditional chiefs and youth – helping them to identify, prioritise and address their safety concerns. Positive outcomes from the programme include:

- A reduction in violence, murders and other crimes; the reduction of gunfire at night; and improved relations within and between communities.
- The recruitment of 300 women police officers in Kaujok and the creation of a special unit to handle cases of sexual and gender-based violence.
- Commitments from non-state security providers to work with the CSWGs instead of dealing with offenders on their own – which has led to a reduction in cattle raiding.

These are, of course, local solutions and the evolving context continues to pose a challenge. However, evaluation of the programme indicated the potential for community security to make a difference more broadly in South Sudan and to feed into sub-national and national level reform.
Overview

The flow of development assistance can be complicated. There are many different types of donors and funding does not always go straight to country governments. A large proportion goes to other actors operating within the country, including foreign private sector companies and civil society. This means that country governments can lose sight of that funding and are unable to use it to forward plan effectively. It also leads to duplication of effort. One donor may be funding a government-level project on WASH (water, sanitation and hygiene) in the same area where another donor is funding an NGO to do the same work. Ultimately, by making flows visible, the aim is to get development assistance to work better for the poorest countries and governments.

Above all, aid transparency information needs to be useful to those who require it – partner countries and citizens. Forward-looking budget information is also crucial in order for partner governments to have the information they need to plan and budget services for their citizens. The International Aid Transparency Initiative (IATI) is a multi-stakeholder initiative of donors, partner countries and civil society that has been established to promote and develop aid transparency information. The IATI aims to meet partner governments’ need for timely, comprehensive and forward-looking information on the development assistance flowing into their countries.

It includes information on all donors (not just OECD Development Assistance Committee governments), helps track aid channelled through intermediaries such as Development Finance Institutions (DFIs), the private sector and NGOs, and identifies which projects and programmes are being funded in country.

In order to increase the efficiency of development assistance, signatory governments to the Global Partnership for Effective Development Cooperation in Busan in 2011 pledged to become more transparent about where and how their funding was being spent. The deadline for meeting this commitment is December 2015 but many governments remain off track.
Key facts and stats
As of September 2015, there were 348 organisations sharing information on their role in development assistance, by registering with the IATI. Of those, 176 (51%) were UK civil society organisations, the remainder including civil society organisations from other countries, governments and private companies. Governments routinely sharing their information using the IATI data standard include the UK, US, Germany and Canada.

Myths and responses
Myth: We are giving all this money in aid, and no one has any idea where it ends up and if it does any good.

Response: According to “Publish What You Fund”, UK aid is among the most transparent in the world. Through the International Aid Transparency Initiative, people in the UK and recipient countries can see exactly what money is spent where.

Good news story
Ghana: Strengthening governance by improving transparency
Ghana has made a commitment to having a transparent system of governance. In keeping with this commitment, Ghana supported the call to make information about aid flows more available and accessible to all stakeholders, particularly partner countries, during the third High Level Forum on Aid Effectiveness in 2008 at Accra.

The transparency of aid flows is particularly important for Ghana because it has begun the implementation of an Integrated Financial Management System. This seeks to ensure transparency and accountability in the management of public finance by migrating public sector financial transactions from a manual system to a single electronic platform. It is envisaged that the implementation of the management system will facilitate the integration of ODA flows into the public finance system. This in turn will enable Ghana to resolve the persistent problems of aid data and information for government business at the country level.
Overview
Improving access to basic services – education; health services; nutrition support; and water, sanitation and hygiene (WASH) – remains a core objective of the provision of aid. Globally, people’s health is improving. For example, since 1990 – with a significant contribution from UK development programmes – the number of children dying from preventable causes has fallen from around 12.7 million a year to around 6.3 million. In this period, the number of girls and women dying during pregnancy and childbirth has fallen from 543,000 a year to 289,000.

Much remains to be done, however. The Millennium Development Goal (MDG) to improve maternal health is one of the targets least likely to be achieved. Around 2.8 million babies still die every year before they are a month old, accounting for 44% of all deaths in children under the age of five. Three quarters of all infant deaths occur in the first week of life.

