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OECD Development Co-operation Peer Reviews: United Kingdom 2020

BETTER POLICIES FOR BETTER LIVES

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Foreword

The OECD Development Assistance Committee (DAC) conducts periodic reviews of the individual development co-operation efforts of DAC members. The policies, systems and programmes of each member are critically examined approximately once every five to six years, with five members reviewed annually.

The objectives of DAC peer reviews are to improve the quality and effectiveness of development co-operation policies and systems, and to promote good development partnerships for greater impact on poverty reduction and sustainable development in developing countries. DAC peer reviews assess the performance of a given member and examine both policy and implementation. They take an integrated, system-wide perspective on the development co-operation and humanitarian assistance activities of the member under review.

The OECD Development Co-operation Directorate provides analytical support to each review and is responsible for developing and maintaining, in close consultation with the Committee, the methodology and analytical framework – known as the Reference Guide – within which the peer reviews are undertaken.

Following the submission of a memorandum by the reviewed member, setting out key policy, system and programme developments, the Secretariat and two DAC members designated as peer reviewers visit the member's capital to interview officials, parliamentarians, as well as representatives of civil society, non-governmental organisations and the private sector. This is followed by up to two country visits, where the team meet with the member and senior officials and representatives of the partner country or territory's administration, parliamentarians, civil society, the private sector and other development partners. The main findings of these consultations and a set of recommendations are then normally discussed during a formal meeting of the DAC prior to finalisation of the report.

The Peer Review of the United Kingdom[*] involved an extensive process of consultation with actors and stakeholders in London; Nairobi, Kenya; and Amman, Jordan, in October and November 2019. The analytical report of the Secretariat was drafted prior to the COVID-19 pandemic and the announcement of changes to the United Kingdom's institutional structures. The main findings and recommendations of the DAC were finalised following this announcement and approved by the Committee by written procedure on 9 October 2020. This report contains both documents.

The peer review took into account the political and economic context in the United Kingdom, to the extent that it shapes the United Kingdom's development co-operation policies systems and programmes.

The United Kingdom is composed of England, Scotland, Wales and Northern Ireland. A conservative government led by Prime Minister Boris Johnson won elections in December 2019 with a significant majority. The United Kingdom departed from the European Union (EU) on 31 January 2020 and entered a transition phase which will end on 31 December 2020.

[*] *The present publication presents data from time series which end before the United Kingdom's withdrawal from the European Union (EU) on 1 February 2020. Any reference to an EU aggregate in this report therefore refers to the EU including the United Kingdom.*

While the United Kingdom has a highly globalised economy with a long-term average economic growth rate of around 2%, the longer-term economic outlook is unusually uncertain. The terms of the exit from the EU are as yet unknown. The economy is based on a service industry which contributes approximately 80% of the United Kingdom's gross domestic product (GDP) and London is the second-largest financial centre in the world. The government reacted promptly to the COVID-19 crisis and put in place a substantial set of economic support measures, but the economy is contracting sharply. GDP is projected to fall by 11.5%-14% in 2020 (OECD, 2020[1]). As a result, the government has reduced its official development assistance (ODA) budget for 2020 by USD 3.7 billion (GBP 2.9 billion).

Growth and high labour-market flexibility have kept unemployment levels low in recent years (HM Government, 2020[2]), but unemployment is now set to double to 10% and remain high in 2021, despite widespread use of furloughing (OECD, 2020[1]). At the same time, labour supply is likely to be affected by the United Kingdom's exit from the EU. Housing price growth and business investment had already slowed during 2016-19 due to political uncertainty following the United Kingdom's EU membership referendum.

Since 1997, the Department for International Development (DFID) has been the primary government department managing the United Kingdom's ODA budget – spending 75% of ODA in 2018 – and the Secretary of State for International Development has been a member of the cabinet. The United Kingdom's development finance institution – CDC Group – is a public limited company with DFID as the sole shareholder.

Significant developments since the 2014 peer review include the publication of a new aid strategy in 2015. The new strategy increased the proportion of the ODA budget managed outside of DFID, including through two cross-government funds, and introduced mechanisms to support a whole-of-government approach to development. DFID was tasked with supporting other departments and cross-government funds to manage ODA. In parallel, updates to the National Security Strategy positioned development co-operation more clearly within its scope and its oversight and co-ordination mechanisms.

An integrated review of the United Kingdom's foreign policy is underway. In June 2020, the Prime Minister announced that a new Foreign, Commonwealth and Development Office would be formed on 1 September 2020 through a merger of DFID and the Foreign and Commonwealth Office. This peer review is being published as this merger is taking place so the full implications are as yet unclear.

Acknowledgments

Development Assistance Committee (DAC) peer reviews function as a tool for both learning and accountability. This report – containing both the main findings and recommendations of the DAC and the analytical report of the Secretariat – is the result of a nine month in-depth consultation and review process. It was produced by a review team comprising peer reviewers from Sweden (Lennart Peck, Ministry for Foreign Affairs and Maria Stridsman, Swedish International Development Agency) and the United States (Joan Atherton and Christophe Tocco, United States Agency for International Development) together with observers from Saudi Arabia (Dr. Aqeel AlGhamdi, Dr. Abdullah Almoallem, Mohammad Aqala Abdulaziz Binoon and Makki Hamid from the King Salman Humanitarian Aid and Relief Centre and Amar Albelaihees from the Saudi Fund for Development). From the OECD Development Co-operation Directorate, Mags Gaynor, Senior Policy Analyst, served as the lead analyst for the review, together with Joëlline Benefice and Cyprien Fabre, Policy Analysts and Catherine Anderson, Senior Policy Analyst. Autumn Lynch provided logistical assistance to the review, and formatted and produced the report. The report was prepared under the supervision of Mayumi Endoh, Deputy Director of the Development Co-operation Directorate. The report was edited by Fiona Hinchcliffe.

The team is grateful for valuable inputs from across the Development Co-operation Directorate, including statistical support from the Financing for Sustainable Development division, and from across the OECD, in particular the Development Centre, the Economics Department, the Directorate for Financial and Enterprise Affairs, the Centre for Tax Policy and Administration, the Directorate for Public Governance, the Directorate for Employment, Labour and Social Affairs and the Environment Directorate. The team also valued inputs from the secretariats of the Global Partnership for Effective Development Co-operation and the Multilateral Organisation Performance Assessment Network.

The Peer Review of the United Kingdom benefited throughout the process from the commitment and dedication of representatives of the Department for International Development and engagement from the Foreign and Commonwealth Office; Cabinet Office; Treasury; Department for Business, Energy and Industrial Strategy; Department of Health and Social Care; Department for Work and Pensions; Department for Environment, Food and Rural Affairs; Department for Digital, Culture, Media and Sport; Ministry of Defence; and Department for International Trade. The review team is grateful to the staff in the British High Commission in Kenya and the British Embassy in Jordan, who ensured smooth contact with local counterparts as well as documentation, insights and logistical support.

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Abbreviations and acronyms

BEIS	Department for Business, Energy and Industrial Strategy
CMP	Centrally managed programme
COP	Conference of Parties to the United Nations Framework Convention on Climate Change
CRS	Creditor Reporting System
CSSF	Conflict Stability and Security Fund
DAC	Development Assistance Committee
DFID	Department for International Development
DIT	Department for International Trade
EU	European Union
FCDO	Foreign, Commonwealth and Development Office
FCO	Foreign and Commonwealth Office
G7	Group of seven major developed countries
G20	Group of twenty (19 countries and the European Union)
GNI	Gross national income
GPEDC	Global Partnership for Effective Development Co-operation
IATI	International Aid Transparency Initiative
ICAI	Independent Commission for Aid Impact
IDA	International Development Association
IMF	International Monetary Fund
JACU	Joint Anti-Corruption Unit
LDC	Least developed country
LMIC	Lower middle-income country
MOPAN	Multilateral Organisation Performance Assessment Network
NGO	Non-government organisation
ODA	Official development assistance
OECD	Organisation for Economic Co-operation and Development
SDG	Sustainable Development Goal
SEAH	Sexual exploitation, abuse and sexual harassment

UK	United Kingdom of Great Britain and Northern Ireland
UN	United Nations
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFPA	United Nations Population Fund
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
VNR	Voluntary National Review
WFP	World Food Programme

Signs used:

GBP	Pound Sterling
USD	United States Dollars
( )	Secretariat estimate in whole or part
	(Nil)
0.0	Negligible
..	Not available
…	Not available separately, but included in total
n.a.	Not applicable
p	Provisional

Slight discrepancies in totals are due to rounding.

Annual average exchange rate: 1 USD = GBP

2011	2012	2013	2014	2015	2016	2017	2018	2019
0.62414	0.63305	0.63966	0.60770	0.65455	0.74063	0.77698	0.74953	0.78345

Executive summary

The United Kingdom has been a member of the Development Assistance Committee (DAC) since 1961; it was last reviewed in 2014. This report reviews developments since then, highlighting achievements and challenges, and providing key recommendations for going forward. The United Kingdom has fully implemented 44% of the recommendations made in 2014, and partially implemented another 44%.

Global development efforts. The United Kingdom's commitment to international development is a key element of its global brand and its soft power. It deploys significant resources and influence to shape and monitor global frameworks, with a focus on inclusion, stability, prosperity and good governance. Leadership on key issues, often by the Prime Minister, is complemented by investment in evidence and research. Despite an informal approach to policy coherence, development issues have been considered within national policy processes such as trade and climate change and more could be done to reinforce these efforts. The Department for International Development (DFID) has been proactive in explaining and defending its development co-operation efforts to journalists, policy makers and the wider public, using evidence to shape its strategy. Recognising that the Sustainable Development Goals (SDGs) are shared and universal, there is further scope to mobilise action by citizens and businesses in the United Kingdom.

Policy vision and framework. The United Kingdom's 2015 Aid Strategy sets out a clear and comprehensive vision and rationale for development co-operation, aligned with the 2030 Agenda for Sustainable Development. The strategy guides the international development activities of all government departments. Several core policy priorities, such as poverty reduction, gender equality and anti-corruption, are enshrined in legislation. The United Kingdom is a strong supporter of an effective, rules-based multilateral system and uses networks effectively, drawing on a mix of financial, diplomatic and technical resources. Following an integrated review in 2020, the United Kingdom is expected to update its foreign policy. This update provides an opportunity to clearly articulate a vision for development co-operation that reflects the changing nature of poverty, an expanding donor landscape and new commitments on climate change. It is also an opportunity to review and consolidate the various targets, pledges and commitments which have accumulated over the years with the aim of focusing more of the United Kingdom's resources on its core priorities and ensuring a long-term approach to these issues.

Financing for development. The United Kingdom has consistently provided 0.7% of its gross national income (GNI) as official development assistance (ODA) since 2013 – amounting to USD 19.4 billion in 2018 – and is one of only six DAC members to direct more than 0.2% of its GNI to least developed countries. Its legal obligation to meet its ODA target has encouraged innovative work across government, as well as advocacy for more activities to be considered ODA-eligible. In line with its strategy, the United Kingdom's bilateral funding is focused on fragile contexts and on health, governance and humanitarian assistance. An average of USD 10.2 billion was directed to multilateral organisations in 2017-18, the majority as core or pooled funding. Comprehensive information on individual grants is publicly available. The United Kingdom champions domestic resource mobilisation and engages businesses, banks and financial institutions in sustainable development. The CDC Group provides catalytic finance in fragile contexts. The United Kingdom could better communicate its approach to inclusive prosperity and link its work ranging from early technical assistance through to large-scale investment. There is scope for the

United Kingdom to expand the number of funding instruments that can blend ODA and non-ODA resources in a flexible and responsive manner.

Structure and systems. Since 2014, the United Kingdom's development co-operation has evolved from an approach that was largely driven by DFID to a whole-of-government effort involving 15 government departments. DFID has a strong decentralised country model complemented by centrally-managed programmes and multilateral partnerships. Combining this model with more regional approaches would allow the United Kingdom more scope to tackle complex issues such as climate change, migration, trade and stability. The depth and breadth of the United Kingdom's expertise is a cornerstone of its credibility and ability to influence. There is further scope to unlock skills and expertise across government to tackle development challenges. DFID's progressive policies for locally-appointed staff can inspire other government departments and the DAC. Keeping staff informed, engaged and motivated will remain critical. Staff and systems place a strong focus on performance and follow Treasury guidance on managing public money and ensuring value for money. Yet partners find DFID systems onerous, feeling that they pose an additional administrative burden, focus dialogue on compliance rather than shared analysis and transfer too much risk.

Delivery and partnerships. An engaged, informed and exacting donor, the United Kingdom is adept at drawing on a range of partnerships to deliver its development objectives. Partners appreciate its multi-annual, predictable and evidence-based funding, but feel that dialogue is currently focused on their role as implementers. Recognising partnerships and building partners' institutional capacity as valid development objectives in their own right would encourage more systematic consultation, communication and strategic dialogue with partners. Adopting a more deliberate approach to country ownership would entail strengthening and using a range of country systems and planning frameworks, as well as publishing country and regional strategies, based on evidence and broad consultation, that situate the United Kingdom's development co-operation objectives within its entire engagement in each country. Taken together, these measures would reinforce the United Kingdom's commitment to an effective multilateral system; a healthy, vibrant and effective civil society; and broad ownership of development processes.

Results, evaluation and learning. The United Kingdom remains a leader in its approach to results, evaluation and learning. Many new aid-spending departments have drawn on DFID expertise to manage for results, evaluate their programmes and build their institutional learning through learning networks. DFID initiated a more tailored approach to managing for results that uses different tools to meet different objectives – communication, accountability, performance – with greater emphasis on adaptive management and longer-term change. Similarly, DFID recently resumed centralised evaluations to aid more strategic decision making. Taken together, these approaches provide a strong basis for developing a harmonised approach to results and evaluation across government, supported by an accountability framework covering all government departments that manage ODA. More effort could be made to strengthen and use partner countries' data and research and to undertake joint evaluations.

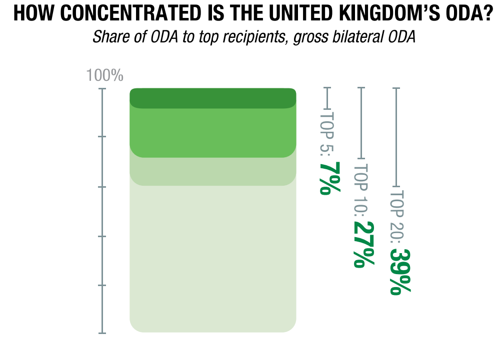
Fragility, crises and humanitarian aid. The 2018 National Security Capability Review and Building Stability Overseas framework allow the United Kingdom to pursue peace and stability alongside other development co-operation objectives, while protecting and promoting its national interests. The United Kingdom is well equipped to analyse conflict risks and to consider levels of fragility in its programming. With a strong presence in fragile contexts, country teams look at the full spectrum of needs, helping to ensure a comprehensive response to crises. Combining its field and thematic expertise with flexible funding, the United Kingdom leads the way in implementing the humanitarian-development-peace nexus as recommended by the DAC, linking up its efforts in these three areas in ways that are complementary and flexible and driven by needs rather than administrative structures. The United Kingdom has the ambition and the means to help the humanitarian response system to react better to new types of crises and is a leader in implementing Grand Bargain commitments.

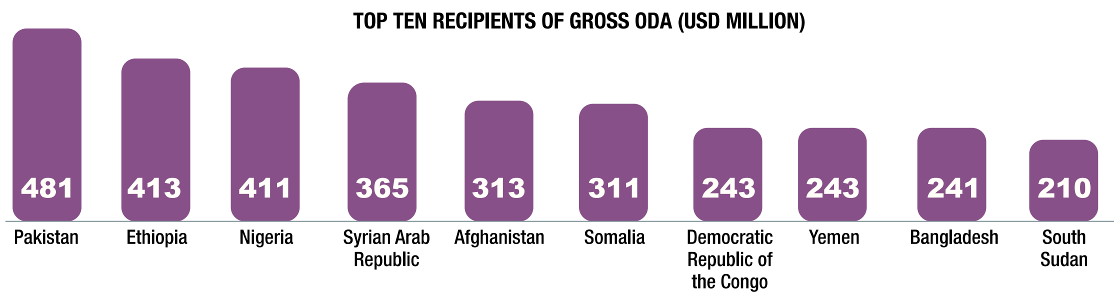
The DAC's recommendations to the United Kingdom

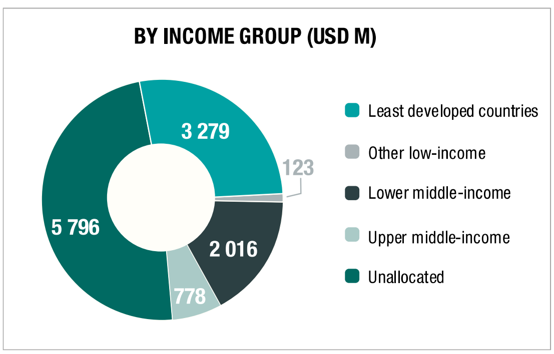
1. The United Kingdom should continue to allocate at least 0.7% of its GNI to ODA and retain the legislative requirement to have a direct line of sight between ODA and poverty reduction.
2. The United Kingdom should expand its range of funding instruments that can blend ODA and non-ODA funds in order to ensure that it can make best use of its resources and allow a comprehensive and flexible response to complex challenges.
3. As the United Kingdom begins to formulate new domestic and international policies, it should use available evidence to ensure these policies are coherent with its development objectives and systematically seek to understand the impact of domestic policies on developing countries.
4. The United Kingdom should set out a comprehensive vision for its support to international development that reinforces its policy priorities, engages the public and guides its resource allocations within and beyond the ODA budget.
5. The United Kingdom should develop an overarching framework to enable oversight and accountability for the whole of government contribution to international development.
6. The United Kingdom should develop a harmonised approach to results, monitoring and evaluation for development co-operation that: reflects good practice; meets a range of diverse needs; can be applied to all departments; and includes incentives to strengthen and use partner countries' data, statistics and results frameworks.
7. The United Kingdom should set out a clear and comprehensive whole-of-government approach to inclusive prosperity in developing countries, including fragile contexts, which retains a focus on poverty reduction while making strategic use of all tools to encourage private finance.
8. The United Kingdom should take further measures to enable risk-based management of development co-operation programmes, remaining committed to taking informed risks and to engaging in fragile and crisis-affected contexts, while avoiding heavy reliance on compliance and control.
9. The United Kingdom should go further to enable partners to engage with the development of policies and strategies and clarify approaches to consultation and publication. In particular, whole-of-government country strategies that are based on evidence and broad consultation and include both development co-operation objectives and indicative budgets should be formulated for all partner countries and made publicly available.
10. The United Kingdom should ensure that all strategic guidance recognises the importance of effective partnerships and country ownership for achieving sustainability of development outcomes, including the need to build institutional capacity in developing countries.

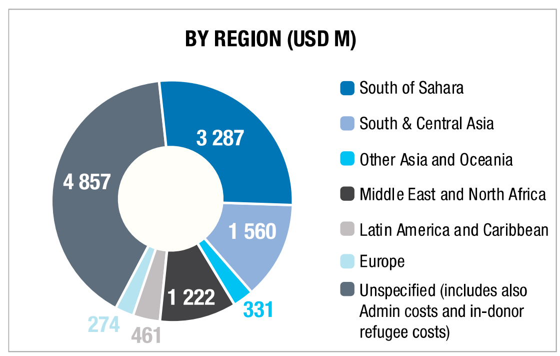
Figure 0.1. The United Kingdom's aid at a glance

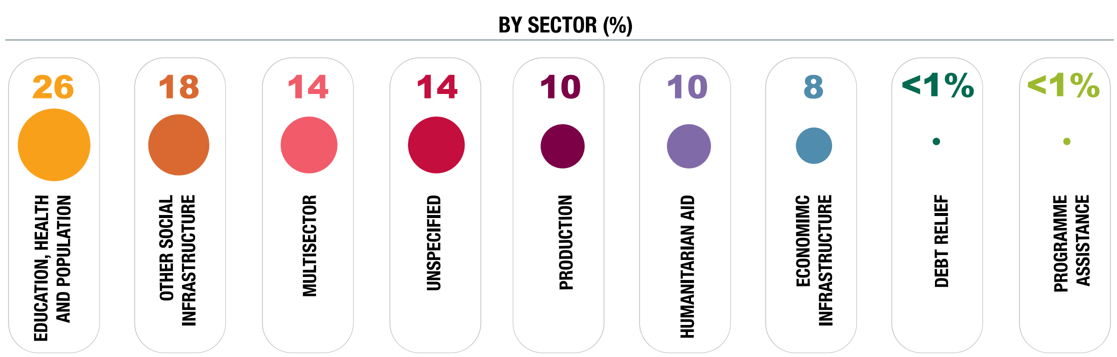
Net ODA	2017	2018	Change 2017/18	ODA grant equivalent 2018
Current (USD m)	18 103	19 462	7.5%	19 410
Constant (2017 USD m)	18 103	18 436	1.8%	18 387
In pounds (million)	14 059	14 591	3.8%	14 552
ODA/GNI	0.70%			0.70%
Bilateral share	63%	63%		64%











Data refer to ODA commitments.
Gross bilateral ODA, 2017-18 average, unless otherwise shown

Note: All groupings and definitions are as per Creditor Reporting System standards. Africa region funding is included under unallocated.
Source: OECD (2020[3]), *Creditor Reporting System (database)*, https://stats.oecd.org/Index.aspx?DataSetCode=crs1.

StatLink https://doi.org/10.1787/888934178430

Infographic 1. Findings from the 2020 Development Co-operation Peer Review of the United Kingdom

Official development assistance in numbers

ODA VOLUME

USD 19.4 BILLION
+
3RD

ODA/GNI

0.7%
+
5TH
STABLE SINCE 2013

TOP 5 BILATERAL RECIPIENTS

1. PAKISTAN
2. ETHIOPIA
3. NIGERIA
4. SYRIAN ARAB REPUBLIC
5. AFGHANISTAN

44% Partially implemented 44% Implemented

0 100

The United Kingdom has partially or fully implemented 88% of the DAC recommendations from the last review (in 2014).

As a valued development partner, the United Kingdom...