Progress on the MDGs for education has been better. For example, the number of children out of school has fallen from 106 million in 1999 to 58 million in 2012. Again, however, there is much still to be done, including improving learning outcomes. It is estimated that there are at least 250 million children who cannot read or count, even after spending four years in school. On WASH, the MDGs include a target to halve, by 2015, the proportion of the population without sustainable access to safe drinking water and basic sanitation. The target has been met for water, but we are not on track to meet the sanitation target. By the end of 2012, 2.5 billion people lacked access to an improved sanitation facility.
**Key facts and stats**

By 2014–15, DFID had supported 11 million children in education. In 2014–15, DFID’s Health Partnership Scheme provided health workers with 16,000 training course places and other educational opportunities in 23 countries. DFID has supported 62.9 million people with access to water, sanitation and/or hygiene services since 2010, including 15.9 million people in 2014–15.\(^\text{116}\)

The World Bank estimates that for every US$1 we spend on sanitation, we’ll get US$5 in social and economic benefits in return.\(^\text{117}\)

**Myths and responses**

**Myth:** Once everyone is using a toilet, we will no longer have a sanitation problem.

**Response:** This idea is mistaken because the real problem lies with people coming into contact with the disease pathogens that are carried in human waste. So while toilets are necessary to solve the sanitation challenges we face, they alone are not sufficient. Additional systems are necessary to prevent harmful, untreated waste from being released into the environment.\(^\text{118}\)

**Good news story**

**Nepal: Improvements in maternal health\(^\text{119}\)**

Nepal achieved a striking reduction in maternal mortality during the 1990s and early 2000s. The maternal mortality ratio (MMR) fell by 47% between 1996 and 2006; and more recent statistics confirm that this trend is continuing. Massively reducing the number of unwanted pregnancies has been the key to achieving this improvement. Nepali women went from having almost six children in the early 1980s to an average of 2.6 in 2011.

Significantly increased government expenditure on health services, particularly on services in remote areas, has provided the basis for these improvements. International aid has been central to financing these services: support to health as a share of aid rose from under 2% in 1990–91 to almost 14% in 2010–11; and aid now covers 40–45% of public health expenditure. Another crucial factor has been behavioural and economic changes at the household level, driven by increased empowerment and education of women and greater awareness of how to mitigate pregnancy-related risks.
Value for money and payment by results

Overview

Payment by Results (PBR) is a blanket term for a range of different approaches employed by government and other donors when funding NGOs, private sector contractors and bilateral recipients. Simply put, it is a means by which contracting agencies can pay their suppliers only after pre-agreed results have taken place. The “classic” form of PBR intends to release payment only when a top-level outcome takes place. The intention is that this allows donors to only pay for what they really want, and frees suppliers to focus on achieving results instead of reporting on inputs. This allows the release of payment in parts along the lifetime of the project.

DFID is a proponent of PBR for international development programming. DFID’s strategy on PBR promises to promote the use of PBR, and build the evidence base on the mechanism. Therefore all new DFID programmes must consider the use of PBR. DFID has two innovative, ambitious PBR programmes implemented by NGOs: the Girls Education Challenge; and the WASH results programme.

In practice, however, the majority of DFID PBR contracts have allocated much lower level “results”, often in fact outputs (“training course delivered”, for example). In June 2015, the National Audit Office released a report on PBR which included DFID. This highlighted some ongoing concerns, such as the risk, complexity and cost of managing a PBR programme.
**Key facts and stats**
The UK government’s PBR schemes are estimated at £15 billion of public spending. However, neither the Cabinet Office nor the Treasury currently monitors how PBR is operating.

**Myths and responses**

**Myth:** PBR inherently encourages innovation and Value for Money (VFM).

**Response:** There is no evidence that in itself, PBR increases innovation or VFM. The need for informed design and planning to ensure programmes encourage innovation and VFM are just as important, if not more so, for PBR contracts as for any other form of contracting. In fact, the complexity of designing and monitoring PBR programmes can be more costly than other forms of contracting.

**Myth:** PBR is bad for NGOs.

**Response:** NGOs should welcome anything that increases focus on results and outcomes. There are, however, barriers for NGOs in accessing PBR funding, for example not having the resources necessary to pre-finance activities. NGOs may also be concerned about perverse incentives that may discourage work with hard-to-reach groups or for harder to measure results, areas and challenges. Well-designed PBR projects can avoid this by setting goals to reach the poorest and most marginalised.

**Good news story**

**Lessons from the WASH Results Programme**
The current PBR programmes are generating important learning that should help to develop understanding of when PBR is an appropriate approach to funding, and how to successfully manage it. For example, the Sustainable Water, Sanitation and Hygiene in Fragile Contexts (SWIFT) consortium, which comprises Oxfam, Tearfund and the Overseas Development Institute, are currently delivering the DFID-funded WASH Results Programme that is being funded through PBR. The SWIFT consortium aims to deliver sustainable access to safe water and sanitation, and encourage the adoption of basic hygiene practices in the Democratic Republic of Congo and Kenya.

The consortium has identified a number of issues relating to the PBR approach, including:

- The need to price sufficiently for risk, and for monitoring and reporting requirements.
- The challenge of increasing understanding of PBR frameworks among local partners, and encouraging them to respect the terms of PBR contracts, which may involve adapting to a very different way of working.
- Many staff will appreciate the increased accountability of a PBR contract; the discipline it enforces in terms of monitoring and reporting; and the application of greater “rigour” in data collection.
Overview

In one of her first speeches after the 2015 General Election, DFID Secretary of State Justine Greening reaffirmed women and girls as one of the three priorities for her department. Tackling violence against women and girls (VAWG) has been recognised as a particular priority. VAWG is the most widespread form of systematic abuse worldwide, affecting one third of all women in their lifetime.\(^{122}\)

Since 2012, DFID has significantly scaled up its VAWG programming including a greater emphasis on prevention and long-term multi-sectoral approaches. Programming to end VAWG has increased by 63%, and DFID has targeted programmes in 29 countries (up from 20).\(^{123}\)

A significant recent example of the government’s commitment in this area has been the co-hosting (with UNICEF) of the first global Girl Summit to end female genital mutilation (FGM) and child, early and forced marriage (CEFM) in July 2014. It also co-chaired the Global Summit to End Sexual Violence in Conflict in June 2014.

Marginalisation of women within decision-making processes and institutions is another significant issue in the context of gender and development. This particularly affects women from poor backgrounds, rural and indigenous communities, and minority ethnic groups.\(^{124}\)
Key facts and stats
The wider experience of women and girls across the globe clearly requires this prioritisation:

- Women are estimated to account for almost two-thirds of the people globally who live in extreme poverty. Women perform two-thirds of the world’s work, produce 50% of the food, but earn only 10% of the income and own only 1% of the property.\(^{125}\)

- The facts regarding children are similarly disturbing. Every year, 15 million girls are forced or coerced into marriage.\(^{126}\) Across the world, 62 million girls are out of school.\(^{127}\) At least 500 million women and girls lack a private place to change their sanitary protection during menstruation. This is equivalent to every female living in developed countries.\(^{128}\)

Myths and responses
**Myth:** Everyone is talking about helping women and girls now; there must be lots of money available.

**Response:** A 2011 survey of 1,119 women’s organisations from over 140 countries found that only one-tenth of women’s organisations received funding from their national government, from another government or from international NGOs. Recent years have seen increasing attention to women and girls as “agents of change” and commitments on gender equality. But the attention has not translated to funding for women’s rights organisations.\(^{129}\)

Good news story
**Raising Her Voice: Empowering women in Pakistan**\(^{130}\)
Oxfam’s DFID-funded “Raising Her Voice” (RHV) programme aims to strengthen the way in which women’s individual and collective voices influence decisions about services, investments, policies and legal frameworks. So that worldwide, those in power, from village leaders to politicians and law-makers, become more accountable to them. Over a five-year period in Pakistan – one of 17 countries covered – the RHV programme supported 1,500 women activists, living and working in their communities, in organising themselves into 50 “Women Leaders Groups” (WLGs) in 30 districts across Pakistan. As a result, 116,000 women received Computerised National Identity Cards giving them the ability to vote, travel and access loans. Ninety WLG members ran for political office in the recent elections, five of them winning provincial assembly seats, and one taking a National Assembly seat.