...ensures all its ODA contributes to poverty reduction and inclusion	...invests in understanding and addressing factors that cause fragility	...empowers its country offices to make decisions based on evidence
Its commitment to reducing poverty and supporting gender equality is protected by law	It blends resources from across government to address complex issues	Its convening power and technical expertise are valued by many stakeholders

The United Kingdom can improve by...

... ensuring clear oversight for achieving development results across government	...streamlining its grant procedures and building partnerships	... clarifying its approach to inclusive prosperity

Figures based on 2018 data, the most recent complete data reported by DAC members to the OECD Creditor Reporting System (CRS) and in current prices. ODA volume and ODA/GNI rankings are among DAC countries. Top 5 recipients are of bilateral ODA in 2018.

The DAC's main findings and recommendations

Development co-operation sits at the heart of the United Kingdom's global brand

Commitment to international development contributes to a positive international image

The United Kingdom's commitment to international development reflects cross-party support during the period under review and is central to its global brand. A resolute champion of inclusion, stability, prosperity and good governance, the United Kingdom uses its economic stature, convening power and membership in key global fora to advocate for an evidence-based and cutting-edge approach to these issues within the development system. This in turn has strengthened the United Kingdom's soft power. The United Kingdom has recently stepped up its leadership on climate change. The United Kingdom's Presidency of the Group of Seven (G7) and the 26th Conference of the Parties (COP26) of the United Nations Framework Convention on Climate Change provide opportunities to further demonstrate that international development sits at the heart of United Kingdom (UK) international policy.

The United Kingdom invests in understanding and addressing poverty and fragility

The United Kingdom ensures a direct line of sight between official development assistance (ODA) allocations and poverty reduction, a commitment which has been backed by legislation since 2002. Recognising that poverty and vulnerability are constantly evolving, the United Kingdom invests in robust data and analysis which is regularly updated. This understanding allows the United Kingdom to respond to both the causes and symptoms of poverty and exclusion in a dynamic and relevant way while ensuring that development co-operation resources remain focused on the most relevant countries and themes. Since 2018, a framework for cross-government co-ordination and coherence – known as the Fusion Doctrine during the review period – has guided the United Kingdom in combining its long-lasting commitment to peace, stability and prosperity with its development co-operation objectives and national interests.

The United Kingdom is widely recognised as a key player in fragile and humanitarian contexts, combining political will with expertise, joint analysis, presence and flexible funding. The cross-government Stabilisation Unit has created, adapted and combined a range of foreign policy, defence and development instruments to engage rapidly and coherently in fragile contexts, combining ODA with other resources. The United Kingdom leads the way in working across the humanitarian-development-peace nexus. The combination of a single Department for International Development (DFID) country budget – integrating both humanitarian and development funding – and the Conflict, Security and Stability Fund (CSSF) has allowed the United Kingdom to draw on a range of innovative response and preparedness tools for both protracted crises and sudden onset disasters.

The United Kingdom's influence stems from leadership, expertise and country presence

An exceptional depth and breadth of expertise coupled with political leadership gives the United Kingdom credibility, convening power and influence in all aspects of development co-operation from technical analysis to policy formulation and brokering global agreements. The United Kingdom draws on relevant expertise from a range of government departments and agencies to tackle development challenges. DFID's knowledge and evidence in particular are recognised by partners and across the government as an asset for the entire development community. Sustaining morale and retaining this level of expertise, including through effective staff engagement, will remain critical.

The United Kingdom's investment in a strong country presence is appreciated by all partners. A powerful combination of funding instruments, expertise, and political and technical networks allows the United Kingdom to achieve breadth, depth and scale in its partner countries and to draw on its country programmes to bring about broader reforms. DFID's country-led model has allowed country offices to allocate resources in a way that reflects local realities. Multilateral partnerships and central programmes, managed from headquarters, are increasingly based on local demands and thus complement the work of country teams. DFID's policy of developing and empowering its local staff is exemplary, and has allowed the United Kingdom to enrich its analysis, expertise and networks and to maintain a presence in fragile contexts.

The United Kingdom can build on its achievements

Combining a significant ODA budget with other finance would allow comprehensive responses to complex challenges while retaining a focus on poverty reduction

Under intense public scrutiny, the United Kingdom has consistently provided 0.7% of its Gross National Income (GNI) as ODA and is one of the six DAC members to have met the United Nations (UN) target of providing 0.20% of GNI as ODA to Least Developed Countries. Sustaining such a significant ODA budget – USD 19.4 billion in 2018 – is a laudable achievement which can inspire other DAC members. The United Kingdom uses ODA to actively support developing countries in raising their own domestic revenues, while encouraging private sector engagement and investment.

The United Kingdom's legislative requirement to spend 0.7% of GNI as ODA each year is countered by public and political pressure not to exceed that target, resulting in tightly-bound annual spending margins. The United Kingdom could draw on the experience of other DAC members who use a range of budget mechanisms to smooth ODA budgets and expenditure over several years, mitigating the impact of annual fluctuations. Over the review period, the ODA target has provided incentives to identify and initiate ODA-eligible activities across government and there is a perception that it has also led the United Kingdom to advocate for broader criteria for ODA eligibility within the DAC, with partial success. There is concern among DAC members and external stakeholders that broadening eligibility criteria might strain the distinctiveness of ODA and the United Kingdom's focus on reducing poverty.

Cross-government funds, particularly the CSSF, have demonstrated that a blend of ODA and resources that cannot be reported as ODA ("non-ODA") can help to ensure that responses to complex challenges are problem-driven and flexible while remaining focused on agreed longer-term objectives. Given the changing nature of development and the recognition that ODA has an important but partial role to play in addressing complex development challenges, there is scope to expand the number of instruments across government that can blend ODA and non-ODA resources. In addition, complementing the current bilateral country model with further investment in regional approaches and instruments would allow the United Kingdom more scope to address complex regional issues such as climate change, epidemics, conflict, trade or migration.

Recommendations

1. The United Kingdom should continue to allocate at least 0.7% of its GNI to ODA and retain the legislative requirement to have a direct line of sight between ODA and poverty reduction.
2. The United Kingdom should expand its range of funding instruments that can blend ODA and non-ODA funds in order to ensure that it can make best use of its resources and allow a comprehensive and flexible response to complex challenges.

Institutional and political changes open up opportunities for an even more coherent approach to sustainable development

Structures linked to the 2030 Agenda for Sustainable Development and the National Security Strategy have provided a forum for political and policy discussions on development co-operation. Having a seat on the National Security Council and on all national security implementation groups has allowed DFID to build awareness across government of how the United Kingdom's domestic policies affect developing countries' ambitions. This has resulted in, for example, the United Kingdom factoring developing countries' interests into upcoming bilateral trade agreements and into domestic commitments on climate change. Monitoring how the United Kingdom's domestic policies are impacting developing countries would allow risks and opportunities to be identified in a more systematic way.

Opportunities to maximise the overall impact of the United Kingdom's development co-operation efforts will increase over the coming years, as the government establishes a new Foreign, Commonwealth and Development Office and formulates new domestic policies in areas formerly covered by European Union directives. Building an evidence base to identify priority actions for Policy Coherence for Sustainable Development would make progress to date more sustainable and ensure that upcoming opportunities to align relevant policies are seized.

Recommendation

3. As the United Kingdom begins to formulate new domestic and international policies, it should use available evidence to ensure these policies are coherent with its development objectives and systematically seek to understand the impact of domestic policies on developing countries.

A clearly articulated vision for development co-operation would help to consolidate the United Kingdom's efforts

The 2015 Aid Strategy has been effective in directing development co-operation efforts across government while reflecting the United Kingdom's national interests. Updating the United Kingdom's vision and objectives for development co-operation – a process which is expected to follow-on from a government-wide integrated foreign policy review which began in February 2020 – is an opportunity to reaffirm the United Kingdom's focus on core issues such as inclusion, gender equality and fragile contexts and to take account of the government's recent commitments on climate change. Reviewing and consolidating the various targets, pledges and commitments which have accumulated over the years would allow the United Kingdom to focus more resources on its core priorities and set out a long-term approach to these issues. A clearly articulated vison for development co-operation will also help the United Kingdom to identify its, and each government department's comparative advantage in each context, particularly as countries transition to higher-income statuses, as the nature of poverty and fragility changes, and as the number and diversity of development partners increase.

Faced with numerous instances of hostile media coverage, and despite lacking an operational budget for communications, DFID has defended the ODA budget through a proactive communications strategy that engages journalists, policy makers, other government departments and the wider public. Through active media engagement and fact checking, it has quickly refuted unfounded claims. Overall public support for development co-operation remains high. There is nonetheless further scope to promote a whole-of-society understanding of, and contribution to, sustainable development. This would reflect the United Kingdom's modern view of sustainable development and in particular the recognition that many of today's challenges are global and shared.

Recommendation

4. The United Kingdom should set out a comprehensive vision for its support to international development that reinforces its policy priorities, engages the public and guides its resource allocations within and beyond the ODA budget.

A whole-of-government approach is a strong basis for increased efficiency and impact

Since the last peer review, the number of government departments spending the United Kingdom's ODA has increased. In response, structures have been introduced over a relatively short period to support a coherent and co-ordinated approach. Joint initiatives on areas such as anti-corruption, organised crime, global health and domestic resource mobilisation clearly demonstrate the value of a whole-of-government approach to development.

Building capacity to understand, report on and account for ODA across government has come at a significant administrative cost and discussions at senior level between departments appear to have been more operational than strategic during the review period, with a focus on meeting ODA spending targets. Harmonising processes, systems and human resource policies across government could reduce barriers to collaboration. Considering alternatives to the current whole-of-government arrangement that capitalise on the specialised expertise of each department without requiring each department to administer ODA may increase efficiency.

The United Kingdom has recently introduced an internal, overarching monitoring framework for the 2015 Aid Strategy. Building on this to develop a framework that measures success more consistently across government would enable comprehensive oversight and accountability for the whole of government contribution to development, including the use of ODA resources. A common performance framework would also help to consolidate efforts and create a standard interface for external partners and country offices who engage simultaneously with several UK government departments.

Results and evidence remain central to the United Kingdom's programming and new aid-spending departments are building their capacity to manage for results, evaluate their programmes and increase institutional learning. Nevertheless, of the seven departments and cross-government funds that accounted for more than 60% of non-DFID ODA expenditure in 2018, only two referred to the effectiveness of their spending in their annual reports. DFID's experience reflects good practice in the DAC and provides a strong basis for a harmonised approach to results and evaluation across government. In particular, two reforms which were underway in DFID could help the United Kingdom to focus on effectiveness, adaptive management and longer-term change. The first reform was a more tailored approach to results management to meet a range of objectives: communicate to the public, account to parliament, guide strategic direction, and manage for results in projects and portfolios. The second reform was to re-balance extensive decentralised evaluations with more centralised evaluations to better support strategic decision making. In addition, the United Kingdom currently relies primarily on data collected by its multilateral and non-governmental implementing partners. It could reinforce its investment in partner countries' statistical and data systems by using, and feeding into, partner countries' information systems and results frameworks more consistently.

Recommendations

5. The United Kingdom should develop an overarching framework to enable oversight and accountability for the whole of government contribution to international development.
6. The United Kingdom should develop a harmonised approach to results, monitoring and evaluation for development co-operation that: reflects good practice; meets a range of diverse needs; can be applied to all departments; and includes incentives to strengthen and use partner countries' data, statistics and results frameworks.

Clarifying the United Kingdom's approach to inclusive prosperity would garner support

As seen in Kenya and Jordan, the United Kingdom is careful to distinguish between its dual, inter-related objectives of promoting inclusive prosperity in developing countries and enhancing its own prosperity. DFID's vision for inclusive prosperity – transformative change to create decent jobs through the private sector and a corresponding enabling environment – is based on robust evidence and learning but has been misunderstood by several external observers. The United Kingdom could explain more clearly how it seeks to build mutual prosperity by supporting the private sector and encourages all private sector investments in developing countries – including through equity, guarantees and loans. It would also be useful to set out a continuum of support from early technical assistance to investment at significant scale. Making more non-ODA funds available to enable government departments with trade or other domestic objectives to better support development objectives and advance mutual prosperity, and ensuring that the United Kingdom's ODA and blended finance do not crowd out private capital, would build confidence that the United Kingdom's two prosperity objectives can be achieved in tandem.

Since shifting its investments to fragile contexts, the United Kingdom's development finance institution, CDC Group, has become a catalytic financial instrument with a clear niche. DFID has been instrumental in steering CDC Group in this direction as well as encouraging stronger monitoring and evaluation systems to assess how its investments contribute to poverty reduction. CDC Group's stated objective is to focus on the most difficult markets and it has the political and financial backing to take informed risks. Its financial returns have historically been above agreed targets but are diminishing as its portfolio shifts to more difficult contexts. Enabling and encouraging CDC Group to engage in riskier and more difficult investments will remain important in order to support inclusive growth.

Recommendation

7. The United Kingdom should set out a clear and comprehensive whole-of-government approach to inclusive prosperity in developing countries, including fragile contexts, which retains a focus on poverty reduction while making strategic use of all tools to encourage private finance.

Commitment to an effective multilateral system calls for more consistent support for United Nations reforms

A strong advocate for an effective, rules-based multilateral system, the United Kingdom matches political engagement with replenishments of core funding and plays an active role in multilateral governance structures and reform processes as well as in technical discussions. Allocations to the multilateral system for both development and humanitarian assistance are based on performance and tend to be predictable and multi-annual.

The United Kingdom's approach to planning and implementing could nonetheless be more consistent with its commitment to UN development system reform. In particular, a higher proportion of flexible funding, including pooled funding, would reinforce UN Sustainable Development Co-operation Frameworks in partner countries. Similarly, the shares of core and earmarked support to UN funds and programmes (14% and 86% respectively in 2018) could be better balanced in light of collective targets under the UN Funding Compact. Finally, where a proportion of core funding is linked to performance, more could be done to reduce transaction costs and to ensure that performance targets selected by the United Kingdom do not unintentionally distort the reform agenda agreed by all partners.

The United Kingdom needs to address some challenges

Sharing and managing risk would strengthen partnerships, especially in fragile contexts

The United Kingdom recognises that it cannot achieve its development objectives without supporting high-risk interventions and working in high-risk environments. Within DFID, risks were managed at a strategic, portfolio and grant level, and openly discussed with management, political leaders and partners, all of which represents good practice. However, partners and some staff felt that the ambitions to take informed risks and to encourage innovation were undermined by the checks and balances in place in DFID to identify and manage risks. Partners found that DFID's due diligence requirements reinforced a culture of control and compliance while obliging partners to assume many of the risks, and they would welcome a more joint approach to managing risks.

Recommendation

8. The United Kingdom should take further measures to enable risk-based management of development co-operation programmes, remaining committed to taking informed risks and to engaging in fragile and crisis-affected contexts, while avoiding heavy reliance on compliance and control.

More effective and efficient procedures would reduce transaction costs on all sides

The United Kingdom's well-established, professional civil service has a long tradition of being rules-based with a strong focus on performance. All departments that spend ODA follow Treasury guidance on Managing Public Money and draw to a varying extent on DFID's Smart Rules as a basis for their departmental guidance. Additional joint Treasury / DFID guidance provides further advice on how to achieve the best possible value for money in ODA expenditure. Recent work on sexual exploitation and harassment safeguards illustrates the United Kingdom's capacity and willingness to adapt its internal systems as needs arise.

However, regular updates to processes have not yet streamlined oversight requirements and management processes as recommended in the 2014 peer review. Across the board, partners feel that working with the United Kingdom is administratively time consuming and fear that time spent on due diligence, detailed reporting and forecasting is diverting attention away from more strategic considerations and has a negative impact on their ability to deliver programmes and to engage with others.

Many partners considered DFID to be flexible, aware of field realities and considerate of its partners. They acknowledge that some requirements have improved their systems and increased their focus on achieving value for money. They nonetheless contend that the United Kingdom and its partners would benefit from more efficient procedures. The need for an operational model for the new Foreign, Commonwealth and Development Office provides an opportunity to review processes and procedures to retain the strengths of past approaches while allowing staff and partners more time to engage with, and learn from, each other.

A more deliberate approach to partnership would strengthen country ownership

An engaged, informed and exacting donor, the United Kingdom is adept at drawing on a range of partnerships to deliver its development objectives. However, it could do more to use its funding and engagement to reinforce the independence, mandates and effectiveness of diverse partners, including supporting local organisations in their own right. Doing so would support the United Kingdom's policy objectives for an effective multilateral system; a healthy, vibrant and effective civil society; and broad ownership of development processes in its partner countries.

Firstly, engaging in two-way dialogue with local organisations, including civil society, think tanks and research institutions, would build broad ownership for the United Kingdom's work and help to develop longer-term institutional capacity, including in many fragile contexts. Systematic consultation would allow the United Kingdom to learn from its partners' diverse perspectives, develop joint strategies and shape public debate. In turn, dialogue would allow development partners to draw on the United Kingdom's robust evidence base and country context analysis; better understand the United Kingdom's overall strategy; and help to build public and political support for the United Kingdom's efforts.

Secondly, when providing funding, particularly in partner countries, the United Kingdom could go further to pursue its effective development co-operation commitments. This would involve supporting partners' own strategic plans and finding entry points to strengthen and use countries' own systems. To encourage this approach, strategic guidance on value for money, programme delivery and procurement could explicitly identify inclusive partnerships and building institutional capacity as valid development objectives in their own right that should be pursued more consistently. Doing so would help all of the United Kingdom's government departments that spend ODA to build a better culture of effective development partnerships.

Finally, while the United Kingdom reports its ODA through the International Aid Transparency Initiative and has a public portal providing detailed information on individual grants, it is difficult to access public information on ODA expenditure at a more consolidated and strategic level. Publishing whole-of-government country and regional strategies that are based on evidence, set out longer-term development co-operation objectives and indicate available budgets would support harmonised approaches and allow partners – particularly in partner countries – and UK taxpayers to hold the government accountable for delivering on its strategies.

Recommendations

9. The United Kingdom should go further to enable partners to engage with the development of policies and strategies and clarify approaches to consultation and publication. In particular, whole-of-government country strategies that are based on evidence and broad consultation and include both development co-operation objectives and indicative budgets should be formulated for all partner countries and made publicly available.
10. The United Kingdom should ensure that all strategic guidance recognises the importance of effective partnerships and country ownership for achieving sustainability of development outcomes, including the need to build institutional capacity in developing countries.

Secretariat's report

1 The United Kingdom's global efforts for sustainable development

This chapter looks at the United Kingdom's global leadership on issues important to developing countries. It explores the United Kingdom's efforts to ensure that its domestic policies are coherent and in line with the 2030 Agenda for Sustainable Development, as well as its work to raise awareness of global development issues at home.

The chapter first reviews the United Kingdom's efforts to support global sustainable development, assessing its engagement and leadership on global public goods and challenges such as gender equality, poverty, inclusion, global health, violence against women, transparency, corruption and trade for development. It then evaluates whether the United Kingdom's own policies are coherent with sustainable development in developing countries. The chapter concludes by looking at the United Kingdom's promotion of global awareness of development and citizenship at home.

In brief

Sustainable development is at the core of the United Kingdom's international policies

The United Kingdom's commitment to international development is central to its global brand. Using its economic stature, membership of key global fora and expertise, the United Kingdom has remained a resolute champion of tackling vulnerability, fragility, inequality and anti-corruption. The United Kingdom has maintained several consistent policy priorities and where relevant, has entrenched these in legislation. Over recent years, other priorities have been added leaving partners unclear on the United Kingdom's commitment to any one issue. Recent work on safeguards to prevent and address sexual exploitation, abuse and sexual harassment in the aid sector illustrates the United Kingdom's capacity and willingness to address difficult issues. The United Kingdom is a strong supporter of global monitoring frameworks for international commitments such as the Sustainable Development Goals (SDGs) and the Grand Bargain.

Enabled by a powerful institutional system, with its own seat in cabinet and on the National Security Council, the Department for International Development (DFID) has brought the development agenda to bear on domestic policies. For instance, the partnership between DFID and the Department for International Trade (DIT) has paved the way for a bilateral trade preferences scheme for developing countries. Structures linked to the 2030 Agenda for Sustainable Development and integrated policy delivery through the Fusion Doctrine provide a platform for the United Kingdom to achieve policy coherence for sustainable development. Identifying clear priority issues and using transparent monitoring tools would be consistent with the new OECD Recommendation on Policy Coherence for Sustainable Development and would allow the United Kingdom to manage the impact of its domestic policies on developing countries. Managing both positive and negative impacts will grow in importance as the United Kingdom negotiates new bilateral agreements and relationships following its departure from the European Union (EU).

Faced with inflammatory and hostile elements of the United Kingdom (UK) media, DFID has developed a proactive and evidence-based communications strategy shaped by research, which targets journalists, policy makers and the wider public in order to defend the development co-operation programme. There is, however, little evidence that the current communication strategy is building a broader base of support for development co-operation. Better combining the objectives of defending UK aid and promoting global awareness and citizenship would be more consistent with the United Kingdom's modern vision for international development. In seeking this balance, it can build on lessons learnt from UK Aid Match and the Connecting Classrooms programme.

Efforts to support global sustainable development

Political weight and technical expertise underpin the United Kingdom's leadership on global development

The United Kingdom's commitment to international development – backed by cross-party consensus over the review period – is central to its global brand. Using its economic stature and membership of key global fora, the United Kingdom has remained a resolute champion of tackling vulnerability, fragility, inequality and anti-corruption. It advocates for investment in the poorest and most fragile countries, especially in infrastructure and sustainable economic development. The United Kingdom has thrown its full political weight behind a number of development agendas, with sustained engagement by the Prime Minister in the 2030 Agenda for Sustainable Development, the London Initiative and Jordan Compact, modern slavery and – more recently – investment in Africa.

In addition to political leadership, the United Kingdom's technical expertise and evidence from its aid programme underpin its intellectual leadership role. Its policies, strategies, research and operational guidance have shaped thinking within the EU, the OECD's Development Assistance Committee (DAC) and other fora. For example, the United Kingdom's experience and analysis helped to shape the DAC Recommendation on the Humanitarian Development Peace Nexus (OECD, 2019[1]); and work by DFID Stabilisation Unit on elite bargains and political deals (HM Government, 2018[2]) is shaping analysis across the sector.