Individual stories of women struggling collectively for their rights were equally encouraging. For example, a woman college teacher who had been harassed by a senior colleague shared the matter with the WLG in Haripur. The WLG took the case to the college management, referring to the Harassment Act and the accused colleague was removed from his post.
Overview

Over the past two decades, the UK has developed a substantial body of counter-terrorism legislation. These laws have been designed to deter and punish terrorist acts, and to prevent terrorist groups from accessing resources that support their actions. One particular concern has been to prevent the proceeds of “charitable fundraising” from ending up funding terrorist groups.

However, a significant consequence of this legislation has been to undermine the legitimate, and crucially important, activities of international development NGOs operating in conflict-affected regions. For example, it is operationally impossible for an NGO to conduct humanitarian operations in South Central Somalia or in rebel-held areas in Syria without engaging in some way with the armed groups in those locations. Yet this risks a contravention of counter-terrorism legislation. Other associated problems include reputational risk as a result of political and media allegations about charities being used to support terrorist organisations. This can have severe implications for the viability of the charity concerned, leading to donors’ withdrawal of funding for work in high-risk areas, and the withdrawal of banking services due to “de-risking” by banks.  

The government’s counter-extremism policy is intrinsically bound up with the counter-terrorism agenda. In July 2015, the government outlined the intended contents of its forthcoming Counter-Terrorism Bill, which included “strengthening the powers of the Charity Commission to root out charities who misappropriate funds towards extremism and terrorism”. In relation to both counter-terrorism and counter-extremism, there are well-founded concerns that British Muslim charities are particularly susceptible to allegations that they, or individual trustees, have links with or are supportive of terrorist or extremist organisations.
Key facts and stats
The Independent Reviewer of Terrorism Legislation, David Anderson QC, has recognised the problems caused to NGOs by anti-terrorism law, and has recommended that government departments and NGOs should work together to explore how these problems can be overcome.

More than a quarter of the statutory investigations launched by the Charity Commission since April 2012, and remaining open in November 2014, targeted Muslim charities. These are associated with running mosques, providing humanitarian relief and aid efforts in Syria.133

Myths and responses
Myth: Muslim charities are highly susceptible to being manipulated by terrorist and extremist organisations and their sympathisers.

Response: The level of such abuse across the whole NGO sector is extremely low. Cases of Muslim charities being susceptible to abuse or manipulation by terrorists or extremist organisations are, according to the Charity Commission, very rare. The Muslim community in the UK is the most generous when it comes to charitable giving, and the contribution of Muslim charities to humanitarian work both home and abroad far outweighs any risk of terrorist or extremist abuse.

Good news story
Islamic Relief in Somalia134
In 2011 Islamic Relief was at the forefront of responding to the famine in Somalia. It was one of the few international agencies able to distribute aid on both sides of the conflict, boosted by generous public donations during its annual Ramadan appeal. At the peak of the emergency, Islamic Relief was distributing emergency food packs to 180,000 people each month and trucking water to 120,000 people daily – a life-saving operation when so many aid agencies could not reach those most in need. When the organisation launched its Ramadan appeal the following year, DFID pledged to match public contributions up to £5 million, through its UK Aid Match scheme.

A recent Overseas Development Institute report acknowledged the particular role of British Muslim charities operating in Syria, the occupied Palestinian territories, Iraq and Somalia: “Their Islamic values and the Arabic and local language skills of many of their staff, as well as their predominant use of national rather than international staff, tend to offer important advantages, enabling them to access needy populations in areas of these countries that are often considered too insecure for secular or other faith-based INGOs.”135
Migration and development are fundamentally inter-related, in the sense that development policy aims to address many of the motives or causes of migration: poverty; conflict; human rights abuses; and so on. This relationship was brought into sharp and shocking relief during the summer of 2015 by a series of incidents where large numbers of migrants lost their lives attempting to cross the Mediterranean from Africa to Europe. The International Red Cross estimated that more than 5,000 migrants died attempting to reach Europe via the Mediterranean during an 18-month period. A significant proportion of these people are fleeing conflicts and humanitarian crises in Syria, Iraq and elsewhere; along with those who are fleeing human rights violations.