Credible leadership on the United Kingdom's priorities will require sustained engagement and collaboration and a willingness to support the leadership of other donors where appropriate. There is a risk that a shift away from systematically consulting and communicating with partners on key policies and strategies (Chapter 2) will detract from the United Kingdom's coveted image as an intellectual leader. The United Kingdom has maintained several consistent policy priorities and in areas such as on gender equality and anti-corruption, has entrenched these in legislation. However, with six Secretaries of State since 2014, each identifying a new leadership agenda, partners are becoming less confident in the United Kingdom's commitment to any one agenda and fear that ministers' 'spotlight' issues may draw attention away from more systemic challenges. Leadership on these spotlight issues often goes hand in hand with pledges and spending targets. Systematically setting out where new commitments are additional to existing efforts would be consistent with the DAC Recommendation on Good Pledging Practice (OECD, 2011[3]).

The United Kingdom's global engagement is comprehensive

Within a broad global agenda, the United Kingdom has been a leader in the following areas:

- **Gender equality**: the United Kingdom has championed sexual reproductive health and rights at a time when global co-operation on the issue has been challenged by other donors. It helped to ensure that tackling violence against women and girls was included in the SDGs, mobilised political leadership and built international momentum (ICAI, 2016[4]). The United Kingdom has advocated for girls' education and ending early and forced marriage. While almost half of the ODA budget is reported as addressing gender equality, this level has not increased since the last peer review (OECD, 2014[5]) (Chapter 3).
- **Inclusion**: the United Kingdom, together with the Government of Kenya and the International Disability Alliance, co-hosted the first Global Disability Summit in 2018 and mobilised new commitments on disability inclusion linked to the Charter for Change (HM Government, 2018[6]).
- **Illicit finance**: the United Kingdom has developed a whole-of-government approach to fighting illicit financial flows and corruption, mobilising its international co-operation, aligning its domestic policies and building multilateral consensus (Box 1.1).
- **Development finance**: the United Kingdom is a leader in supporting developing countries to raise revenues both domestically and internationally and promoting aid for trade (Chapter 3). The United Kingdom also launched a Business Integrity Initiative to help British companies to respond with integrity to trade and investment opportunities in developing countries.
- **Security and instability**: the United Kingdom fully endorses the United Nations (UN) Secretary General's Sustaining Peace reforms to improve the UN's ability to prevent conflict and contribute

to stability. Over 2014-17, the United Kingdom launched two National Action Plans for Women, Peace and Security (Chapter 7).

- **Reform of the humanitarian system**: the United Kingdom has successfully campaigned for greater use of household cash payments as a form of humanitarian assistance (Chapter 7).
- **Ending sexual exploitation, abuse and sexual harassment (SEAH)**: the United Kingdom hosted two summits (in March and October 2018) to galvanise national and international action to prevent and address SEAH in the aid sector and has remained active on this difficult agenda (Chapter 4).
- **Global health**: the United Kingdom's quick action during the 2014-16 Ebola crisis – identifying weaknesses in the international system in preparing for and responding to global pandemics and epidemics, as well as its rapid cross-government response – was praised by partners. The United Kingdom is also recognised for its work to prevent and treat malaria and neglected tropical diseases, support sexual and reproductive health and reduce antimicrobial resistance.

In recent years, the United Kingdom has signalled its ambition to lead in the fight against climate change. Its substantial international climate finance[1] and a recent Green Finance Strategy (HM Government, 2019[7]) give it an influential voice in arguing for more and better investment in climate adaptation and mitigation in developing countries. Its recent pledge to align all UK ODA with the Paris Agreement on Climate Change and to bring the United Kingdom's greenhouse gas emissions to net zero by 2050 provide a strong basis for coherent policies in this area.

The United Kingdom shapes and supports global frameworks for sustainable development

The United Kingdom uses its position and influence in multilateral fora to support monitoring of international commitments and to strengthen the rules-based international order and its institutions:

- The United Kingdom was instrumental in defining and approving the SDGs, and submitted its first Voluntary National Review (VNR) in 2019 (HM Government[8]). Preparing for the VNR raised awareness of the 2030 Agenda for Sustainable Development across government departments and the Office for National Statistics reports regularly on domestic data related to SDG targets.
- The United Kingdom co-founded the Addis Tax Initiative to champion implementation of the Addis Ababa Action Agenda (Chapter 3) and is active on the Financial Stability Board, a key international grouping of finance and central bank officials.
- In line with its commitment to transparency, the United Kingdom played a key role on the governing board and technical working group of the International Aid Transparency Initiative (IATI) 2016-18 and is a member of the Open Government Partnership.
- The United Kingdom has received international backing to co-preside over the next United Nations Framework Convention on Climate Change conference (COP26), together with Italy, where it is hoped to make further progress on monitoring the Paris Agreement.
- Through the Index for Risk Management and the Centre for Disaster Protection, the United Kingdom actively supports implementation of the Sendai Framework for Disaster Risk Reduction. It supports the full implementation of the Grand Bargain and has championed the role of the UN Office for the Coordination of Humanitarian Affairs (Chapter 7).

The United Kingdom engages actively with emerging powers and non-traditional donors, helping to build a shared understanding and collective agenda for international development. For instance, DFID secondees are currently working in the King Salman Humanitarian Aid and Relief Centre in Saudi Arabia and were assigned to the Asian Infrastructure Investment Bank when it was being set up.

Box 1.1. The United Kingdom's global efforts to fight corruption, bribery and illicit finance

The United Kingdom has developed a whole-of-government approach to tackle illicit financial flows and corruption, which includes mobilising its international co-operation, aligning its domestic policies and building multilateral consensus. Co-ordination and implementation of the United Kingdom's 2017 Anti-corruption Strategy is led by a Joint Anti-Corruption Unit (JACU). The Anti-Corruption Summit of 2016 galvanised the United Kingdom's leadership and commitment in this field and concluded with a strong global declaration against corruption, coupled with specific action plans and commitments by participants. The International Anti-Corruption Coordination Centre was subsequently launched, enabling investigation into cases of corruption across countries.

The United Kingdom champions global efforts to tackle illicit financial flows, driving progress on international beneficial ownership transparency, including through its own commitment to introduce mandatory public beneficial ownership registers across its overseas foreign territories by 2021 and through its adoption of innovative legal and regulatory approaches. This is seen, for example, in the United Kingdom's new regime of Unexplained Wealth Orders, which was adopted in early 2018. The International Corruption Unit in the National Crime Agency is committed to recovering funds stolen from developing countries and prosecuting those responsible. Several high-profile asset recovery and return cases have been enforced, both at home and abroad, together with partner countries.

Finally, building on the work of the Joint Money Laundering Intelligence Taskforce, the United Kingdom is trying to make it easier for migrants from developing countries to send remittances home through small transfer facilities without increasing the risk of money laundering.

Source: Authors' compilation drawing on HM Government (2017[9]), United Kingdom Anti-Corruption Strategy 2017-22, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/667221/6_3323_Anti-Corruption_Strategy_WEB.pdf.

Policy coherence for sustainable development

Policy coherence is supported by a commitment to the Sustainable Development Goals, the National Security Strategy and a powerful institutional system

The United Kingdom has endorsed international pledges on policy coherence for development and the new recommendation on policy coherence for sustainable development through its membership of the OECD. In the 2006 International Development (Reporting and Transparency) Act, DFID committed to "report annually on the effects of policies and programmes pursued by Government departments on the promotion of sustainable development in countries outside the United Kingdom and the reduction of poverty in such countries" (UK Parliament, 2006[10]). However, the latest strategies and policies dealing with international development, including the National Security Strategy, the Aid Strategy, the Bilateral Aid Review and DFID's Single Departmental Plans, do not commit to policy coherence. In addition, the United Kingdom has not clearly communicated a single set of priorities for policy coherence as recommended in the 2014 DAC peer review (OECD, 2014[5]) and the 2019 OECD Recommendation on Policy Coherence for Sustainable Development (OECD, 2019[11]), although development objectives are included in specific policies such as trade. There is nonetheless significant evidence of policy coherence in practice: the SDGs and the National Security Strategy (HM Government, 2015[12]) provide the policy framework and institutional setting to discuss policy coherence – both a coherent cross-government approach to implementing the aid strategy (Chapter 4) and the impact of other UK domestic policies on partner countries' development aspirations. In particular:

- The government's programme of work directly reflects the 2030 Agenda for Sustainable Development, with all Single Departmental Plans making reference to the relevant SDGs. The Secretary of State for International Development takes overall leadership and policy oversight for the goals, while the Minister for Implementation in Cabinet Office is responsible for supporting domestic implementation. DFID and the Cabinet Office co-chair a cross-government group whose remit includes integrating the goals into all relevant departments' activities. As anticipated in the VNR, the format and focus of the Inter-Departmental Group is under review.
- The National Security Strategy provides additional guidance on policy coherence for sustainable development. It states that international development is at the heart of the United Kingdom's national security and foreign policy, and is clear that the United Kingdom's national interests depend on global stability and prosperity as well as an international system that reflects British values.[2] The strategy commits the government to using its national security, economic and influencing levers in a co-ordinated way in pursuing stability and prosperity. An integrated foreign policy review was launched in February 2020.

Enabled by its own seat in Cabinet, on the National Security Council and in all National Security Implementation Groups as well as close collaboration with the Foreign and Commonwealth Office (FCO) in partner countries, DFID has brought the development agenda to bear on domestic policies. Similar to the experience of other DAC members, participation of senior staff in implementation groups is not always possible – where this happens, it may undermine influence and decision making. Secondments of DFID staff to other departments and joint units such as trade, environment, energy, the Joint North Africa Unit and the Sahel Unit have proven effective in integrating the development agenda into other departments' policies and programmes.[3] For instance, a joint team comprising DFID and DIT staff has built a shared understanding of how the United Kingdom's trade policies can affect developing countries. It also contributed to the Taxation (Cross-Border Trade) Act 2018, enabling the United Kingdom to put in place a bilateral trade preferences scheme for developing countries (HM Government, 2019[8]).

The United Kingdom could better communicate how it ensures policy coherence for development

While the United Kingdom reports on domestic progress towards achieving the SDGs, it has not established monitoring mechanisms to assess the impact of its domestic policies on developing countries (EU, 2019[13]). Monitoring positive and negative impacts of domestic policy, and being aware of the concerns of developing countries, will become even more important as the United Kingdom starts to formulate new domestic policies in areas formerly covered by EU directives.

Moreover, an indirect consequence of embedding development into the National Security Council is that departments have communicated less systematically than before with civil society and external partners on their analysis of how domestic policies impact, both positively and negatively, developing countries. Joint work with civil society on countering violent extremism and inviting a civil society representative onto the Steering Group overseeing design of the new illicit finance platform are positive examples of engagement that could be more widely adopted. As external stakeholders do not participate in National Security Implementation Groups, and proceedings are not published for sensitivity reasons, it is difficult for external observers to assess how the United Kingdom identifies and addresses policy coherence priorities.

Development is considered in domestic policies but some incoherence remains

While development co-operation is central to the United Kingdom's international policies, a number of domestic policies could be more coherent with partner countries' development aspirations. For instance, the United Kingdom could significantly improve its performance on technology and on migration (CGDev, 2018[14]). The United Kingdom provides relatively low government support to research and development[4] and intellectual property regulations constrain its role in diffusing technology to developing countries.

Compared to other DAC members, the United Kingdom accepts a smaller share of applications from asylum seekers and migrants and could do more to lead on migrants' integration policies at a global level – particularly on international conventions related to employment and work conditions.

Partners also question the coherence of the United Kingdom policies on tax and peace:

- Four British Overseas Territories are among the top ten places that "proliferate corporate tax avoidance", according to the corporate tax haven index published by the Tax Justice Network (2019[15]). This appears inconsistent with the United Kingdom's support for domestic resource mobilisation (Chapter 3). Nevertheless, an amendment to the Sanctions and Anti-Money Laundering Act 2018, commits the government to introduce mandatory public beneficial ownership registers across its overseas foreign territories by 2021 (Box 1.1). The Independent Commission for Aid Impact (ICAI) questioned DFID's decision not to assess the impact of UK tax policies and practices on developing countries (2017[16]). Doing so could inform future work by the United Kingdom in this priority area.
- Concerns about the United Kingdom's arms exports are regularly raised by civil society and highlighted by elected representatives (UK Parliament, 2019[17]). Using the structures and resources available under the National Security Council, it will be important for the United Kingdom to continue to ensure that decisions related to its significant arms industry are consistent with the United Kingdom's stabilisation objectives and its commitments under the UN Arms Trade Treaty (United Nations, 2014[18]).

Global awareness

The United Kingdom's public communication is evidence-based, strategic and proactive

Faced with inflammatory and hostile elements of the UK media, and despite lacking an operational budget for communications, DFID has developed a proactive communications strategy that targets journalists, policy makers, other government departments and the wider public in order to defend the development co-operation programme. For each of these groups, DFID has set up different communication objectives and instruments drawing on research and data on public attitudes.

For instance, when engaging with the British public, DFID focuses on demonstrating that UK aid (a public brand) can be everyone's business, using communication featuring "hometown heroes" and "people like us". The UK Aid Match programme matches private donations for development projects with government allocations. DFID has developed digital content under the slogan "Aidworks" to target those who are sceptical about the effectiveness of aid. Indeed, research suggests that a positive story about what can be achieved through development co-operation has more resonance with the majority of the UK public than the argument that giving aid is in the national interest. There is, however, little evidence that the current strategy is changing the minds of those who could support ODA but question whether it is effective.

DFID engages in the daily news, tackling the critics directly, providing fact checking and refuting claims in a timely manner as recommended by Parliament (UK Parliament, 2017[19]). This proactive approach has helped to forge strong connections with the press and DFID staff feel defended by their organisation.

DFID also works across government to help other departments communicate their ODA impact and how development co-operation contributes to wider government objectives. For instance, the International Communication Unit and the Africa Campaigns Hub liaise with staff across departments, especially FCO and DIT, to ensure co-ordinated communication on what the United Kingdom is doing in partner countries to support their development.

Efforts to promote global awareness and citizenship promotion are limited

In addition to building support for its aid programme, the United Kingdom has some specific initiatives to raise global awareness and citizenship at home. In spite of pockets of strong hostility, public support for development co-operation remains high: almost nine in ten (89%) British people think that helping people in developing countries is important, and the majority (61%) think that tackling poverty in developing countries should be one of the priorities of the UK government (EC, 2019[20]).[5]

However, partly a reflection of the United Kingdom's strong charity sector, the government's communication on development tends to be quite aid-centric. Combining defence of UK aid with promoting global citizenship would be more consistent with the United Kingdom's modern narrative of development, which recognises that many of today's challenges are global and shared (Chapter 2). To do so, it can build on lessons learnt from its Connecting Classrooms programme[6] – a programme that brings development issues into school curricula – and the Investing in a Better World Initiative (DFID, 2019[21]).[7] DFID could continue to exchange with other donors on how to communicate a modern vision of development within the OECD Development Communications Network.

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Notes

[1] At the 2019 UN Climate Summit, the Prime Minister committed to increase the United Kingdom's international climate finance to at least USD 14.8 billion (GBP 11.6 billion) over the next five years, between 2021-22 and 2025-26. This represents a doubling of the United Kingdom's commitment to spend at least USD 7.8 billion (GBP 5.8 billion) on tackling climate change over five years, including at least USD 2.3 billion (GBP 1.7 billion) in 2020, announced ahead of the landmark Paris meeting, COP21, in 2015.

[2] The National Security Strategy identifies as core values: democracy; the rule of law; open, accountable governments and institutions; human rights; freedom of speech; property rights; and equality of opportunity, including the empowerment of women and girls – see the National Security Strategy and Strategic Defence and Security Review 2015 at https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/555607/2015_Strategic_Defence_and_Security_Review.pdf.

[3] DFID has sent 160 staff on secondments to other departments – including to work on the Conflict, Stability and Security Fund and Prosperity Fund – since 2015.

[4] According to the Office for National Statistics, the United Kingdom spent 1.69% of its gross domestic product on research and development, up from 1.67% in 2016, but remaining below the European Union provisional estimate of 2.07%. See http://www.ons.gov.uk/economy/governmentpublicsectorandtaxes/researchanddevelopmentexpenditure/bulletins/ukgrossdomesticexpenditureonresearchanddevelopment/2017 (accessed on 23 March 2020).

[5] A majority of the UK public (65%) agrees that providing financial assistance to developing countries is an effective way to reduce inequalities in these countries. However, only 43% think it should remain at the same level, while 26% think it should be increased and 22% think that it should be reduced.

[6] Connecting Classrooms through Global Learning is an international programme supporting teaching and learning about global issues, running from 2018 to 2021. It is funded by the UK Government and delivered by the British Council and partners. The programme supports schools internationally, and in the United Kingdom, to learn about and collaborate on the big issues that face the world. It helps teachers to bring global learning themes, centred on the Sustainable Development Goals, into their classrooms, and encourages children to interact and learn with their peers in other countries. See https://connecting-classrooms.britishcouncil.org (accessed on 23 March 2020).

[7] The Investing in a Better World initiative was established by DFID to understand whether people in the United Kingdom want to invest their money in ways that help to achieve the SDGs.

2 The United Kingdom's policy vision and framework

This chapter assesses the extent to which clear political directives, policies and strategies shape the United Kingdom's development co-operation and reflect its international commitments, including the 2030 Agenda for Sustainable Development.

It starts by looking at the policy framework guiding development co-operation, assessing whether the United Kingdom has a clear policy vision that aligns with the 2030 Agenda and reflects its own strengths. It then investigates whether the United Kingdom's policy guidance sets out a clear and comprehensive approach, including to poverty and fragility. The final section focuses on the basis for decision-making, i.e. whether policy provides sufficient guidance for deciding where and how to allocate official development assistance.

In brief

A comprehensive aid strategy sets out a clear vision and rationale for the United Kingdom's development co-operation

The 2015 Aid Strategy offers a clear, top-level statement of the purpose of development co-operation, including humanitarian assistance, and sets out a strong vision of how development objectives support the national interests of the United Kingdom. The Aid Strategy is firmly aligned with the goals and principles of the 2030 Agenda for Sustainable Development and guides the United Kingdom's development efforts across government – domestically, globally and in developing countries.

Policy guidance and legislation have been effective in protecting the purpose and poverty focus of all official development assistance (ODA) as well as gender equality. Settling on a limited set of policy priorities would reinforce the comprehensive understanding of vulnerability borne out in the Department for International Development's (DFID) analysis.

The United Kingdom is a strong supporter of the multilateral system and advocates for broad ownership of development, including an independent role for civil society. While the aid strategy does not set out high level vision for partnership, the United Kingdom engages with a range of partners, using a mix of financial, diplomatic and technical resources, and recognises their complementary roles. It uses networks effectively and exerts influence in multilateral and global organisations through staff secondments and active roles on governance boards. However, when it comes to funding partnerships, this diverse set of partners is largely viewed as implementers of the United Kingdom's objectives.

Framework

The aid strategy is effective at combining development objectives with national interests

The 2015 UK Aid Strategy (DFID and Treasury, 2015[1]) has stood the test of time. The United Kingdom took a clear political decision in 2015 to situate development co-operation within its national security objectives. This was helped by timing – the Aid Strategy was developed alongside the National Security Strategy (HM Government, 2015[2]) which, as recommended in the 2014 peer review (OECD[3]), sets out an overall rationale for international development in relation to other government policies (Table 2.1). Although it was not originally developed through broad consultation, the Aid Strategy is owned and used across government and has survived several changes of leadership.

Like the National Security Strategy and the whole-of-government approach embodied in the Fusion Doctrine[1], the Aid Strategy starts from the premise that many of today's challenges are global and shared. In addition to setting out four objectives for the United Kingdom's aid programme, the strategy introduced a number of organisational decisions, including allocating ODA to more departments, increasing the emphasis on transparency and value for money, and introducing specific initiatives and cross-government funds. The Aid Strategy sets out a broad direction of travel, supplemented by the more detailed Single Departmental Plans and documents such as the Bilateral and Multilateral Development Reviews and Civil Society Partnership Review (DFID, 2016[4]; DFID, 2016[5]; DFID, 2016[6]) and thematic strategies.

Table 2.1. Key policy, strategy and planning documents guiding the United Kingdom's development co-operation

Document	Description
National Security Strategy	The 2015 National Security Strategy identified three key objectives: protect our people, project our influence and promote our prosperity. The strategy was updated through a National Security Capability Review in 2018 which introduced the Fusion Doctrine as an approach to integrated policy delivery and cross-government co-ordination and reinforced the role of development co-operation as both a capability and tool for national security.
UK Aid Strategy	The 2015 Aid Strategy is strongly aligned with the goals and principles of the 2030 Agenda for Sustainable Development and directs the United Kingdom's development efforts domestically, globally and in developing countries to achieve four objectives: (1) strengthening global peace, security and governance; (2) strengthening resilience and response to crises; (3) promoting global prosperity; and (4) tackling extreme poverty and helping the world's most vulnerable.
Government Plan	The current government plan, developed in December 2017 and updated in June 2019, *Building a country that* works *for everyone,* sets out seven objectives for the United Kingdom government, together with actions to achieve each objective.
Single Departmental Plans	Current Single Departmental Plans were updated in June 2019 and set out how each government department contributes to delivery of the overall Government Plan. The DFID Single Departmental Plan is aligned to the UK Aid Strategy and the Sustainable Development Goals, structured under headings of peace, people, planet, prosperity, partnerships and quality.
Spending guidance	The DFID/Treasury Official Development Assistance: value for money guidance applies to all ODA spending across government. The guidance sets out high-level principles for use of ODA to ensure it meets both ODA eligibility requirements and the standards that apply to all public expenditure. Guidance covers governance, approvals, programming, procurement, monitoring and reporting.

Source: Cabinet Office (2019[7]), *Building a country that works for everyone: the government's plan*, http://www.gov.uk/government/collections/a-country-that-works-for-everyone-the-governments-plan; DFID (2019[8]), *DFID Single Departmental Plan*, http://www.gov.uk/government/publications/department-for-international-development-single-departmental-plan/department-for-international-development-single-departmental-plan--2; DFID and Treasury (2015[1]), *UK aid: Tackling Global Challenges in the National Interest*, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/478834/ODA_strategy_final_web_0905.pdf; HM Treasury (2019[9]), *HM Treasury Spending Round*, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/829177/Spending_Round_2019_web.pdf; HM Government (2015[2]), *National Security Strategy and Strategic Defence and Security Review 2015: A Secure and Prosperous United Kingdom*, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/555607/2015_Strategic_Defence_and_Security_Review.pdf; HM Treasury and DFID (2018[10]), "UK Official Development Assistance: value for money guidance", https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/712367/ODA_value_for_money_guidance.pdf.