Policy debate around this issue has tended to focus on two aspects. The first is the proposal that the European Union should resettle those who are fleeing the conflict – the UK has committed to take in 20,000 refugees from the Syria region over five years, though it has so far refused to resettle any of the refugees that have already arrived in Europe. The second strand of policy debate has been to stress the link between development policy and migration. This argues that the best way to deal with the refugee/migrant “issue” is to address the economic, social and political factors that force people to risk their lives in this way. For example, DFID Secretary of State, Justine Greening, responded to the migrant crisis in the Mediterranean by calling on the EU to match the UK’s 0.7% commitment. This was on the grounds that the EU needed to “tackle the root causes of why people are moving in the first place”.

A significant recent development has been the earmarking of the UK aid budget to support the costs of resettling refugees in the UK for up to a year. The UK government has committed to take this money from the ODA “uplift” – the increase in 0.7% as a result of a growing economy – so that other aid priorities are not affected. This is in line with OECD guidelines governing the use of aid, and is common practice in many other EU countries, but it does risk setting a precedent for the use of aid that many development agencies have traditionally opposed – irrespective of what OECD guidelines allow.
Key facts and stats
In 2013, the number of people forced to migrate exceeded 50 million for the first time since the Second World War.¹³⁸

People who end up in refugee camps in conflict-affected developing countries will often remain there for a decade or more.

Myths and responses
Myth: By tackling the root causes of migration, development aid will reduce the level of migration.

Response: At a fundamental level, and in the very long term, it clearly does make sense to argue that by eradicating poverty and inequality, and significantly reducing conflict and human rights abuses, development will reduce migration. However, in the shorter term, the evidence suggests the opposite: as poor countries slowly develop, levels of emigration rise rather than fall. This is due to a combination of factors, including development, meaning that more people can afford to emigrate, and that more people can access the information they need to emigrate.¹³⁹

Good news story
Humanitarian relief in Darfur¹⁴⁰
The UN estimates that 200,000-300,000 died during the conflict in Darfur between 2004 and 2008. In 2008, 4.7 million people were directly affected by the conflict (out of a total population of approximately 6.2 million); and in 2008 alone, 310,000 people were displaced – which brought the total of displaced people to 2.7 million. Half of those affected by the conflict were children.

In collaboration with government bodies and international NGOs, UNICEF mounted a massive humanitarian operation to help stabilise the situation for many of the conflict-affected population. The impacts of the humanitarian activities included:

• Access to clean water in 2007 stood at 76%, while three million conflict-affected people had access to basic health services;

• Under-five mortality rates fell from 1.03 per 1,000 live births in 2004 to 0.67 in 2007;

• Primary school enrolment increased from 516,000 in 2006 to more than 976,000 in 2008.
Overview

According to the UN Sustainable Development Solutions Network, of all of the MDGs, the challenge of ending hunger has proven to be the most difficult. In our world of plenty, where more than enough food is produced to feed everyone, around 800 million people still live in constant hunger, while malnutrition is responsible for nearly half of all deaths in children under five. Alongside this exists a growing obesity problem.

The majority of people in the world are still fed through a web of local food systems by small-scale food producers. These local systems can be resilient, diverse and effective with the right support. Agriculture is still the dominant economic sector for many of the world’s poorest, and investment here has significant potential to reduce poverty as well as to end hunger. Women make up 43% of the agricultural workforce and in many societies have the main responsibility to provide the household’s food.

DFID’s bilateral spending across a range of programmes related to agriculture doubled from less than £150 million in 2007-8 to just under £300 million in 2012-13 with much of the increase relating to climate. DFID’s multilateral spending on agriculture increased sharply following the food price shock in 2008 and remained at the new level, around £400 million, from 2009-12.