As a full-spectrum donor, the United Kingdom can respond to needs and opportunities

The Aid Strategy does not identify a set of thematic priorities for the United Kingdom. This is partly deliberate – given the significant technical and financial resources at its disposal, the United Kingdom positions itself as a full-spectrum donor, which allows it to allocate resources and skills according to need, gaps, challenges and opportunities in each context.

With a powerful combination of funding instruments, country presence and expertise, the United Kingdom can achieve breadth, depth and scale in its engagements, with the potential to connect work at a local level in developing countries with global processes. More attention could nonetheless be paid to identifying the United Kingdom's (and DFID's) specific comparative advantage in a changing landscape, taking new providers into account. Through pledges and commitments, the United Kingdom has accumulated targets for spending ODA on a number of policy priorities. Reviewing these targets, with a view to consolidating them, would allow the United Kingdom more flexibility to respond to changing needs, both at the global level and in partner countries. It would also allow the United Kingdom to focus more resources on the core issues which it has consistently championed such as gender equality and fragile contexts. In addition, in light of new expertise available across government, the United Kingdom could re-visit where DFID's comparative advantage lies, and where other government departments may be better placed to provide expertise.

An updated strategy would allow the United Kingdom to build a broader understanding of development co-operation

The 2015 Aid Strategy focused on managing the ODA budget and, given the changing nature of development, is becoming outdated. The next strategy update (expected to be launched on completion of a government-wide foreign policy review that began in February 2020 (DoD, 2020[11])), presents an opportunity to:

1. set out a comprehensive vision and strategy for international development, recognising recent commitments on climate change and disability and covering the United Kingdom's international contribution to the Sustainable Development Goals (SDGs), within and beyond the ODA budget
2. review pledges and spending targets made to date and articulate a core set of priorities to guide decision making
3. set out the United Kingdom's role in tackling global challenges, clarifying where it will take the global lead and where it will be a burden-sharer
4. clarify the United Kingdom's approach to regional challenges and set out criteria to guide its work and budget envelope in middle-income countries of varying degrees of poverty and stability
5. set out how the United Kingdom's development co-operation will meet new challenges, including through science and technology
6. clarify the United Kingdom's vision for effective development partnerships in consultation with key stakeholders
7. link ODA allocations to departments' proven capability and performance in relation to managing ODA and delivering development results, consolidating ODA budget lines where appropriate and considering alternative mechanisms to draw on relevant expertise across government
8. clarify how accountability for delivering development results across the UK government will be ensured.

Principles and guidance

A continued focus on poverty reduction is backed by legislation

The International Development Act (2002) – requires a direct line of sight from all DFID-managed ODA to poverty reduction (UK Parliament, 2002[12]), an approach that has proven effective in ensuring effectively designed and targeted programmes. In response to concerns that DFID systems incentivised quick, easy results over the more difficult or costly options often needed to reach those left behind, "equity" has been introduced as a criterion for assessing value for money in business cases (Chapter 4).

A comprehensive, progressive approach to stability and inclusion drives programming

A comprehensive and progressive approach to stabilisation and stability is a strength of the United Kingdom's policy framework and shapes much of the United Kingdom's development co-operation at country level (Chapter 7).

Equally, the United Kingdom has sustained a strong commitment to inclusion, informed by a solid understanding of the factors that drive vulnerability and exclusion. A series of ministerial initiatives to highlight particular issues within the broader inclusion agenda (Chapter 1) have proven very effective for directing the United Kingdom's resources as well as influencing others. However, partners are concerned that the time and attention given to different spotlight issues could distort the comprehensive analysis of poverty and vulnerability which drives programming and for which DFID is renowned.

The United Kingdom continues to be a stalwart champion of gender equality and women's empowerment

The United Kingdom continues to champion gender equality on many levels, with a recent emphasis on ending violence against women and girls (Chapter 6), sexual and reproductive health and rights, girls' education and maternal and child nutrition. The Foreign and Commonwealth Office (FCO) appointed a Special Envoy for Gender Equality in 2017 to reinforce the United Kingdom's leading international reputation in this area. Gender equality legislation (UK Parliament, 2014[13]) has played an important part in mainstreaming gender equality analysis: almost half of the United Kingdom's ODA addresses gender equality in some way (Chapter 3) and gender equality issues are well addressed in country diagnostics and business cases.

Strong systems to support mainstreaming rely on access to appropriate expertise

The United Kingdom's credibility on issues of inclusion stems from its strong analysis and how it addresses issues of exclusion through its programming. However, expertise on many priority issues – gender equality, fragility, governance and vulnerability – sits largely within DFID, among the advisory cadres (Chapter 4). Limited access to this expertise by departments outside DFID constrains the United Kingdom's ability to fully implement policy guidance, most of which is cross-cutting in nature. For example, opportunities to address environmental sustainability and climate change in both Kenya and Jordan were clearly identified in the country development diagnostic but expertise was not always available to integrate them into programming (Annex C). Within DFID, there is an increasing appetite among advisers to be accredited across a number of disciplines e.g. livelihoods, environment and climate change, which should help to mitigate against missed opportunities where there is no specific adviser in a country team. DFID also provides advice internally and across government through specialist helpdesks, for example on Work and Opportunities for Women, Violence Against Women and Girls and Disability Inclusion[2].

The United Kingdom uses a combination of comprehensive country development diagnostics and the DFID Smart Rules[3] (2019[14]) – both of which are increasingly used by all government departments – to ensure that priority issues for mainstreaming are assessed and considered in each context and business case. Priority issues set out in the 2019-20 update of the Smart Rules include: political economy, conflict and fragility; institutional environment; climate change, resource scarcity and environmental vulnerability; gender equality; social and poverty impact; and human rights. Both legislation and a dedicated Smart Rule make it mandatory to consider gender equality. For other issues, the Smart Rules allow Senior Responsible Owners to apply their judgement and encourage officials to identify both opportunities for positive mainstreaming and measures to ensure safeguards are in place. While appreciating the flexibility, officials find it challenging to identify priorities for mainstreaming within an increasing number of priority issues.

The United Kingdom's approach to prosperity has a strong focus on inclusive growth

The United Kingdom's vision for inclusive prosperity, set out in DFID's Economic Development Strategy (2017[15]) is based on robust evidence and learning. Both the Aid Strategy and National Security Capability Review explicitly recognise the role played by development co-operation in creating the United Kingdom's trading partners of the future and that supporting inclusive economic growth in conflict-affected countries helps to build the foundations for stability and economic opportunity. Recent internal work on horizon scanning within DFID recognises the need to respond to the large numbers of young people entering labour markets in order to achieve prosperity, economic and social inclusion and stability. In both Kenya and

Jordan, the United Kingdom's prosperity agenda was anchored in supporting structural changes to the labour market to create decent jobs through the local private sector and a corresponding enabling environment, with the United Kingdom's interests an important secondary consideration (Annex C).

The scale and scope of the United Kingdom's work allows it to address prosperity from many angles and with a variety of tools, ranging from direct financial aid to government linked to structural reforms in Pakistan and Jordan; to investment in banking, insurance and local currency credit markets. This is complemented by support for social protection systems and household cash transfers to avoid a rise in income inequality. While the ODA portfolio has few lending instruments, the UK development finance institution CDC Group invests in fragile states (Chapter 3). The cross-government Prosperity Fund has the ability to blend ODA and non-ODA resources to support inclusive economic growth in low- and middle-income countries (See Chapter 4, Box 4.1) and the primary objective of supporting broad-based and inclusive growth to achieve poverty reduction is well set out in business cases.[4] Most uptake of Prosperity Fund grants has been in upper-middle income countries and as these programmes start to roll out, it will be important to monitor disaggregated data to ensure that interventions contribute to reducing poverty and inequality.[5] Unlike the Conflict, Stability and Security Fund (CSSF), the Prosperity Fund has a small non-ODA budget and so has little leeway to support programmes that are important for national interests but that may not be aligned with the Aid Strategy and 2002 legislation.

The United Kingdom's ambitious climate commitments call for a fresh strategy

The United Kingdom has produced consistent analysis identifying climate change and natural resource management as key drivers and accelerators of poverty, vulnerability and instability. The relevance of climate change and environmental sustainability to all four pillars of the Aid Strategy is well understood in DFID and, increasingly, across government.

The United Kingdom is to be commended for its ambitious targets on international climate finance and its commitment to align 100% of ODA with the Paris Agreement (Chapter 1). However, it has not yet set out in any detail how this 100% alignment of ODA will be achieved, including mobilising the required staff and budgets. DFID has taken some positive steps – a new Director Climate has been appointed and the current climate and environment department is expanding to become a division with greater capacity and mandate. A core of 65-75 climate and environment advisers has been retained and training modules allow all advisers to refresh and update their knowledge and capabilities on climate change. Transparency on International Climate Finance spending by DFID, the Department for Business, Energy and Industrial Strategy (BEIS) and the Department for Environment, Food and Rural Affairs has improved (Publish What You Fund, 2020[16]).

Formulation of the next development co-operation strategy is an opportunity for the United Kingdom to carefully consider how to achieve its climate and environment commitments in a way that will have most impact on its development co-operation objectives – harnessing opportunities while managing risks. Disaggregated indicators to be monitored within the Green Finance strategy would help to ensure that poverty reduction and environmental sustainability objectives are not overlooked as pressure to report international climate finance amounts. The next update of the Smart Rules offers an opportunity to clarify expectations on Senior Responsible Owners in ensuring that all ODA is aligned to the Paris Agreement.

Basis for decision making

Decision making is clear to officials but increasingly unclear to external observers

A single aid strategy, combined with strong systems across government, ensure that staff are clear about the United Kingdom's priorities and understand where and how decisions are made. However, political uncertainty during the latter part of the period under review constrained opportunities to formulate, negotiate and communicate strategic decisions. This, combined with fewer public strategies, is making it increasingly difficult for external observers and partners to understand how and why decisions are being made. This concern was noted by the International Development Committee (UK Parliament, 2018[17]) and reinforced during interviews with partners and observers. A stronger effort to communicate the basis for its strategic decisions would be consistent with the United Kingdom's commitment to transparency.

The 2015 Aid Strategy sets out broad criteria for country selection and includes a target for 50% of DFID's budget to be spent in a defined list of fragile contexts (Chapter 7). As recommended in the 2014 peer review, the United Kingdom has maintained a clear focus on fragile states and least developed countries (LDCs) and the majority of its objectives, as well as its budget allocations and programming instruments are designed for, and focused on, these contexts. However, the United Kingdom is likely to remain engaged in middle-income countries for political, economic and historical reasons and as its LDC partner countries transition to middle-income status. This calls for a clear agenda for the United Kingdom in middle-income countries with varying degrees of poverty and stability, which the current aid strategy does not provide. Similarly, a robust understanding of how regional challenges impact individual countries and the United Kingdom's bilateral development co-operation programmes has not been translated into guidance on regional approaches. The United Kingdom could develop more regional instruments or structures to address the cross-border issues it identifies (Chapter 5).

The United Kingdom values broad ownership of development processes

Although the 2015 Aid Strategy does not set out an overarching vision for the United Kingdom's partnerships with others, working in partnership is important to the United Kingdom and it uses its networks effectively to amplify its policy priorities and leverage additional resources. Working collaboratively with other donors in the multilateral sphere – particularly on joint country analysis, the humanitarian Grand Bargain, United Nations (UN) Development System Reform and the most recent replenishment of the World Bank's International Development Association (IDA) budget – has allowed the United Kingdom to pursue joint reform objectives.

The United Kingdom supports broad national ownership of development and its analytical work and political analysis recognise the diversity and complementarity of each development actor. Many individual initiatives and engagements, as well as the United Kingdom's Aid Connect grants, deliberately seek to build alliances between partners and form multi-stakeholder partnerships, but this does not yet amount to a clear policy commitment to inclusive partnerships.

DFID and FCO teams in the United Kingdom and in developing countries actively advocate for an enabling environment and space for civil society and political freedoms. It is positive that work has commenced on a cross-government strategy for protecting civil society space in developing countries as a response to an Independent Commission for Aid Impact (ICAI) review (DFID, 2019[18]).

Outreach and consultation with civil society is nonetheless inconsistent across government, with pockets of good practice both in the United Kingdom and in partner countries[6] (BOND, 2019[19]). In particular, DFID's tradition of systematic consultation, communication and collaboration on key policy priorities has waned in recent years, partly due to the sharp reduction in staffing. A combination of frequent changes in leadership; the classified nature of National Security Council documents and country development diagnostics; and a decision by DFID to stop publishing thematic, institutional and country strategies has affected civil society partners' understanding of, and trust in, the government's intentions. Investing time in meaningful dialogue would bring a number of dividends: the United Kingdom could further influence, and be influenced by, other development partners and strategic alliances would tap into the potential for partners to build public support for UK Aid, to share their learning and experience and to leverage additional resources. Cross-government guidance on engagement, consultation and public information would help to standardise approaches and re-build a mutually beneficial partnership with civil society.

The United Kingdom invests in influencing the multilateral system

The United Kingdom is a strong supporter of the multilateral system. It matches political engagement with replenishments or core funding, and plays an active role in governance structures and associated reform processes. The United Kingdom's departure from the European Union (EU) leaves it with an independent voice in the UN and other fora, separate from any EU negotiated position. This is likely to bring an additional progressive voice in key negotiations, particularly on issues of gender equality and women's rights, disability inclusion and other aspects of the inclusion agenda.

The United Kingdom is particularly effective in influencing the World Bank – with whom it has a long-standing relationship – and other multilateral development banks and global funds, assigning skilled staff to governance structures and engaging on substantive issues at a level matched by few other bilateral donors.

The United Kingdom participates in joint efforts to make the multilateral system and its individual agencies more effective. It uses Multilateral Organisation Performance Assessment Network (MOPAN) assessments together with its own Multilateral Development Review (DFID, 2016[6]), multilateral investment principles and programme reviews, to assess the organisational performance of its multilateral partners and their alignment with the United Kingdom's objectives. These reviews require significant inputs from the respective organisations and represent an additional workload. Although both multilateral partners and MOPAN members note that the United Kingdom has made progress in reducing duplication between bilateral reviews and MOPAN assessments, they feel that the United Kingdom could take better account of the timing of upcoming MOPAN reviews. Funding allocations are directly informed by performance assessments (Chapter 3), as well as being linked to progress on agreed reforms (Chapter 5).

UN reform is a particular priority for the United Kingdom, both in terms of supporting a rules-based international system and to build public support for channelling its ODA through the UN system – over USD 2.7 billion in 2018 (Chapter 3). In addition to influencing performance and policy through direct secondments to UN agencies and programmes, DFID officials have been assigned to Permanent Missions to increase collaboration and synergy between the Rome-based UN agencies and among Geneva-based health organisations and global funds The United Kingdom has been very influential in shaping the UN humanitarian response both globally and in many fragile contexts (Chapter 7). At a policy level, the United Kingdom is a strong supporter of UN reform at country level, an objective that would be reinforced by more pooled funding that is aligned to UN Sustainable Development Country Framework priorities (Chapter 5).

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Notes

[1] The United Kingdom's Fusion Doctrine is an accountable system of working across government to support collective Cabinet decision making. It was introduced in the 2018 National Security Capability Review, drawing on lessons from the 2016 Iraq Enquiry. See www.iraqinquiry.org.uk/media/246416/the-report-of-the-iraq-inquiry_executive-summary.pdf.

[2] For more information on these helpdesks, please see www.gov.uk/guidance/work-and-opportunities-for-women#four-areas-of-activity on Work and Opportunities for Women; http://www.sddirect.org.uk/our-work/vawg-helpdesk/ for Violence Against Women and Girls and http://www.gov.uk/guidance/disability-inclusion-helpdesk for Disability Inclusion Helpdesk (all accessed on 23 March 2020).

[3] In an effort to streamline its development programme management process, DFID introduced Smart Rules in 2014. These 36 rules – reduced from over 200 – are now referred to by most ODA-spending departments. The Smart Rules are reviewed and, if necessary, revised every six months.

[4] Since 2011, DFID uses a standard template business case for all funding proposals, regardless of the level of spend. The template covers the strategic case, appraisal case, commercial case, financial case and management case for the intervention, applying the DFID Smart Rules. See https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/840802/Smart-Rules-External-Oct19.pdf. Once approved, business cases are typically published on the United Kingdom Development Tracker website https://devtracker.dfid.gov.uk. Business cases are increasingly used by other government departments managing ODA budgets.

[5] For example, the Prosperity Fund Better Health Programme targets Brazil, Mexico, South Africa, Malaysia, Myanmar, Philippines, Thailand and Vietnam. See www.gov.uk/government/publications/better-health-programme. The Global Future Cities programmes targets Brazil, Indonesia, Malaysia, Myanmar, Nigeria, Philippines, South Africa, Thailand, Turkey and Vietnam. The Global Trade Programme targets Indonesia, Vietnam (and wider South East Asia), South Africa, China, Brazil, India, Mexico, Nigeria and Turkey. Full programme summaries and business cases can be accessed at http://www.gov.uk/government/collections/cross-government-prosperity-fund-programmes (accessed 23/3/2020).

[6] For example, NGOs welcomed consultation around DFID's 2018 Strategic Vision for Gender Equality and Disability Inclusion Strategy and the process for agreeing non-attributable costs. See https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/851965/Eligible-Cost-Guidance-Accountable-Grant-Arrangements-Dec2019.pdf. The BOND submission noted mixed evidence of consultation with actors in developing countries when projects are being developed – DFID overall scored very well on this measure, and the Newton Fund and Global Challenges Research Fund within BEIS showed some evidence of consultation. FCO guidance for the potential implementers of the Magna Carta Fund encourages regional bids (page 4) and consultation with local stakeholders to develop projects (page 12). See https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/523412/_______Guidance_for_Potential_Implementoers_.pdf. Treasury's ODA/International Development team holds a quarterly NGO forum and FCO staff have appeared on panels at BOND Annual Conferences and interact regularly with Publish What You Fund and Oxfam events.

3 The United Kingdom's financing for development

This chapter looks at the United Kingdom's official development assistance (ODA) figures, including the overall level and components of aid, the level of bilateral and multilateral aid, and geographic and sector allocations of bilateral aid. In line with commitments in the Addis Ababa Action Agenda and the emerging concept of total official support for sustainable development, it also examines the United Kingdom's efforts to mobilise finance for sustainable development other than ODA.

The chapter begins with a review of the United Kingdom's ODA volumes and its efforts to meet domestic and international ODA targets. It then discusses the extent to which the United Kingdom allocates bilateral aid according to its statement of intent and international commitments, and examines the effectiveness of its use of multilateral aid channels. The chapter concludes with a review of financing for sustainable development, looking at how the United Kingdom promotes and catalyses development finance other than ODA.

In brief

The United Kingdom supports fragile countries and multilateral organisations through its ODA and mobilises additional finance for sustainable development

The United Kingdom has consistently provided 0.7% of its Gross National Income (GNI) as ODA since 2013, a commitment which was enshrined in law in 2015. Delivered under intense public scrutiny, this significant financial contribution to international development – USD 19.4 billion in 2018 – is to be commended. The commitment has also created strong incentives for the United Kingdom to advocate for a broader definition of ODA, and has placed pressure on disbursements.

While the United Kingdom is committed to transparency, the quality of ODA reporting could improve. In addition, the United Kingdom does not report on other official flows, apart from CDC Group (the United Kingdom's development finance institution). Incomplete reporting represents a missed opportunity to showcase the extent of the United Kingdom's contribution to sustainable development.

Bilateral allocations reflect the United Kingdom's focus on countries most in need. In providing 0.23% of its GNI to Least Developed Countries (LDCs), the United Kingdom is one of only six members of the Development Assistance Committee (DAC) that have exceeded the international target of 0.2% GNI. Allocations to fragile contexts remain high but have dropped over the past year. Bilateral funding is focused on health, governance – including conflict, peace and security – and humanitarian aid. The United Kingdom's bilateral portfolio is starting to reflect a renewed commitment to climate change, with 25% of allocable bilateral aid addressing climate change mitigation or adaptation.

The United Kingdom is a strong supporter of the multilateral system, and provided an average of USD 10.2 billion to multilateral organisations in 2017-18. However, funding to the United Nations (UN) system could be more consistent with its discourse on UN reform. It is not yet clear how the United Kingdom's substantial funding to the European Union (EU), which represented 26% of its ODA to multilateral agencies in 2018, will be allocated in the future.

The United Kingdom champions the implementation of the Addis Ababa Action Agenda through its work on domestic resource mobilisation and efforts to further engage the private sector in sustainable development, including the City of London. The Department for International Development (DFID) has designed and mobilised innovative funding instruments based on a robust analysis of their respective costs and benefits in an effort to leverage public and private resources. Since shifting towards more investments in fragile contexts, CDC Group has become a catalytic financial instrument for meeting the United Kingdom's ambitious inclusive prosperity agenda. There is scope to better communicate the United Kingdom's full offer to the private sector and to formally build a continuum of support, ranging from early technical assistance to investment at scale.

Overall ODA volume

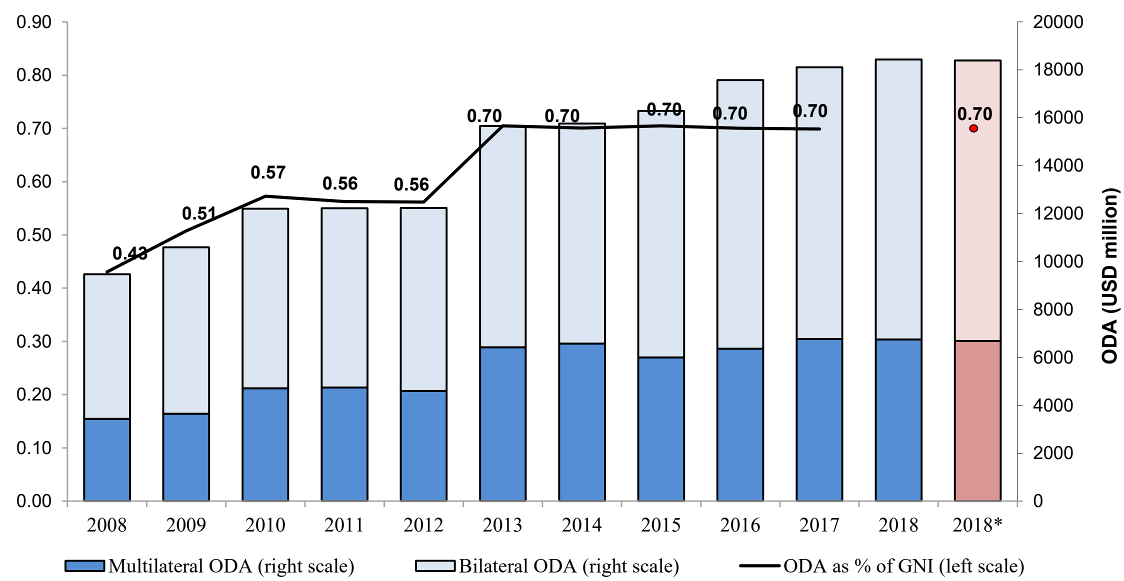
The third-largest bilateral donor, the United Kingdom is one of the few DAC members to meet international ODA commitments

The United Kingdom is unique in having legislation ensuring 0.7% of its GNI is spent as ODA. In 2013, it became the first G7 country to reach this UN target and in 2015 its parliament enshrined the target in law. Under intense public scrutiny, and with cross-party support over the review period, the United Kingdom is one of only five DAC members that consistently delivers against the target (Figure 3.1). In 2018, the United Kingdom provided 0.23% of GNI as ODA to LDCs, making it one of the six DAC members to have surpassed the Istanbul target of 0.2% of GNI to LDCs.

Finally, the United Kingdom is the third-largest donor country in volume, having disbursed USD 19.4 billion in total ODA in 2018, an increase of 1.8% on 2017 levels. This significant financial contribution to international development is to be commended.

Figure 3.1. The United Kingdom has consistently reached the ODA/GNI target

ODA net disbursements at constant 2017 prices and as a share of GNI



Note: * Starting in 2018, ODA as a percentage of GNI is calculated on a grant equivalent basis.
Source: OECD (2020[1]), *International Development Statistics (online database)*, www.oecd.org/dac/stats/idsonline.htm.

StatLink https://doi.org/10.1787/888934178449

Ensuring that ODA reaches 0.7% of GNI has required planning and has helped the United Kingdom to identify all activities across government that can be reported as ODA. It has also led the United Kingdom to advocate within the DAC for broader eligibility criteria for ODA activities. Some proposed changes were adopted by consensus but some DAC members and external stakeholders contend that broadening criteria strains the credibility of ODA. The political choice to achieve exactly 0.7% ODA/GNI every year, combined with a calendar year for ODA reporting that is not aligned with the United Kingdom (UK) budget year, has put pressure on the DFID as a spender of last resort. Such pressure affects the predictability of DFID's support, with uplifts in humanitarian spending and contributions to global funds absorbing underspends towards the end of the year. The United Kingdom could learn from the experience of other DAC members, such as Denmark and Sweden, who have respectively committed to spending 0.7% and 1.0% of GNI as ODA, but use multi-year averages or national GNI estimates to report on progress against commitments.

The United Kingdom is improving the quality and timeliness of its ODA reporting

The quality of ODA reporting varies across departments, with DFID leading on transparency. With no single department responsible for the quality of overall reporting, the United Kingdom's reporting to the OECD Credit Reporting System has been rated as "fair" because of late data submission as well as poor quality of data (OECD, 2019[2]). Predictability is good for individual grants (Chapter 5), but there is limited reporting on forward spending for the overall portfolio (OECD/UNDP, 2019[3]). The quality of reporting is improving in other spending departments, helped by technical support from DFID. To be cost-effective and maintain high quality reporting, this support may need to become a long-term offer from DFID, as reporting standards are not static and staff turnover will necessitate constant re-training.

A large majority of contracts are awarded to suppliers based in the United Kingdom

With 100% of its portfolio disbursed as grants, the United Kingdom complies with the DAC recommendations on the terms and conditions on aid. In terms of the DAC recommendation on untied aid, the United Kingdom's ODA is reported as 100% untied but 82% of contracts were awarded to companies based in the United Kingdom (for a total of USD 2.3 billion in 2016) (OECD, 2018[4]). Continued efforts to diversify suppliers[1], would support inclusive prosperity and help build local capacities, recognising that this may require restricting some tenders and reporting such procurement as partially tied (Chapter 4).

Bilateral ODA allocations

Spending targets inform bilateral allocations

The 2015 Aid Strategy as well as spending targets in Single Departmental Plans broadly define the United Kingdom's bilateral priorities (Chapter 2) and each department is responsible for setting its geographic and thematic priorities within the parameters of the Aid Strategy (Chapter 4). In particular, DFID's Single Departmental Plans include spending targets that respond to policy commitments. Frequent changes of leadership have led to new pledges and commitments being included in what have become yearly plans without any targets being abolished. This has resulted in an accumulation of priorities and commitments. The risks inherent in this approach have been raised in all DAC peer reviews since 2006 and, while much diminished over the years, spending targets continue to affect the United Kingdom's ability to respond to country contexts. DFID has already taken steps to mitigate these risks, including by designing Centrally Managed Programmes to respond to certain spending targets. The current review of all current pledges and commitments is a positive step towards rationalisation.

The United Kingdom is a key partner in the poorest and most fragile countries

In line with the Aid Strategy, DFID has consistently allocated at least 50% of its bilateral budget to fragile contexts over recent years,[2] though gross bilateral ODA to fragile states fell by 11% between 2017 and 2018[3] (Chapter 7). In line with its overall focus on poverty reduction, the United Kingdom provided 25.8% of gross bilateral ODA to LDCs in 2018. The share of ODA going to middle-income countries has remained stable over the last five years, with 32% of gross bilateral ODA being disbursed in lower middle-income countries and 12% in upper middle-income countries in 2018 (Annex B).

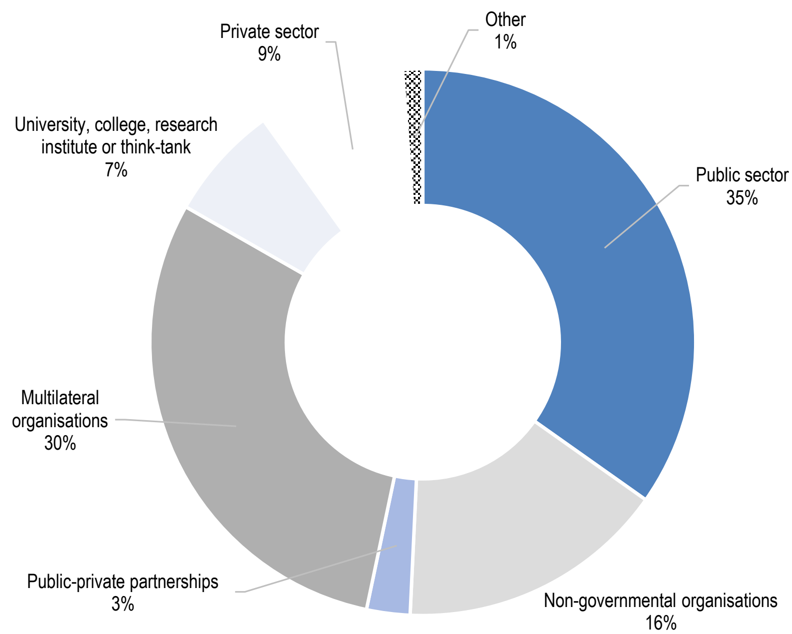
However, the United Kingdom's top recipient countries have been receiving an ever lower share of bilateral aid in recent years: in 2013-14, the top 20 recipients received 47% of bilateral ODA; in 2017-18, they only received 40%, below the DAC average of 42% (Annex B – Table 4). Given the United Kingdom's size and expertise, its ability to support and influence reform in partner countries is not yet at risk, but this is something to carefully monitor. In 2017-18, 44.7% of the UK bilateral ODA was country programmable aid, compared to a DAC country average of 48%.

Most of the United Kingdom's bilateral ODA is channelled through the public sector

In 2018, the United Kingdom channelled 35% of gross bilateral ODA though the public sector, a continued increase since 2016 (27.5%). Multilateral organisations were the second main channel of delivery (30%).

Figure 3.2. Most of the United Kingdom's bilateral ODA is channelled through the public sector

Bilateral ODA by channel of delivery 2018 - Gross disbursements, per cent



Source: OECD (2020[1]), *International Development Statistics (online database)*, www.oecd.org/dac/stats/idsonline.htm.

StatLink https://doi.org/10.1787/888934178468

The United Kingdom increasingly invests in health, governance and productive sectors

The United Kingdom focuses much of its bilateral ODA on social infrastructure and services, and committed USD 3.2 billion of bilateral aid to this sector in 2017-18 (45% of bilateral ODA).[4] Within social infrastructure and services, health as well as governance and civil society are top priorities, with funding commitments in these areas increasing since 2015:

- Health commitments rose from 9% of bilateral ODA in 2015-16 to 19% in 2017-18 (Annex B, Table B.5),[5] with most of the increase managed by the Department of Health and Social Care under the Fleming Fund[6] and the National Institute for Health Research Global Health Research programme.[7] In response to criticism that funding was mainly benefitting research institutions based in the United Kingdom, direct funding to local researchers has increased.

- Funding commitments to governance increased from 12% to 16%. Most of the increase in the governance sector was targeted at conflict, peace, and security and was channelled through the Foreign and Commonwealth Office (FCO), reflecting the priorities of the National Security Strategy and the Aid Strategy.

Humanitarian aid was the third largest sector of bilateral funding in 2018, comprising 9.8% of bilateral aid committed over 2017-18 (14% of bilateral ODA disbursements in 2018). This nonetheless represents a sharp decrease in 2018, following three years of rapid growth (Chapter 7).

In line with the United Kingdom's prosperity agenda, the share of aid allocated to productive sectors has also increased, more than doubling to 11% in 2017-18 compared to 5% in 2015-16.

Almost half of the United Kingdom's bilateral ODA supports gender equality

The United Kingdom's commitment to gender equality is reflected in its ODA allocations and across the portfolio. In 2017-18, the United Kingdom committed 45% of its bilateral allocable aid to programmes supporting gender equality and women's rights, up from 37% in 2015-16 but below the level (48%) reported in the last peer review (OECD, 2014[5]). Programmes supporting gender equality and women's rights cover all sectors of the portfolio, with a particular focus on population and reproductive health, water and sanitation, education as well as economic infrastructure and services. However, the vast majority of these projects had gender equality as a significant objective, while only 2% of bilateral allocable aid targeted gender as a principal objective in 2017-18.[8]

Attention to climate change and the environment is starting to be reflected in bilateral programmes

Steady increases in ODA allocations for the environment and the fight against climate change since 2015 are helping the United Kingdom to slowly catch up with the DAC average. There is, however, still work to be done if the United Kingdom is to lead on climate action and align all its ODA with the Paris Agreement. Indeed, in 2017-18, USD 1.8 billion of bilateral aid commitments addressed environmental sustainability and USD 1.7 billion addressed climate change mitigation or adaptation. This represents 27% and 25% of bilateral allocable aid respectively (Annex B, Table 5), compared to a DAC average of 33% and 25%. The climate change portfolio is evolving, with more commitments to mitigation programmes. Programmes that include climate change mitigation and adaptation are mainly focused on economic infrastructure and services, production and water and sanitation (OECD, 2018[6]).

Multilateral ODA allocations

The United Kingdom is a strong supporter of the multilateral system.

In 2017-18, the United Kingdom (UK) provided an average of USD 10.2 billion to multilateral organisations through a combination of core funding (40% of total ODA) and earmarked funding (20% of total ODA).[9] Economic development is the main focus of multilateral allocations, driven by core contributions to the World Bank (which received 36% of total UK ODA to multilateral agencies in 2018)[10] and Regional Development Banks. Contributions to the health sector rank second, in line with the United Kingdom's efforts to promote global health. For instance, the United Kingdom is the largest donor to Gavi, the Vaccine Alliance and the third-largest donor to the Global Fund to Fight AIDS, Tuberculosis and Malaria.

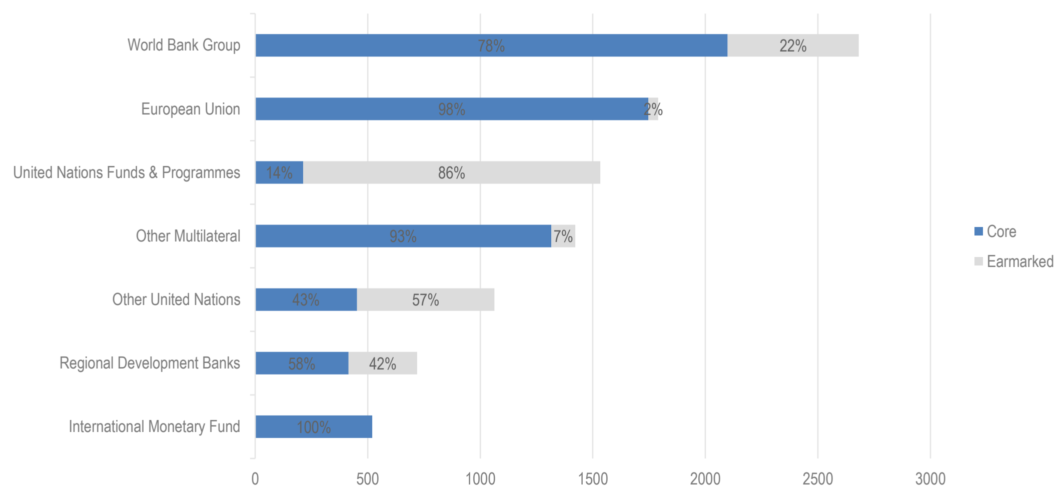
Allocations to the multilateral system and decisions on the balance of core and earmarked funding are based on performance: roughly 90% of core funding from DFID (which manages 84% of the United Kingdom's multilateral contributions) currently goes to organisations that were ranked as top performers in the 2016 Multilateral Development Review (DFID, 2016[7]). The review assessed the organisational performance of the United Kingdom's multilateral partners and their alignment with UK objectives.

Funding to the UN system could be more consistent with the United Kingdom's commitment to UN development system reform

There is a slight disconnect between the United Kingdom's commitment at a central level to UN development system reform (Chapter 2) and the composition of its funding. In particular, 86% of the United Kingdom's disbursements to UN funds and programmes were earmarked in 2017-18 (Figure 3.2). Having committed to the collective target of 30% core funding set out in the UN Funding Compact (United Nations, 2019[8]), the United Kingdom could consider reviewing the balance between its core and earmarked funding. A proportion of core funding to UN agencies is linked to progress on a sub-set of UN reform targets, which partners fear could distort the overall reform agenda (Chapter 5). The majority of earmarked funding is considered good quality by the UN Development System (United Nations MPTF Office and Dag Hammarskjöld Foundation, 2019[9]), with less than a quarter (22%) of earmarked funding supporting project type interventions (Annex B).

Figure 3.3. Core contributions from the United Kingdom to selected multilateral partners

The United Kingdom's contributions to multilateral organisations in 2017-18 (2017 USD million) and as a share of all multilateral contributions



Note: UN Funds and Programmes refer to the grouping: United Nations Development Programme (UNDP), United Nations Environment Programme (UNEP), United Nations Population Fund (UNFPA), UN-Habitat, United Nations Children's Fund (UNICEF) and the World Food Programme (WFP).
Source: OECD (2020[1]), *International Development Statistics (online database)*, www.oecd.org/dac/stats/idsonline.htm.

StatLink https://doi.org/10.1787/888934178487

It is unclear how ODA channelled through the EU will be used in the future

Exiting the EU will have a direct impact on the composition of the United Kingdom's ODA. Contributions to and through the EU represented 9% of the United Kingdom's gross disbursement and 26% of ODA flows to multilateral agencies in 2018. It is estimated that due to rolling commitments, the United Kingdom will still spend between USD 4 and USD 5 billion through the EU over the next five years (SEEK Development, 2020[10]) compared to USD 9 billion over the last five years. Depending on the terms of the exit agreed with the EU, the United Kingdom may still be able to contribute to EU funds and facilities that match its key priorities.[11] At present, it is unclear how the funding released from EU contributions will be reallocated and effectively used.

Financing for sustainable development

The United Kingdom champions implementation of the Addis Ababa Action Agenda

The United Kingdom is a leader in supporting developing countries to raise domestic revenues and disbursed USD 35.7 million[12] in ODA to support domestic revenue mobilisation in 2017-18. Domestically, the United Kingdom has established a capacity building unit within Her Majesty's Revenue and Customs which supports developing countries by seconding long-term resident advisers (e.g. in Pakistan, Ethiopia and Ghana) as well as deploying short-term experts. Support for regional and multilateral actors working in tax and development includes: secondments of experts to the African Tax Administration Forum; sharing of experts within the Tax Inspector Without Borders Initiative; and funding to the OECD, World Bank, International Monetary Fund (IMF) and the Platform for Collaboration on Tax. The United Kingdom uses its influence and engagement to bring on board other partners through the Addis Tax Initiative. In response to an Independent Commission for Aid Impact (ICAI) follow-up review which concluded that DFID's "beyond aid" initiatives on tax could be more systematic,[13] DFID has expressed a willingness to pursue its leading role but does not see the need to formally plan its influence strategy (ICAI, 2017[11]).

The United Kingdom is working to reduce the cost of sending remittances home by strengthening the regulatory environment, encouraging the modernisation of payment infrastructure and improving transparency of costs and market competitors. The average cost of sending remittances from the United Kingdom fell slightly from 7.49% of the total amount in 2015 to 6.97% in 2019 (HM Government, 2019[12]), compared to a global average of 6.82% (World Bank, 2019[13]).

The United Kingdom is the sixth largest contributor to Aid for Trade in the DAC. In 2017, it committed USD 1.1 billion (17.1% of bilateral allocable aid) to improve developing countries' trade performance and integration into the world economy. The United Kingdom uses its position in the Group of Seven (G7), Group of Twenty (G20), International Monetary Fund (IMF) and the Paris Club to advocate for debt sustainability and transparency.

In addition to supporting private sector development in developing countries through its prosperity agenda, the United Kingdom advocates for private sector investment in those countries. For instance, the 2019 London Initiative that followed on from the Jordan Compact actively promotes private sector investment in Jordan to unlock growth and job creation (DFID; DIT, 2019[14]). During the first Africa Investors Summit in 2020, the United Kingdom announced GBP 1.5 billion (USD 1.9 billion) worth of initiatives to boost trade and investment, create jobs and mobilise private investments with no specified timeframe, a quarter of which will come from the ODA budget.

Box 3.1. CDC Group has become a catalytic financial instrument to meet the United Kingdom's ambitious inclusive prosperity agenda

Since shifting towards investing more in lower-income and fragile contexts, CDC Group has become a catalytic financial instrument to meet the United Kingdom's ambitious inclusive prosperity agenda. Following continued capital increases since 2015[1] and a new investment policy in 2017, CDC Group has diversified its investment products to include direct equity and debt; piloted innovative financial instruments; and introduced a new 'Catalyst Portfolio' that invests in riskier markets. Since 2017, new investments are mainly directed towards lower-income and fragile states and focused in sectors with the highest likelihood of creating jobs. As a consequence, CDC Group is now more geographically focused on difficult markets, including fragile and conflict-affected states, than other development finance institutions. However, according to an ICAI performance review, most of the investments are concentrated in large economies and in companies with headquarters in the more prosperous areas of these countries, which is partly contrary to CDC Group's stated objectives to focus on the most difficult markets (ICAI, 2019[15]). With a financial return target of 3.5% for the growth portfolio and an actual average return of 10.6%, there is scope to engage in riskier investments with a high impact on inclusive growth.

CDC is also improving how it monitors and evaluates its impact on poverty. For instance, it has launched "development impact cases" for all potential investments and recruited development experts. It is also working with other development finance institutions to develop an internationally agreed standard to measure the impacts of investments beyond job creation and tax mobilisation, including through the Joint Impact Model, [2] the Global Impact Investing Network[3] and the Impact management project. [4] Such efforts are to be commended, but will need to be embedded deeply within CDC Group's investment decision making, portfolio management and reporting processes. CDC Group is aware of the risk of setting results expectations that the institution cannot measure. It will also be critical that CDC Group continues to ensure its investments do not crowd out commercial banks, while supporting blended finance to protect the long-term sustainability of financial systems and to enable CDC Group to fund more projects when combined with commercial capital.

Notes: [1] In 2017 DFID announced a GBP 3.5 billion capital increase over 2017-21 for CDC Group to invest in businesses in Africa and South Asia.

[2] The Joint Impact Model, to be launched in 2020, will be an open access model for calculating and reporting indirect impacts such as value added and greenhouse gas emissions. The project is a collaboration between the African Development Bank, BIO (Belgium's development finance institution), CDC Group, FinDev Canada, FMO (the Netherlands' development finance institution) and Proparco (France's development finance institution), and the consultancy firm Steward RedQueen.

[3] See more on the Global Impact Investing Network at: https://thegiin.org.

[4] See more on the Impact Management Project at: https://impactmanagementproject.com.

Source: ICAI (2019[15]), *CDC's Investments in Low-Income and Fragile States*, https://icai.independent.gov.uk/report/cdc.

Continued support to innovative finance could boost both public and private resources for development

DFID has innovative funding instruments to leverage public and private resources for sustainable development. These instruments, designed based on a robust analysis of their respective costs and benefits, include guarantees; disaster assurance; seed funding to multilateral trust funds coming from the ODA budget; and CDC Group. In an effort to leverage private finance, the United Kingdom is working with the City of London and the London Stock Exchange Group to strengthen financial markets in developing countries and to create a global market for impact investment – with the United Kingdom currently being one of the major hubs for impact investments.[14] The "Investing in a Better World" project is an example of the United Kingdom's efforts to better understand what barriers citizens in the United Kingdom public face when investing their personal savings in companies, funds and projects that contribute to the Sustainable Development Goals (SDGs) and have a positive impact on development (HM Government, 2019[16]).