In several African countries, DFID’s ongoing support for agricultural programmes has become part of the G7’s New Alliance for Food Security and Nutrition. This requires the African countries to make legal and policy changes in areas such as land and seeds. The New Alliance has been strongly criticised by many civil society groups.
**Key facts and stats**

Globally there has been a massive decline in donor aid to agriculture, falling by 43% from the mid-1980s to early 2000s. Since then there has been some recovery, but as aid spending in other sectors has also increased, it remains a low proportion. It constituted 9% of all sector-allocable aid in 2010 compared to 23% in the mid-80s.

Following G20 commitments in L’Aquila in 2009 in response to the food price shock, the Global Agriculture and Food Security Program (GAFSP) was established and has now funded 70 projects in 31 countries, disbursing just under US$1 billion.

**Myths and responses**

**Myth:** The only way we can feed a population of nine billion in 2050 is to massively increase agricultural productivity by investing in intensive farming.

**Response:** We already produce enough food to feed more than nine billion people, and certainly enough to feed the existing global population. The reason nearly a billion people go hungry is that they don’t have access to the food they need due to poverty and marginalisation. Enhancing smallholder productivity, including through aid programmes and projects to this end, helps to reduce hunger and increase incomes for those most vulnerable to hunger, thereby improving their resilience.

**Good news story**

**Organic farming in Zimbabwe**

Growing demand from consumers in Zimbabwe for organic goods and services had mainly been met by imports from South Africa. This prompted a DFID/Comic Relief funded project that has worked with over 1,000 smallholders to explore opportunities for organic certification and market development in a province close to Harare, spanning different agro-ecological zones. The farmers involved achieved substantial increases both in yields and income whilst also diversifying the crops grown for food security and livelihood resilience. All 44 associations are now fully organically certified and supplying formal and informal markets, including supermarkets, wholesalers, local schools and hospitals and traders. Although not specifically designed for this, the project also found increased participation of women in both production and marketing, and has led to the increased engagement of private sector organic-compliant input providers and networks.
Endnotes


19. Development Initiatives Factsheet on International resources, November 2014: http://devinit.org/#!/post/international-resources


21. These included further support to broaden the World Bank trust fund for statistical capacity building; £6 million for statistical partnership (http://www.paris21.org/), launching the new Partnership with GODAN – Global Open Data for Agriculture and Nutrition http://www.godan.info/).


27. JITA details provided by CARE International.
28. ICAI, ‘Assessing the Impact of the Scale-up of DFID’s Support to Fragile States’, 2015:
29. ICAI, ‘Assessing the Impact of the Scale-up of DFID’s Support to Fragile States’, 2015:
31. ICAI, ‘Assessing the Impact of the Scale-up of DFID’s Support to Fragile States’, 2015:
32. ICAI, ‘Assessing the Impact of the Scale-up of DFID’s Support to Fragile States’, 2015:
33. ICAI, ‘Assessing the Impact of the Scale-up of DFID’s Support to Fragile States’, 2015:


64. We are referring to the UN definition of Least Developed Countries (as opposed to the World Bank’s definition of Low Income and Middle Income Countries).


73. Based on World Bank data – figures from 2011 (the last year for using the US$1.25/day threshold).


81. http://www.one.org/international/issues/debt-cancellation/


89. C Kenny and A Sumner, ‘More money or more development: what have the MDGs achieved?’, Working Paper 278, Center for Global Development, 2011: http://international.cgdev.org/sites/default/files/1425806_file_Kenny_Sumner_MDGs_FINAL.pdf

90. http://www.wfuna.org/mdg-end-poverty

91. http://www.developmentprogress.org/multimedia


94. See, for example: http://devpolicy.org/reports/DP-33-Does-foreign-aid%20really-work-an-updated-assessment.pdf


112. http://www.aidtransparency.net/annual-report


121. SWIFT, ‘Implementing WASH programmes in a Payment by Results context’, 2015.


141. http://unsdsn.org/resources/goals-and-targets/goal-1-end-extreme-poverty-including-hunger/
147. ‘DFID’s Thinking and Approach to Agriculture’; presentation March 2015.
151. Case study provided by Garden Africa.