There is nonetheless scope to: 1) better communicate the United Kingdom's full offer to the private sector; 2) formally build a continuum of support, ranging from early technical assistance to investment at scale; and 3) make sure all relevant instruments can be used across the range of countries in which the United Kingdom wishes to support prosperity, trade and economic growth.

Reporting more flows beyond ODA could reinforce the United Kingdom's global brand

While the requirement to spend 0.7% of GNI as ODA incentivised the United Kingdom to identify, track and report all activities that can be reported as ODA, it is less effective at reporting other spending beyond concessional aid, which is covered by its transparency commitments. On the one hand, the United Kingdom has been participating in the task force designing the new Total Official Support for Sustainable Development metric, which is intended to capture a broader range of development finance. On the other hand, the United Kingdom does not currently report other official flows – such as export finance, non-concessional loans or private sector guarantees. More complete reporting to the OECD by the United Kingdom would be consistent with its commitment to transparency.

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Notes

[1] A Supplier Review in 2017 led to significant reforms including: a Strategic Relationship Management programme to improve collaboration with partners and unlock learning, creativity and innovation across portfolios; measures to open DFID’s markets to new supply partners, small businesses and developing country supply partners; and introducing terms and conditions preventing “exclusivity” agreements. A DFID Supplier Portal was launched in July 2019 to increase timely awareness of upcoming opportunities with DFID, whether in the United Kingdom or in-country. DFID’s Procurement and Commercial Division is working to diversify the supply chain by taking the lead across the UK government on an improved approach to contracting small and medium enterprises in partner countries. See also Chapter 4.

[2] DFID’s list of fragile states differs from the OECD fragile state grouping. It takes into consideration countries that are not considered fragile in the OECD framework, but that are affected by a crisis, or neighbouring a “high-fragility” state, such as Jordan and Lebanon. For more, see the fragile state indicator description in the DFID methodology note for fragile and conflict-affected states at

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/722389/Methodology-Note-Fragile-and-conflict-affected-states-and-regions.pdf.

[3] For comparison purposes across the DAC, assessment of engagement in fragile states in DAC peer reviews is based on the OECD Fragility Framework at http://www3.compareyourcountry.org/states-of-fragility/overview/0. Up to 2019, DFID used its own definition and list of fragile contexts to measure its allocations to fragile contexts. See https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/815510/Methodology-note-Fragile-and-conflict-affected-states-and-regions.pdf.

[4] Over 2017-18, the United Kingdom disbursed USD 4.7 billion in 2017 constant prices, representing 40% of bilateral ODA.

[5] Disbursements in the health sector rose from 8.3% in 2015-16 to 10.7% in 2017-18.

[6] The Fleming Fund aims to support low and middle-income countries to tackle antimicrobial resistance by improving surveillance and generating relevant data that are shared nationally and globally.

[7] The research funded through the **National Institute for Health Research's Global Health Research programme** aims to develop and commission new global health research though partnerships; deliver primary benefit to the health and economies of the poorest people living in countries on the DAC list; support their progress towards achieving the SDGs, and strengthen UK and LMIC research capabilities and expertise.

[8] Significant objective means that gender equality is an important and deliberate objective, but not the principal reason for undertaking the project/programme, often explained as gender equality being mainstreamed in the project/programme.

[9] DAC peer reviews use the OECD definitions for core and earmarked funding which apply to data reported to the Creditor Reporting system. UN organisations have their own methodology for assessing earmarking – see for example the notes section of the UN Development System 2018 Financing Report. See www.daghammarskjold.se/wp-content/uploads/2019/08/financial-instr-report-2019-interactive-1.pdf.

[10] The United Kingdom is also the largest donor to the International Development Association, as confirmed by its recent pledge of GBP 3.34 million (USD 4.45 billion).

[11] Examples include humanitarian relief, security and migration.

[12] In 2017 constant prices.

[13] A more systematic approach might include, for example, clear strategies and objectives, adequate staffing and systems for monitoring and reporting on its results.

[14] Sweden has developed similar hubs: 1) the Swedish Leadership for Sustainable Development, gathering 20-25 of Sweden's biggest companies to work towards more sustainable business through information sharing, normative dialogue and concrete projects and 2) Swedish Investors for Sustainable Development, which aims to coordinate, stimulate and engage investors in the implementation of the 2030 Agenda and the Addis Ababa Agenda for Action (this network has been replicated by the UN on a global level).

4 The United Kingdom's structure and systems

This chapter considers whether the United Kingdom's institutional arrangements support its development co-operation objectives. It focuses on the system as a whole and assesses whether the United Kingdom has the necessary capabilities in place to deliver its development co-operation effectively and to contribute to sustainable development.

The chapter looks at authority, mandate and co-ordination to assess whether responsibility for development co-operation is clearly defined. It further explores whether the system is well co-ordinated and led with clear, complementary mandates, as part of a whole-of-government approach – at headquarters and in partner countries. Focusing on systems, the chapter further assesses whether the United Kingdom has clear and relevant processes and mechanisms in place. Finally, it looks at capacity across the United Kingdom's development co-operation system, in particular whether the United Kingdom has the necessary skills and knowledge where needed to manage and deliver its development co-operation and assesses the effectiveness of its human resources management system.

In brief

Formal structures, professional systems and skilled staff are hallmarks of the United Kingdom's development co-operation

Since the 2014 peer review, the United Kingdom's development co-operation system has transitioned from one largely managed by the Department for International Development (DFID) to a whole-of-government effort across 15 government departments. Structures introduced over a relatively short period to support co-ordination, leadership, coherence and accountability are effective at a strategic level and development co-operation issues are regularly discussed in National Security Council structures. Capacity to manage official development assistance (ODA) has improved. There is further potential to unlock skills, expertise and capacity across government to address development challenges, with each department playing to its strengths.

Staff and systems in ODA-spending departments place a strong focus on results and performance, and follow Treasury guidance on managing public money and DFID/Treasury guidance on ensuring value for money. Increasingly, ODA-spending departments have guidance in place that is consistent with DFID's Smart Rules. DFID's country-led model delegates budgets and decision making to well-staffed country offices, complementing what can best be done locally with centrally-managed programmes and multilateral partnerships. Institutional and organisational constraints, such as incompatible information and communication systems, increase the costs of collaboration.

Reducing the number of DFID Smart Rules from 200 to 37 has not resulted in lighter, nimbler or less onerous procedures for partners as recommended in the 2014 peer review. A clear ambition to take informed risks and to innovate is at odds with the checks and balances that are in place to identify and manage risks, particularly in relation to innovative or sensitive issues or working in the most difficult contexts. A strategic narrative that clearly sets out where, when and why innovation should be pursued would be helpful in positioning innovation at the core of DFID's culture and values.

The depth and breadth of the United Kingdom's expertise is valued by all partners and is a cornerstone of its credibility and ability to influence. The United Kingdom invests in having a presence in partner countries, including in fragile states. Staff directly employed by British embassies are an important asset for the United Kingdom's development programmes – though more could be done to draw on their knowledge when developing policies and strategies and to develop more consistent career paths for different categories of locally-engaged staff.

Authority, mandate and co-ordination

While budget accountability is clearly defined, there is no single point of leadership or accountability for delivering the 2015 UK Aid Strategy across government.

Since 2015, the United Kingdom (UK) has delegated responsibility and accountability for delivery of its Aid Strategy to 15 government departments (DFID and Treasury, 2015[1]), listed in Figure 4.1. As with other parts of the UK government, each department is responsible for its ODA budget, targets, results and staff, with each Permanent Secretary directly accountable to parliament. Two cross-government funds introduced in the Aid Strategy (Box 4.1) are managed by a Joint Funds Unit housed in the Cabinet Office and directly accountable to the National Security Council and parliament. DFID remains an independent government department with its own seat in cabinet, which gives it the access, mandate and stature to bring its extensive knowledge, expertise and learning on development considerations into cabinet-level discussions (Chapter 1).

Accountability by individual departments for their ODA budgets is a solid approach where development constitutes a significant share of their work. However, where the ODA budget represents a small proportion of a department's overall budget (e.g. less than 0.2% of the Department of Health and Social Care and the Cabinet Office budgets in 2018), the development portfolio does not necessarily attract a high level of political oversight and engagement.

Independent bodies such as the Independent Committee for Aid Impact (ICAI) and the National Audit Office undertake robust reviews and performance audits which are complementary and whose findings are acted upon and considered by ministers and senior management. The International Development Committee is active in overseeing performance and draws on ICAI reports and its own enquiries to hold the government accountable for ODA expenditure and development results.

In summary, as noted by the National Audit Office, the current system of devolved accountability is effective for oversight of each departmental budget and plan but falls short of providing a clear point of accountability for the overall delivery of the UK Aid Strategy objectives. As set out in Chapter 2, the next update of the United Kingdom's development co-operation strategy is an opportunity to address this.

The development system is well co-ordinated with clear, complementary mandates

A coherent and co-ordinated approach to delivering the 2015 Aid Strategy is ensured through two complementary structures (see also Annex D), both of which are effective and clearly understood:

1. Two sub-committees of the National Security Council (NSC) oversee implementation of the Aid Strategy and the two cross-government funds, with the DFID Secretary of State as a permanent member. DFID is represented on all of the National Security Implementation Groups through which senior officials co-ordinate their approaches to issues that cross departmental boundaries.
2. An ODA ministerial group co-chaired by Treasury and DFID oversees allocation and execution of the ODA budget, supported by a Senior Officials Group which meets regularly. The Senior Officials Group expects to shift its attention from spending ODA to monitoring results, transparency and value for money. A cross-government results framework introduced in 2019 could develop over time into a tool for strategic decision making on ODA allocations across government (Chapter 6).

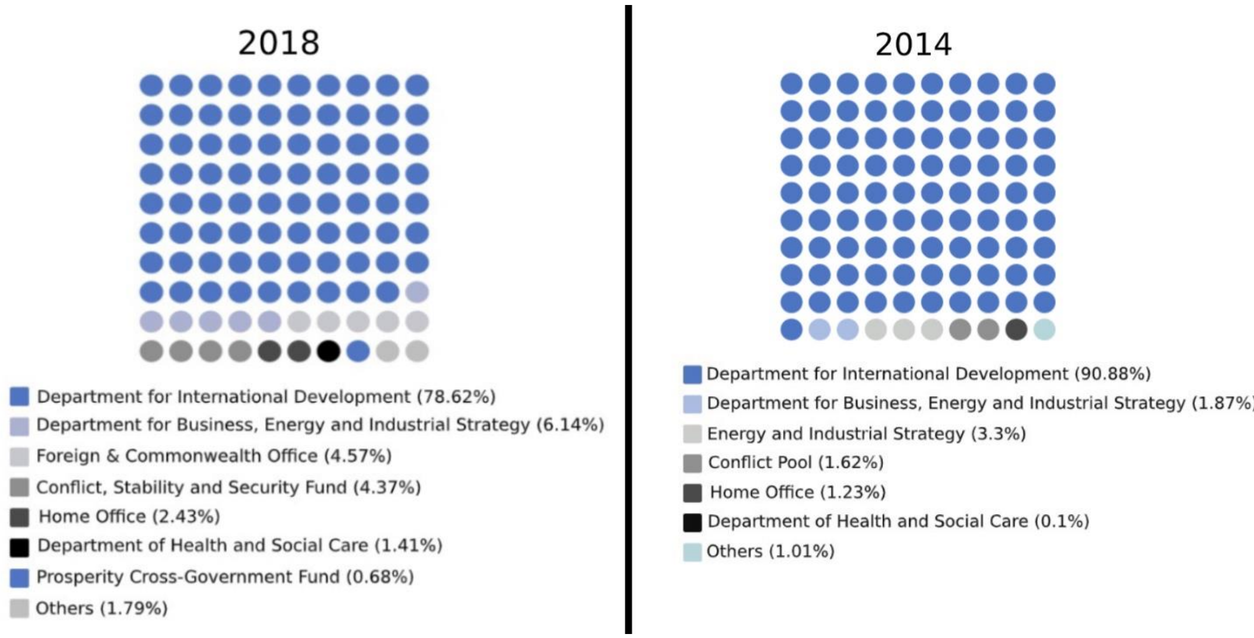
Structures and strategies are regularly reviewed and refined[1], based on robust analysis.

Responsibility for ODA budgets is clear, but quality assurance could be clarified

Having more departments managing ODA has required more regular and robust co-ordination and communication, and a clear distribution of responsibility. After a relatively short period, co-ordination mechanisms are working well with responsibilities clearly assigned. Treasury is mandated to allocate ODA across government and to monitor forecasts and expenditure to ensure that the United Kingdom delivers on its legislative requirement to spend 0.7% GNI as ODA. DFID manages 70-75% of the UK ODA budget (HM Government, 2019[2]) and is the spender of last resort, required to absorb any shortfalls in ODA spent by other departments. Being obliged to report 100% of its budget as ODA gives DFID singularity and clarity of purpose, which minimises internal tensions and trade-offs. It can, however, limit DFID's activities and instruments, inter alia for engaging the private sector and working in middle-income countries.

DFID is also responsible for ensuring that all departments have sufficient capacity to manage – from planning through implementation to evaluation and audit – their ODA allocations. DFID has dedicated significant resources to this over the past four years, through staff secondments and loans; joint units; and helpdesk functions, and capacity has improved. A clear mandate to assess the results and eligibility of all ODA would further strengthen DFID's ability to assure the quality of UK development co-operation.

Figure 4.1. DFID spends the largest share of ODA in an increasingly diverse system



Note: Other departments include Treasury, Ministry of Defence, Department for Environment, Food and Rural Affairs, Department for International Trade and the Department of Digital, Culture, Media and Sport. Each circle represents one percent of the United Kingdom's ODA rounded to the nearest percentage.
Source: HM Government (2019[3]), Statistics on *International Development; www.gov.uk/government/collections/statistics-on-international-development*.

A focus on spending ODA has overshadowed attention to leveraging expertise

The 2014 peer review (OECD, 2014[4]) recommended that the United Kingdom bring its expertise across government to bear on its development co-operation objectives (OECD, 2014[4]). The Fusion Doctrine holds great potential to achieve this and there are already some very good examples of how the United Kingdom's approach is benefitting from a whole of government approach (Chapter 1, Annex C). The Anti-corruption Group in Kenya, the Public Health Rapid Support Team and training by the National Statistics Office and HM Revenue & Customs, are just a sample of the enormous potential available for unlocking new skills, expertise and capacity across the United Kingdom to address development challenges.

There is nonetheless a risk that if the cross-government approach remains focused on spending ODA, the United Kingdom will create a series of "mini DFIDs" without crowding in new ways of working and expertise.

Due to political uncertainty, the most recent Periodic Spending Round, which set out the government's spending plans, was for only one year (2020-21). The next multi-year spending review will allow strategy updates, budgets and plans to be clearly negotiated within and between Departments, and with Treasury. Building on the experience of other Development Assistance Committee (DAC) members[2], consideration could be given to reducing the number of departments directly managing ODA budgets while introducing systems for these departments to draw down skills and expertise from across government, with each department playing to its strengths. This would have the added value of saving administrative costs and streamlining co-ordination.

Box 4.1. The United Kingdom's cross-government funds

To support its cross-government approach to development and the National Security Strategy, the 2015 Aid Strategy introduced two cross-government funds which blend both ODA and non-ODA resources.

- The Conflict, Stability and Security Fund (CSSF) is designed to address both national security and development objectives and can fund security, defence, peacekeeping, peace-building and stability activities (HM Government, 2020[5]). Spending through the CSSF in 2018-19 was USD 1.68 billion (GBP 1.257 billion), of which 48.4% was reported as ODA.
- The Prosperity Fund aims to raise people out of poverty in middle-income countries through broad-based and inclusive growth, with a focus on improving the global business environment, strengthening institutions, and encouraging private investment (HM Government, 2020[6]). The Prosperity Fund budget is USD 1.57 billion (GBP 1.22 billion) over seven years, of which 98% is to be reported as ODA (Cabinet Office, 2018[7]).

The mix of ODA and non-ODA in the CSSF is an important innovation, enabling programme teams to focus on the most appropriate response to the problem at hand, without being unduly concerned about whether the spend can be reported as ODA. This has allowed the CSSF to be highly responsive to changes in strategic direction. For example, as the 2015 migration crisis unfolded, relevant government strategies were revised and funding for programmes to achieve migration objectives via the CSSF tripled. With a much smaller non-ODA component, the Prosperity Fund is required to ensure that all programmes have a primary objective of supporting inclusive economic growth to reduce poverty.

Both funds are managed by a Joint Funds Unit housed in the Cabinet Secretariat and each fund has its own appraisal processes and approval board, after which the budget is passed to a lead department. Prosperity Fund programmes tend to be multi-annual with a more rigid delivery plan from the outset and typically do not change significantly once approved. A cross-government director level board, as well as Local Strategy Boards chaired by heads of mission meet monthly to oversee CSSF progress, promote alignment and fusion, and to drive forward the catalytic and innovative potential of the funds. Lead departments apply their own procedures to the funds which can lead to duplication and delays.

Source: HM Government (2019[2]), *DAC Peer Review Memorandum (unpublished)*; HM Government (2019[8]), *Joint Funds Unit management response to CSSF annual review synthesis report: 2017 to 2018*, www.gov.uk/government/publications/joint-funds-unit-management-response-to-cssf-annual-review-synthesis-report-2017-to-2018; interviews held during the review process.

Strong co-ordination in partner countries would benefit from more compatible systems

In partner countries, whole-of-government approaches under the Fusion Doctrine sit clearly under the leadership of the Ambassador or High Commissioner, helping to ensure that all the United Kingdom's resources are directed towards shared objectives. UK government departments are typically housed together and share support functions.

DFID's treasured and commended country-led model is reinforced by a single, delegated budget and well-staffed country offices. DFID has a matrix structure of strategy, support and spending units (Annex D) which allows for bottom-up planning, keeping development or humanitarian needs as the starting point for country allocations. While business planning can be protracted, this structure empowers staff working in partner countries and brings decision making closer to those who know the context.

There has been a steady fall in the levels of staff, budget and authority delegated to country offices in recent years. This is partly intentional: guidance for the current business planning cycle urges country offices to focus their budgets and country presence on engagements and programmes that cannot be served through multilateral channels or centrally managed programmes. Focusing limited country resources is to be commended but will require more flexibility on overhead costs, taking into account the complexity of some programmes and engagements.

Unlike many DAC members, humanitarian assistance is embedded within DFID country teams and systems, with the Conflict, Humanitarian and Security Department intervening only when the United Kingdom has no country presence or where country offices request additional support (Chapter 7). This is excellent practice. The Foreign and Commonwealth Office (FCO) has longstanding presence through the UK diplomatic network, with teams reinforced where there are significant development budgets, such as to manage the CSSF portfolio in Jordan. Other departments have varied levels of delegation and staffing in partner countries but they are increasingly present in countries where they have significant activity.

Further opportunities exist to strengthen the Fusion Doctrine approach at country level. With the exception of countries of high national security interest, such as Jordan, the United Kingdom does not systematically develop whole-of-government country strategies, limiting opportunities to identify synergies and learning across countries and departments. In addition, despite much willingness, the transaction costs of co-ordination at the country level are high for all departments and collaboration at an operational level continues to be hampered by incompatible systems and procedures, even within the same Embassy or High Commission. Staff working in FCO for instance cannot access information on DFID's Aid Management Platform or join DFID video conferences. Finally, the United Kingdom has a highly decentralised civil service with most human resource decisions – including pay agreements – devolved to individual departments. As a result, integration of teams across government is challenging and staff in embassies and high commissions hired by different departments have different terms, conditions and career opportunities.

Systems

The United Kingdom's established and professional civil service has a long tradition of being rules-based, and officials follow guidance closely. Staff and systems in ODA-spending departments place a strong focus on results and performance. Table 4.1 assesses DFID's systems, some of which are used by other departments.

Table 4.1. Assessment of the United Kingdom's development co-operation systems

	Yes	No	Comment
Policies (Chapter 2)	●		▲ Single, clear policy framework across government; policies published in new areas[1] and policy discussed by advisers ● Public information and consultation on policies and strategies not systematic, particularly under National Security Council
Programming (Chapter 5)	●		▲ Clear responsibilities for Senior Responsible Officers; regularly updated Smart Rules and value for money guidance; meaningful (although fluctuating) delegation of authority to units and country offices; predictable, flexible, multi-annual funding ▲ Strong focus on results, evaluation and learning (Chapter 6) with attention shifting from project to portfolio level
Partnerships (Chapters 2 and 5)	●		▲ Clear, published partnership principles; recognition of the value and roles of diverse development actors; rationale for partner selection set out in business plans; active engagement in multilateral governance structures ● A narrow framing of effectiveness leads to a supplier relationship in funding partnerships; most partners consider DFID engaged but too focused on control and compliance
Quality assurance	●		▲ Strong quality assurance, reinforced by Smart Rules, advisors, programme quality boards and results management
Audit (Chapter 4)	●		▲ Satisfactory internal audit function and external controls
Mainstreaming cross-cutting issues (Chapter 2)	●		▲ Advisory cadres and country development diagnostics provide a strong analytical base to identify opportunities and risks ● Reliance on DFID advisers to mainstream issues; other government departments have limited access to DFID expertise
Procurement, contracting, agreement-making	●		▲ Clear guidance including DFID's Statement of Priorities and Expectations.[3] Most contracts are awarded competitively; contract notices and awards are published, early market engagement events and information sessions are good practice ● Procedures indirectly favour large suppliers based in the United Kingdom and most research contracts are awarded in the United Kingdom, missing opportunities to support local businesses and institutions in developing countries
Strategic, reputational, programming, security	●		▲ Risk managed at programme and portfolio levels; risk information publicly available, regularly reviewed and discussed with partners. Strong systems and guidance but focused on compliance, regular monitoring and mitigation measures ● Weight of compliance and control discourages partners from using DFID funding for risky or highly innovative proposals
Corruption	●		▲ Strong attention on financial risk in grant management and analysis of corruption in a wider country context. Holistic approach to corruption management and prevention drawing on resources across government
Safeguarding	●		▲ Strong systems for sexual exploitation, abuse and harassment which are widely understood and applied (Box 4.2)

Note: The Yes/No columns indicate whether the systems in question meet the indicator described in Chapter 4 of the DAC Peer Review Reference Guide. Green triangles refer to good practice and where progress has been made since the 2014 peer review of the United Kingdom; orange circles point to areas where more could be done. (1) Since 2018, DFID publications have included a governance position paper, disability inclusion strategy, education policy, digital strategy and a strategic vision for gender equality.
Source: OECD Secretariat based on documentation and information provided by the United Kingdom.

Partners find DFID systems onerous, impacting on their diversity, agility and risk-taking

Across the board, partners commented on the high transaction costs of working with the United Kingdom, echoing the 2014 peer review findings. This is despite the introduction of the Smart Rules in 2015, through which the number of rules reduced from over 200 to 37 and Senior Responsible Owners were empowered to make decisions within a framework of guiding principles, performance expectations and accountability.

The 10 Smart Rules Principles encourage staff to do things differently to deliver better outcomes and learn lessons; to be ready to propose difficult, transformational programmes in high-risk environments; and to use judgement to present reasoned, evidence- and risk-based proposals. Value for Money guidance issued by Treasury and DFID recognises strategic partnerships, encourages flexibility for programmes to adapt and emphasises the importance of considering longer term change in addition to immediate outputs. However, partners find that these good intentions are diluted through the system and many describe DFID as highly engaged but with a culture that is focused on compliance and control.

Although programmes adapt in response to new evidence or annual review findings, heavy due diligence, forecasting and reporting requirements discourage partners from being agile and responsive. In higher risk environments, such as Jordan, due diligence and oversight are more intense but it is precisely when risks are higher that partners need to be agile and nimble, with the UK government willing to assume more risk. While many partners acknowledge that DFID requirements have introduced efficiencies and new ways of working, they feel that both DFID and partners would benefit from a shared approach to risk management and learning from programmes. An initiative underway to streamline DFID's operational model may be helpful in supporting the move towards system-wide use of adaptive management. Reinforcing the message that responsibility for risk-based management ultimately lies with senior management at country level or in headquarters, rather than with project managers, should reduce the default to compliance and create the space needed for more informed and innovative risk management.

Strategic direction and tailored tools would reinforce DFID's commitment to innovation

DFID was one of the first donors to advocate for new solutions to development challenges, backed by some of the first challenge funds. Its innovation portfolio has now reached significant scale, breadth, depth and maturity and a number of ideas, such as mobile finance, have been brought to scale with impressive results. Innovation is a focus in around 50 different DFID programme components with initiatives ranging from challenge funds, to venture capital-style investing via the Global Innovation Fund, to ecosystem support such as the forthcoming Africa Technology and Innovation Partnerships programme. Over a 10-year period, DFID has invested over USD 1.9 billion (GBP 1.5 billion) in innovation-related programming across 10 sectors to support projects in 60 different countries, with the majority centred on Sub-Saharan Africa and South Asia. In addition to success with specific innovations, the United Kingdom's portfolio in Jordan demonstrates how fresh thinking and political leadership can lead the United Kingdom to adopt new and effective approaches (Annex C).

DFID is building the capacity of its country teams to engage in innovation, with a particular focus on technology[4]. A performance management system "Being My Best" introduced in 2018 has awards for staff demonstrating core DFID values and behaviours. One of the recognised behaviours is "encouraging innovation, and measured risks – then failing fast, adapting quickly, and sharing learning". This is a positive step in building a culture of innovation as DFID aspires to do. A strategic narrative on innovation that clearly sets out where, when and why innovation should be pursued would be helpful in positioning innovation at the core of DFID's culture and values.

Innovators, implementers and investors find that getting Treasury approval and political cover for risk-taking requires an unrealistic level of clarity at a very early stage, stifling the space for innovation and adaptive management. Although many identified the United Kingdom as an important source of ideas and evidence, DFID was not always their first choice of donor to approach with an innovative or high-risk proposal. In addition, they noted few examples of DFID's explicit commitment to discuss failure (DFID, 2014[9]) being borne out in practice.

Box 4.2. Shaping an international response to sexual exploitation, abuse and sexual harassment

Since early 2018, the United Kingdom has put its political weight behind measures to end sexual exploitation, abuse and sexual harassment (SEAH) and improve accountability in the international aid sector, including recognition of existing international standards to prevent and respond to SEAH. This included hosting a major international summit in October 2018, convening multiple stakeholder groups and co-chairing a DAC Reference Group which developed an OECD DAC recommendation on the issue (OECD, 2019[10]), adopted by all DAC members (OECD, 2019[10]). Other activities spearheaded by the United Kingdom include work to strengthen the use of global criminal records and to transform the leadership and cultural aspects of all organisations in the sector.

The ability of the United Kingdom to pivot towards this issue with high-level political engagement underpinned by quick, decisive action – ranging from staff surveys and welfare provisions to compulsory online training, performance assessments, updated Smart Rules, due diligence assessments and procurement clauses both in DFID and in a number of other departments – is indicative of the United Kingdom's ability to act quickly and coherently when there is a sense of urgency.

The United Kingdom's work on this important and neglected challenge is an important complement to its broader and valued work on sexual abuse, harassment and violence against women and girls. It was also catalytic in building momentum across the system and galvanising improved coherence around international standards. However, few partners have been able to keep pace with the United Kingdom and it will be important to move forward in a way that ensures a sustainable, joint response and allows time for the United Kingdom to consult, and learn from, partners.

Source: Interviews with DFID staff and non-governmental organization partners; DFID (2019[11]), *Safeguarding against Sexual Exploitation and Abuse and Sexual Harassment in the aid sector - DFID's standards, guidance for partners and information on how to report a concern*, www.gov.uk/guidance/safeguarding-against-sexual-exploitation-and-abuse-and-sexual-harassment-seah-in-the-aid-sector; HM Government (2020[12]), *Guidance - Safeguarding Against Sexual Exploitation and Abuse and Sexual Harassment (SEAH) in the Aid Sector*, www.gov.uk/guidance/safeguarding-against-sexual-exploitation-and-abuse-and-sexual-harassment-seah-in-the-aid-sector.

Capabilities throughout the system

Deep and broad expertise underpins the United Kingdom's credibility and influence

The United Kingdom continues to attract and retain committed and experienced staff with appropriate skills and expertise[5]. In particular, DFID's knowledge and evidence are recognised as an asset for the entire development community. Knowledge and learning flow easily between DFID's 1 500 advisers (Table 4.2), who are organised into cadres related to their main discipline, each with a head of profession. As a result, policies and programmes remain updated and relevant. Since the last review, the programme management cadre has risen in stature with a dedicated head of profession.

DFID's proactive approach to diversity has yielded results

Civil service reform priorities in the United Kingdom include improving commercial knowledge, digital skills and diversity across the system. DFID has been proactive in identifying measures to increase the diversity of its staff. A group of 50 individuals across the organisation, known as the Fab 50, have volunteered to work on transforming the diversity and inclusion of DFID. Recruitment campaigns in under-represented regions and universities and provisions to support people living with disability to pursue their careers have yielded results – in 2018, 13.4% of home-based civil servants declared a disability and 14.4% identified as Black, Asian and Minority Ethnic, above the civil service averages of 10% and 12% respectively (DFID, 2018[13]). Half of DFID Senior Civil Service posts are held by women, and pilots are underway to test whether senior posts can be opened to flexible and part time working (DFID, 2019[14]).

Table 4.2. DFID staff breakdown in 2019

	Number of staff	Percentage of staff
Total number of home civil servants	2 775	-
Home civil servants working outside the United Kingdom	563	20.29%
Percentage of total home civil servants who are female	1 576	56.79%
Total number of staff appointed in country	872	-
Percentage of total staff appointed in country who are female	506	58.02%
Number and proportion of Senior Civil Servants	105	3.78%
Number and proportion of senior advisers	1 478	53.26%
Number and proportion of senior administrators	768	27.68%

Note: This table includes: 1) home civil servants (i.e. officials hired from headquarters) on the DFID payroll in August 2019, including staff on secondments but not including staff from other government departments and 2) numbers of staff appointed in country in March 2019; Senior advisers refer to staff at A1 and A2 level in the United Kingdom civil service, senior administrators refer to staff at A2L and B1 level.
Source: HM Government (2019[2]), *DAC Peer Review Memorandum (unpublished)*; DFID (2019[14]), *DFID Annual Report and Accounts 2018-19*, www.gov.uk/official-documents.

Efforts to strengthen capacity across government have taken their toll on DFID

Assigning staff to build capacity across its own government, compounded by staff reallocations to prepare for the United Kingdom's exit from the European Union (EU), have stretched human resources in DFID over recent years. With an eye on a new strategic direction, workforce planning in DFID has improved. New management dashboards provide high-level and up-to-date information on current and future staffing, skills, diversity and performance. Future planning will need to take into account the extent to which DFID is expected to support other departments in the longer term, as well as identifying and recognising skills which can be drawn down from other departments.

Supporting DFID staff through periods of change remains critical

DFID is paying more attention to staff wellbeing, particularly mental health, bullying and harassment. It has drawn from its work on Safeguarding (Box 4.2) to strengthen internal reporting and support mechanisms. Staff engagement surveys have high response rates, disaggregated results are fed back to teams of 12 or more people and remedial actions are agreed and monitored.

As noted in previous peer reviews, DFID staff have a high intrinsic motivation and loyalty, and retention is high despite relatively low salaries. Staff are nonetheless concerned about levels of morale in DFID and feel that little effort was made to engage staff and hear their concerns through the past five years, a period which was marked by uncertainty, extra workloads and significant shifts in management structures and policy direction as well as new pay negotiations. Effective staff engagement will grow in importance in the coming period.

The United Kingdom has a strong country presence, including in fragile contexts

The United Kingdom has maintained a strong and effective presence in its partner countries and in many fragile contexts. Embassy and High Commission teams benefit from appropriate skills, seniority and authority. Highly skilled diplomats, defence attachés, trade attachés, advisors and programme managers work well together and increasingly identify common objectives. In addition, all business units can draw on the competencies and resources available throughout the system, including staff in other country offices, through a highly effective requirement for staff to give 10% of their time for objectives beyond their team. In both Jordan and Kenya, there was scope to draw more on the knowledge, networks and perspectives of local staff when formulating strategies.

At the time of the review, DFID had 1 435 staff overseas, across 54 countries. Of this, 61% (872) are staff appointed in country. Staff appointed in country are recognised as critical to DFID's effectiveness and every effort is made to offer them a career path and personal development opportunities. In particular, they have extensive training opportunities and can avail of professional accreditation processes to rise to the rank of senior adviser – many senior private sector advisers based in DFID India are a resource for DFID globally – and it has been possible for locally-appointed DFID staff to take up posts in another country. This is excellent practice and a source of inspiration for other DAC members as well as a model for a transition to harmonised staffing across the United Kingdom government – currently different categories of locally-appointed staff have quite different career opportunities. This policy of mobility for staff appointed in country has been an important factor allowing DFID to secure adequate staff with the right skills to work in fragile contexts. Other incentives to attract staff to fragile states include shorter postings, additional leave, salary uplifts and promotion opportunities.

As seen in Jordan, where Embassy staff are available and willing to convene, network and share thinking and engage in joint advocacy efforts, they are highly valued by all partners. In recognition of this, the Better Delivery team embarked upon a process to review DFID's operational model, including a "Give Back Time" initiative to allow DFID staff more time to engage with, and learn from, programmes and partners.

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Notes

[1] For example, the Fusion Doctrine was introduced in 2018 as a more accountable system to support collective cabinet decision making on national security priorities, drawing on lessons from the 2016 Iraq Enquiry. See the executive summary at https://webarchive.nationalarchives.gov.uk/20160708115158/http://www.iraqinquiry.org.uk/media/246416/the-report-of-the-iraq-inquiry_executive-summary.pdf. Similarly, new procedures were introduced to strengthen the advisory role of civil servants with ministers required to acknowledge in writing if they choose not to follow the advice of senior civil servants.

[2] For example, Norway and Sweden have developed contractual tools and Memoranda of Understanding which allows the lead development agency to draw down expertise from other Departments in a timely manner, combining the agencies' competence in "aid management" with the technical or political competence of other parts of government.

[3] A Supplier Review in 2017 led to significant reforms including: a Strategic Relationship Management programme to improve collaboration with partners and unlock learning, creativity and innovation across portfolios; measures to open DFID's markets to new supply partners, small businesses and developing country supply partners; and introducing terms and conditions preventing "exclusivity" agreements. A DFID Supplier Portal was launched in July 2019 to increase timely awareness of upcoming opportunities with DFID, whether in the United Kingdom or in-country. DFID's Procurement and Commercial Division is working to diversify the supply chain by taking the lead across the UK government on an improved approach to contracting small and medium enterprises in partner countries.

[4] For example, Frontier Technology Livestreaming awards DFID staff small budgets to experiment with new technologies, and Frontier Technology Futures involves week-long capacity building visits to help Country Offices understand the local innovation ecosystem and entry points for their work.

[5] As the proportion of staff managing ODA in other Departments is relatively small, this section focus on staffing and skills in DFID.

5 The United Kingdom's delivery modalities and partnerships

This chapter looks at the principles that guide the United Kingdom's partnership approach across its development portfolio, and how it uses its financial, diplomatic and technical resources in its global engagement and in partner countries. It assesses whether the approach and principles are consistent with the United Kingdom's development co-operation policy and international commitments on development effectiveness: i.e. ownership of development priorities by developing countries; a focus on results; inclusive development partnerships; and transparency and mutual accountability.

The chapter first considers the United Kingdom's development co-operation partnerships with a range of actors, assessing whether they embody the development effectiveness principles. It then explores whether the United Kingdom's work in partner countries is in keeping with effective development co-operation principles.

In brief

An engaged, informed and exacting donor, the United Kingdom is adept at leveraging a range of partnerships to deliver its development objectives

The United Kingdom has a broad view of partnership and the independent and complementary roles of diverse actors. Business plans which are the basis for all funding proposals are robust and evidence-based but position partners as a channel to deliver the United Kingdom's objectives. Funding mechanisms currently in use, particularly at country level, thus risk undermining the United Kingdom's policy objectives for multilateral effectiveness, an independent civil society and broad country ownership of development strategies.

Partners appreciate regular interactions with the Department for International Development (DFID) but would welcome a better balance between attention to control and compliance and strategic dialogue, with a view to forging a partnership to achieve longer term change.

Funding is multi-annual and predictable and comprehensive information related to individual grants is publicly available. This has not, however, translated into predictable forward-spending information for host governments and other development partners, or public strategies setting out the United Kingdom's priorities and rationale for its engagement in individual partner countries.

The United Kingdom's performance against international development effectiveness principles continues to decline, with particularly poor performance on alignment with partner country strategies and consultation on country plans. In view of the gap between the development effectiveness principles that the United Kingdom endorsed and the view of effectiveness that underpins its partnership approach, it would be timely for the United Kingdom to help to shape an updated set of standards and incentives for effective development partnerships to achieve longer-term change in a variety of contexts.

Effective partnerships

The United Kingdom partners with others to great effect and could do so even more

The United Kingdom makes good use of a diversity of financing and delivery instruments to leverage additional development finance and the comparative skills and advantages of other development partners, particularly multilaterals. For example, the United Kingdom engages in joint donor mechanisms as well as triangular co-operation[1] and contributes to humanitarian pooled funds and multi-donor trust funds. In both Jordan and Kenya, the United Kingdom has engaged in delegated co-operation arrangements and European Union (EU) Joint Programming. The United Kingdom has significant influence and DFID thinking and evidence has shaped many international development debates, such as on using political economy analysis or addressing gender-based violence. There is nonetheless a perception that the United Kingdom prefers to support its own initiatives and programmes and that its funding approach – based on robust business cases requiring detailed information – incentivises this. More emphasis in the Smart Rules on favouring joint approaches would help the United Kingdom to further leverage the joint donor effort.

Value for money shapes many of the United Kingdom's implementing partnerships

The 2015 Aid Strategy committed the United Kingdom to ensuring the value for money and transparency of all official development assistance (ODA); this commitment shapes the United Kingdom's approach to funding partnerships and development effectiveness more broadly. Seeking value for public money with the aim of maximising the development impact of ODA is clearly to be commended. Partners across the board find that the interpretation of value for money can have downsides too. They note that the United Kingdom is a very engaged and well informed but demanding donor, with interactions focused on compliance and control to ensure delivery of the United Kingdom's objectives rather than on strategic dialogue that might lead to joint problem solving and forging longer term partnerships. Where fund managers are used as intermediaries, dialogue between DFID and its partners is further constrained. Due diligence and reporting requirements (Chapter 4) exclude or discourage smaller, more local or non-traditional organisations who could be an important source of insight and inspiration but may not be able to meet all requirements for receiving funding from the United Kingdom.

Evidence underpins programme design

DFID funding partnerships, and increasingly funding across the United Kingdom (UK) government, are based on a robust business case.[2] The business case starts with the "what": the development challenge to be addressed and the context. This is followed by the "how": the rationale for the choice of intervention to address the challenge. The final element involves "who": outlining parameters and evidence to guide the choice of implementing partner, often referred to as the "supplier". This process is thoroughly vetted and ensures the relevance of programmes. It does not, however, necessarily take partners' or ministries' proposals and objectives as a starting point. In addition, partners feel that too much emphasis rests on the performance and sustainability of individual business cases and the outputs they deliver, rather than on building strategic partnerships to achieve longer-term change. The move towards a portfolio approach for results and evaluation (Chapter 6) is a helpful step towards addressing this imbalance.

Listening to the views and experiences of citizens and beneficiaries are a Smart Rules principle but there is no requirement for consultation or ownership when developing proposals. In Kenya, a youth panel is consulted on a regular basis in order to make the United Kingdom's strategies and programmes more relevant to the 20% of the population aged 16 to 25. UK teams in Jordan and Kenya have actively convened partners working on similar themes in order to foster learning and identify areas for collaboration. In line with commitments to better integrate feedback mechanisms into programmes (DFID, 2018[1]), DFID has updated its internal guidance on beneficiary engagement. Another useful innovation has been early market engagement events which allow consultation with potential suppliers at concept note stage, before a business case is finalised, to draw in learning and to identify new suppliers or approaches.

In choosing interventions to support, the United Kingdom is guided by evidence (Chapter 6). In DFID, a compilation of Best Buys – interventions that have demonstrated value for money through randomised control trials and other tests – has been developed to guide programme managers in deciding what interventions to support to achieve a particular development outcome. In rolling these out, DFID is aware of the need to stress the importance of context in shaping decisions.

Programme funding is predictable, flexible and long-term

Funding for programmes, including core funding for multilateral agencies and global funds, tends to be multi-annual and predictable and the average length of programme is 6-7 years (HM Government, 2019[2]). With Treasury approval, commitments can be made beyond a spending review period – for example, a devolution programme in Kenya is designed with a seven-year horizon from the outset – and once approved, Smart Rules allow ample scope for course correction by programme managers based on annual review scores. This is exceptionally good practice and recognises the time taken to achieve change.

Funding approaches do not fully reflect the United Kingdom's commitment to United Nations (UN) development system reform

A strong supporter of the United Nations, the United Kingdom is appreciated for its contributions to pooled funds and its significant levels of core funding to key UN agencies (United Nations MPTF Office and Dag Hammarskjöld Foundation, 2019[3]) (Chapter 3). However, some of its funding approaches work against its commitment to reform of the UN development system. A commitment to transparency and accountability for all public funds leads the United Kingdom to advocate for better results and reporting but also to request additional tailored reporting. Conditions attached to a proportion of core funding are explicitly linked to a subset of UN development system reform objectives and have high transaction costs on both sides (Box 5.1). Agencies contend that the time and resources needed to manage funding from the United Kingdom impacts on their ability to deliver programmes and to engage with other partners.

In partner countries, the United Kingdom tends to treat UN agencies as its implementing partners. In Kenya, DFID funding was provided to UN agencies to implement tightly earmarked projects, designed without reference to the agencies' own strategic plan or the UN Sustainable Development Country Framework priorities that had been negotiated with the partner government. In several countries, DFID teams have requested additional information, audits and reporting on top of standard due diligence requirements agreed at headquarters level. In addition, where the United Kingdom's partnership principles (DFID, 2014[4]) rule out direct support to a government, DFID may require UN agencies to state in writing that they will give no direct support to government using the United Kingdom's resources, thus undermining their mandates, relationship with the host government and their capacity to strengthen national systems.

Box 5.1. Payment for results

In 2018, the United Kingdom introduced performance-based payments for a number of its UN partners. Some bilateral and multilateral partners have questioned whether this reinforces or undermines existing governance structures. Disbursement of a proportion of core funds (typically 30%) is linked to performance against a set of reform indicators. These indicators are increasingly drawn from reform agendas agreed with other donors and included in the organisations' own results frameworks, but are a subset of the negotiated priorities, which risks distorting the broader agenda and requires additional reporting and co-ordination.

The United Kingdom has applied the payment for results approach to a number of other partnerships and contexts – Results Based Aid payments are made to governments; Results Based Financing payments are made to service providers (typically non-governmental organisations); and Development Impact Bond payments are made to investors. In all cases, payments are made after the achievement of pre-agreed results or reforms, transferring more of the risk for delivering results onto implementing partners.

The payment for results approach is being closely watched by other providers and it is helpful that DFID has been proactive and frank in sharing its experience. For example, a 2017 What Works note stressed that while effective in some cases in accelerating reform, this approach it is not appropriate for all contexts and can incur high management costs. Further evaluations of payment for results are planned.

Source: Interviews with DFID and multilateral partners; DFID (2017[5]), *Business Case for DFID 2017/20 Investment in the UN Development System to Achieve Agenda 2030, https://devtracker.dfid.gov.uk/projects/GB-GOV-1-300396/documents;* DFID (2017[6]), *What Works for Payment by Results Mechanisms in DFID Programmes – DFID Cover Note*, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/684278/full-report-UEA2-merged.pdf; DFID (2014[7]), *Payment by Results Strategy: Sharpening incentives to perform*, http://www.gov.uk/government/publications/dfids-strategy-for-payment-by-results-sharpening-incentives-to-perform/payment-by-results-strategy-sharpening-incentives-to-perform. (All web pages accessed 23 March 2020)

There are further opportunities to support the role of civil society as independent actors

Although DFID and Foreign and Commonwealth Office (FCO) teams in the United Kingdom and partner countries actively advocate for an enabling environment, including space and political freedoms, for civil society, the majority of the United Kingdom's funding is not provided to support civil society organisations as independent actors with their own mandates.

Following a civil society partnership review in 2016 (DFID, 2016[8]), headquarters funding for civil society underwent a reform. A previous scheme providing core funding to selected civil society organisations was discontinued and four funding instruments were introduced, with the intention of building a broader base of civil society partners and encouraging alliances and innovation, in addition to building more public ownership of ODA funding[3]. Most civil society funding – which averaged USD 2.3 billion per year 2014-2017 (Annex B, Table B.1) – is delivered through country programmes, however, and overall levels of core funding to non-governmental organisations (NGOs) have not significantly dropped, representing approximately a fifth of total support through NGOs (Annex B, Table B.2). Recognising the need to support organisational capacity, DFID has adopted a progressive approach to overhead and administrative costs for its project funding (DFID, 2019[9]) which was developed in close consultation with civil society and is recognised as good practice among Development Assistance Committee (DAC) members (TaskTeam, 2019[10]). The concern remains that civil society grants are increasingly awarded to implement projects linked to the United Kingdom's objectives and results and there are further opportunities to support civil society organisations' own agendas and plans.

More diverse research partners would reinforce efforts to bring about change

As noted in the 2014 peer review (OECD[11]), the United Kingdom invests heavily in research, both as a public good and to inform its own work. Most work is carried out by research agencies based in the United Kingdom and the research agenda is largely set by the United Kingdom. Broadening out beyond institutions based in the EU and the United Kingdom presents an opportunity to build the capacity of a broader range of local actors who could make an important contribution to shaping, and achieving, the United Kingdom's objectives. The increased involvement of other government departments opens up a new pool of knowledge partners for the United Kingdom's development co-operation system. However, although most domestic-facing departments recognise the need to diversify, it will take time for them to develop networks and partnerships in developing countries. In encouraging other departments to develop more local partnerships, DFID will need to lead by example, drawing on the experience of other DAC members[4].

The EU remains an important ally for the United Kingdom

The United Kingdom recognises the EU as an important ally in seeking to eradicate extreme poverty and help build prosperity, peace, stability and resilience in developing countries (HM Government, 2018[12]). Over the years, it has invested diplomatic, technical and financial resources to strengthen the poverty and fragility focus of EU funding instruments. At country level, the United Kingdom has joined a number of EU Joint Programming agreements and contributed to joint country analysis, and this will still be possible as a third country. While the financial implications are unclear, the United Kingdom's departure from the EU leaves an important gap as over 100 UK secondments were terminated in 2019. A government decision that officials should only attend EU meetings if there was fiduciary responsibility has led to an abrupt drop in communication and engagement with a number of the United Kingdom's allies. As the terms of its departure from the EU become clearer, it will be important for the United Kingdom to rebuild these relationships and reassess its own comparative advantage in the donor landscape.

Working in partner countries

A strong country presence with a delegated budget and strong context analysis make the United Kingdom highly effective

DFID's long-treasured and commended country-led model is reinforced by a fully delegated budget and well-staffed country offices (Chapter 4). Comprehensive country development diagnostics are used by all departments and kept updated. As a result, and as evidenced in Jordan and Kenya, UK programmes reflect context and the United Kingdom can use its convening power, knowledge and influence to shape relevant policy discussions (Annex C).

There has been a rapid expansion in centrally-managed programmes (CMPs) in recent years. In part, this is helpful for managing spending targets while leaving countries free to respond to priority needs in their specific context. In part however, it reflects a fragmented effort across government. Efforts are now focused on whittling these CMPs down to those that add value when centralised (e.g. vaccines, insurance, multi-country research, private sector instruments) and ensuring they are designed to complement UK efforts at country level. These efforts have been successful: in Kenya the number of CMPs has dropped from 230 to 102 over one year and the High Commission is now familiar with, and values, most of them. A proposed system requiring sign-off by country offices, combined with good communication to ensure new proposals are viewed with an open mind, will help ensure that CMPs are relevant, strategic and achievable while protecting country office time for priority engagements.

The United Kingdom's longer-term perspective balances flexibility with predictability

The United Kingdom takes a long-term perspective towards sustainable development in its country diagnostics, which are comprehensive and risk-informed (Chapters 2 and 7). Flexibility within an overall budget envelope allows for holistic programming in rapidly changing contexts – important for adaptive management and for spending 50% of DFID's budget in fragile states. The current move to rebalance a focus on short-term results is intended to reinforce this longer-term perspective (Chapter 6).

However, the United Kingdom would benefit from doing more to tailor its range of funding instruments to context (e.g. low or middle-income, fragile and conflict-affected), and ensuring that staff in partner countries have this range of tailor-made and innovative instruments at their disposal. While CMPs allow for multi-country programmes, and some global initiatives address regional trade and security issues, it is not clear that the combination of CMPs and country programmes allows the United Kingdom to take a coherent and comprehensive approach to regional challenges and opportunities, including those that materially affect relevant bilateral programs. The United Kingdom could study regional platform models used by other DAC members[5] and consider the merit of establishing similar platforms.

Adherence to development effectiveness principles continues to slip

The United Kingdom recognises that it needs to work politically and ensure that ownership of development processes is broad-based in order to ensure that they support inclusive prosperity, human development, resilience and stability. As set out previously, support to a range of partners from civil society, business and the research community could do more to support their roles as independent actors, consistent with DFID's 2019 Governance Position Paper (DFID[13]).

Officials in the United Kingdom tend to erroneously associate country ownership with using partner country systems, for which there is low public support and political appetite. With the exception of support through the World Bank and other lenders, the United Kingdom's incentive structure encourages working in parallel to country systems – using its own planning cycles, statistics, results, and monitoring, procurement and financial systems. This is intended to distance UK funding from sources of corruption, speed up the time taken to deliver results and make a clear link between taxpayer's money and concrete development results.

In the 2018 Monitoring Round of the Global Partnership for Effective Development Co-operation (GPEDC) (OECD/UNDP, 2019[14]), the United Kingdom scored below the DAC member average on most of the survey's indicators, with a negative trend since the 2016 monitoring round. While this can partly be explained by the United Kingdom's increasing work in fragile states and on sensitive issues, performance has worsened even in countries with relatively strong and stable institutions such as Ethiopia and Nepal.

The United Kingdom recognises that many of its partner countries need stronger systems to unblock domestic and international financial resources. It has positive examples to draw upon that are consistent with the Busan development effectiveness principles and consistent with the Smart Rules and other guidance. As seen in Jordan, when there is sufficient political backing at the highest level of the UK government, and a well-calibrated risk appetite, the United Kingdom is able and willing to champion partner government strategies, fund new instruments to support national development ambitions, channel support through national financial systems and use national statistics and program-based monitoring and evaluation. Authorities in Jordan described the United Kingdom as a "thought partner" and confirmed that the United Kingdom's portfolio and the London Initiative had been shaped through close dialogue. The Embassy's approach in Jordan stands in contrast to the general approach – it is not clear where the entry points for systems strengthening and political dialogue lie in countries such as Kenya, where the United Kingdom avoids working with government, either directly or through partners. This is also discussed in Chapter 7.

Predictable, transparent programmes allow for a predictable, transparent portfolio

The United Kingdom advocates for transparency, value for money and accountability in its engagement with multilaterals and other partners. Given its long-term perspective and multi-year budget envelope, the United Kingdom could be a leader among development partners for the predictability and transparency of its own development co-operation.

However, while the United Kingdom performed well on annual predictability in the 2018 GPEDC Monitoring Round, medium-term predictability was low and substantially below the DAC average (OECD/UNDP, 2019[14]). Only half (48%) of the United Kingdom's partner countries participating in the survey indicated that they had received forward-looking expenditure plans and less than a quarter (22%) reported receiving plans that projected spending for three years or more.

For individual programmes, the United Kingdom is at the cutting edge of transparency, publishing its business cases together with comprehensive and frank annual reviews through Devtracker and the International Aid Transparency Initiative (IATI). At a strategic level, however, there is much less transparency in terms of information available to partner governments and other development partners.

Although the United Kingdom invests in political and sectoral dialogue with partner governments at all levels, feedback through the 2018 monitoring survey indicates that it does not systematically consult partner governments, civil society and private sector representatives when developing strategic plans (OECD/UNDP, 2019[14]). A two-page summary of the United Kingdom's work at country level targeted at the public is available on the Devtracker[6] website but this does not serve the planning needs of partner countries or clearly set out the rationale for, and full scale of, the United Kingdom's activities in partner countries. Furthermore, the United Kingdom's commitment to improving partner countries' data systems and increasing the availability of aggregated data (Chapter 6) has not yet resulted in consistent use of, or reporting into, national statistics and indicators. One important consequence is that partners do not feel empowered to help shape the United Kingdom's strategies or to hold the United Kingdom to account for its commitments.

Table 5.1. The United Kingdom's performance on development effectiveness is slipping

GPEDC Monitoring Rounds 2016 and 2018

Principle	GPEDC Monitoring framework indicator	2016	2018	Trend 2016-18	DAC average (2018)	Performance against DAC average (2018)
Country ownership and use of partner country systems	SDG 17.15.1 Extent of use of country-owned results frameworks and planning tools by providers of development cooperation	43%	39%	Negative	56%	Underperforming
	1a.1 Alignment of development programmes to country priorities & objectives	45%	69%	Positive	80%	Underperforming
	1a.2 Use of partner country results indicators	41%	22%	Negative	52%	Underperforming
	1a.3 Use of partner country national statistics & data	43%	25%	Negative	41%	Underperforming
	1a.4 Joint evaluations with partner country governments	43%	38%	Negative	48%	Underperforming
	9a Use of partner countries' financial management systems	65%	26%	Negative	55%	Underperforming
	6 Funds recorded in partner countries' annual budgets	78%	40%	Negative	53%	Underperforming
	10 Untied aid	100%	100%	No change	82%	Over performing
Predictability and forward planning	5a Annual predictability	65%	97%	Positive	88%	Over performing
	5b Medium-term predictability	58%	31%	Negative	65%	Underperforming
Transparency	4b Transparency: reporting to partner country information systems	N/A	79%		84%	Underperforming

Note: 20 countries reported on the United Kingdom's performance in 2016; 30 countries in 2018.
Source: Global Partnership for Effective Development monitoring data; OECD/UNDP (2016[15]), *Making Development Co-operation More Effective: 2016 Progress Report*, https://dx.doi.org/10.1787/9789264266261-en.

The United Kingdom could help shape an updated view of development effectiveness

The Busan principles for development effectiveness are referred to in the Smart Rules and the International Development Act (2006) requires DFID to include information on development effectiveness in its Annual Report. No further guidance is available to UK spending departments however and, as set out in its peer review Memorandum, the United Kingdom considers that current international standards for development effectiveness need to be updated (HM Government, 2019[16]).

Recent evidence points to more sustainable development outcomes when the Busan principles are applied (GPEDC, 2019[17]). In light of this, the United Kingdom could consider a more deliberate approach to broad country ownership and accountability in order to achieve longer-term change in a variety of contexts. This may include a more calibrated approach that identifies flexibility in its rules and practices to tailor its engagements to the capacity of each partner country, taking into account transactions costs for itself and its partners. In view of the gap between the development effectiveness principles that the United Kingdom endorsed and the view of effectiveness that underpins its partnership approach, it would be timely for the United Kingdom to help shape an updated set of standards and incentives for effective partnerships, with a view to leveraging development resources across the system towards sustainable results.

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Notes

[1] For example, the United Kingdom uses triangular co-operation in its government-wide Emerging Powers Initiative as well as DFID's Global Development Partners Programme. A mapping exercise in November 2019 identified potential for a UK-Brazil Global Development Partnership focussed on Africa. See Devtracker for more details https://devtracker.dfid.gov.uk/projects/GB-GOV-1-300616/documents.

[2] In an effort to streamline its development programme management process, DFID introduced Smart Rules in 2014. These 36 rules – reduced from over 200 – are now referred to by most ODA-spending departments. The Smart Rules are reviewed and if necessary revised every six months. Since 2011, DFID uses a standard template business case for all funding proposals, regardless of the level of spend. The template covers the strategic case, appraisal case, commercial case, financial case and management case for the intervention applying the DFID Smart Rules. See https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/840802/Smart-Rules-External-Oct19.pdf. Once approved, business cases are typically published on the United Kingdom Development Tracker website https://devtracker.dfid.gov.uk. Business cases are increasingly used by other government departments managing ODA budgets.

[3] The four funding instruments introduced under the 2016 Civil Society Partnership Review are: 1) UK Aid Match which links ODA allocations to private donations to charity appeals; 2) UK Aid Direct directed at small and medium sized civil society organisations in the United Kingdom and in developing countries; 3) UK Aid Connect to support innovation and collaboration between civil society organisations, think tanks and the public and private sector; and 4) UK Aid Volunteers to support global volunteering programmes.

[4] For example, Sweden's Strategy for research co-operation and research in development co-operation 2015-2021 at www.sida.se/contentassets/0488486f262c4d5eaaaa6adc0cc0b359/swedens-strategy-for-research-cooperation-2015-2021.pdf and 2019 Guiding principles for Sida's engagement with and support to civil society at http://www.sida.se/contentassets/86933109610e48929d76764121b63fc6/10202931_guiding_principle_2019_no_examples_web.pdf contain useful reference points and principles.

[5] For example, the United States Agency for International Development has an East Africa Regional Program (www.usaid.gov/east-africa-regional) which illustrates both working with regional entities and cross-border programming; Mexico and Central America Regional Program (www.usaid.gov/news-information/fact-sheets/mexico-and-central-america-regional-program) and West Africa Regional Peace and Governance Program (www.usaid.gov/west-africa-regional/democracy-human-rights-governance). (All webpages accessed on 05 March 2020).

[6] See the Kenya country profile at www.gov.uk/government/publications/dfid-kenya-profile-july-2018 (accessed on 23 March 2020).

6 The United Kingdom's approach to results, evaluation and learning

This chapter considers the extent to which the United Kingdom assesses the results of its development co-operation; uses the findings of evaluations to feed into decision making, accountability and learning; and assists its partner countries to do the same.

The chapter begins with a look at the United Kingdom's system for managing development results, i.e. whether the objectives of its development co-operation policies and programmes can be measured and assessed from output to impact. It then reviews whether the United Kingdom's evaluation system is aligned with the Development Assistance Committee (DAC) evaluation principles. This includes whether an evaluation policy is in place, whether roles and responsibilities are clear and whether the process is impartial and independent. Finally, it asks if there is systematic and transparent dissemination of results, evaluation findings and lessons; looks at whether the United Kingdom learns from both failure and success; and communicates what it has achieved and learned.

In brief

The United Kingdom remains a leader in its approach to results, evaluation and learning

The United Kingdom values evidence and knowledge and has continued to reinforce its strong approach to results, evaluation and learning, with the Department for International Development (DFID) in the lead. Results, evidence and knowledge remain at the centre of programming, with new aid-spending departments building their capacities to manage for results, evaluate their programmes and build their institutional learning.

Building upon a previous approach to results management mainly geared towards accountability, DFID is now developing a more tailored approach that uses different tools to meet different objectives: communicate to the public; be accountable to parliament; and manage for results for projects and portfolios with greater emphasis on adaptive management and pathways to change. Similarly, DFID is re-adjusting the balance between centralised and decentralised evaluations to better support strategic decision making. As new evaluation and results approaches are rolled out, clear direction on what they mean for country portfolios will help country teams to adjust their approaches and learn from each other.

Data and evidence used by the United Kingdom are mainly inward-looking, with limited use of partner countries' indicators and data, joint evaluations, or reference to alignment with the Sustainable Development Goals (SDGs). This is not consistent with the United Kingdom's commitment to support partner countries' capacities to evaluate and manage data.

Increasing the number of departments managing official development assistance (ODA) has presented new challenges for system-wide learning across the United Kingdom development co-operation programme. Emerging cross-government learning networks can help to address this. While DFID has systematised the uptake of knowledge and new spending departments are improving institutional learning, learning is not always well integrated into management processes.

Managing for development results

The United Kingdom is committed to achieving results

DFID has a long tradition of monitoring and managing for results at project and corporate level. The new aid-spending departments have started to build similar capacities, backed by strong political buy-in.

DFID's well-known approach to measuring results is evolving. In 2016, DFID moved away from its four-tier approach to results management at the corporate level[1] to develop a set of 14 headline indicators that measure and report progress against its Single Departmental Plan. These headline indicators combine outcomes, outputs, inputs and quality standards and can include financial targets. All of these indicators are directly linked to the 2015 Aid Strategy (DFID and Treasury, 2015[1]), either directly referencing the four strategic objectives or the commitment to measure value for money. All headline indicators are published on a dedicated webpage[2], with results data dating back to 2012.

In 2019, the United Kingdom developed an internal overarching monitoring framework for the 2015 Aid Strategy that covers all departments responsible for spending ODA (Chapter 4). This framework responds to National Audit Office concerns that the government did not put enough emphasis on measuring the extent to which overall aid strategy was being achieved (NAO, 2019[2]).[3] However, partly due to varying experience with results management across departments, this first framework lacks consistency in the level of measurement (process, output or outcome). It is unclear whether the framework will be used for purposes other than accounting to parliament, or how it can capture the overall success of the aid strategy.

The results expected from projects and programmes are clear. Since DFID introduced the Smart Rules in 2014 (Chapter 4), each project has its own results framework that specifies the theory of change, baselines, indicators and targets, and indicates what contribution the project is likely to make to achieving the overall purpose (DFID, 2019[3]).These can be standard logical frameworks or similar alternatives depending on the project. Some quantitative measures, mainly outputs, are aggregated to communicate DFID's corporate achievements. In line with DFID's transparency commitments, project and programme frameworks, reviews and results are reported through the International Aid Transparency Initiative (IATI), published on DFID's Devtracker website[4] and shared with partners.

Other aid-spending departments are also strengthening their approaches to project results management, even if it is still mainly focused on outputs. For instance, the Foreign and Commonwealth Office (FCO) has established a central Portfolio Management Office to improve oversight, build capability and improve results reporting and impact. The FCO Permanent Under-Secretary chairs a Portfolio Board that meets every quarter to review progress. Nevertheless, of the seven departments and cross-government funds that account for more than 60% of non-DFID ODA expenditure, only two referred to the effectiveness of their spending in their annual reports. Other than aggregating individual projects' expected results, it is difficult to get a sense of how the overall United Kingdom (UK) effort contributes to the development of each partner country. Indeed, full country results frameworks are no longer mandatory for DFID and have been phased out in most countries and, in the absence of public country strategies, no single document presents all UK activities and development objectives in partner countries (Chapter 5).

Finally, results are at the core of the United Kingdom's partnerships with multilateral organisations. In 2016, DFID committed to "follow the outcomes" by further developing and scaling up the use of payment by results approaches when engaging with partners. Part of its core funding to multilateral partners is now tied to the achievement of pre-agreed results (Chapters 3, 5 and 7).

A new tailored approach to managing for results intends to strengthen decision making

DFID has identified some perverse incentives in its previous approach to managing for results. The 2011-15 results framework enabled DFID to communicate its global reach and impact in selected areas in ways that resonated with domestic audiences. But it lacked a strong internal logic and flexibility in terms of programming and delivery by prioritising short-term pre-determined results and fulfilment of "reach" indicators[5] over long-term impact or changes that were critical to partner countries' development (OECD, 2017[4]). DFID also found it challenging to strike a realistic balance between meeting corporate communication and performance requirements, and enabling adaptive and flexible approaches to achieving results.

To address these limitations, DFID has been refining its approach since 2016, developing different sets of instruments and indicators to respond to the different objectives of results measurement – communicate to the public, be accountable to parliament, learn and manage for both project and portfolio results – to inform policy decisions. This increased attention to strategic management is a positive step forward.

As this new approach is rolled out, clear vision and guidance from, as well as a feedback loop to, senior management, combined with active engagement between headquarters and country offices selected to pilot the new approach, would help DFID to build on and learn from diverse experiences.

At the sector and portfolio level, DFID is pursuing a stronger focus on outcomes, qualitative results and causal pathways to change, while aiming at increasing its use of adaptive management.[6] These efforts should strengthen DFID's results orientation and are broadly in line with the Development Assistance Committee (DAC) Guiding Principles on Managing for Sustainable Development Results (OECD, 2019[5]).[7] The Smart Rules (DFID, 2019[3]) have introduced more flexibility in programming with staff encouraged to clearly define expected outcomes while staying flexible in relation to activities and outputs (OECD, 2017[4]) (Chapter 4). Annual reviews of projects are expected to focus on milestones, results and potential adjustments to the theory of change. However, practice has remained slightly rigid, especially for projects funded by the Conflict, Stability and Security Fund (CSSF) which are still subject to more standard log frames. To build on this and enable more flexibility, the CSSF is encouraging alternative monitoring and evaluation approaches better suited to fragile and conflict affected states. In addition, even though DFID's new approach to results has reduced the number of standard indicators, it has increased attention to performance measures: the Portfolio Quality Index, used in DFID's internal management information dashboard, is still mainly focused on output rating scores extracted from annual reviews and end-of-project reports.

Disaggregated data allow DFID to assess progress on inclusion

DFID is an evidence-based organisation, systematically collecting data at the programme and strategy level. Under its Inclusive Data Charter Action Plan, it is committed to collecting and using data disaggregated by gender, age, disability status and geography to inform its policies and programmes in order to leave no-one behind (DFID, 2019[6]). In Kenya, efforts to map the geographic localisation of programmes against where the poorest and excluded people live have triggered critical reflection about who has benefitted from DFID's interventions in recent years. Further efforts to clarify the governance of data and increase its inter-operability would also increase the use of data across the project cycle and by government departments.

Country data and SDG indicators are under-used

DFID makes little use of partner countries' own data, systems or results frameworks, mainly using data collected by implementing partners. In 2018, only 38.7% of the United Kingdom's bilateral co-operation used country-owned results frameworks, a mere 22.3% used indicators drawn from these frameworks and 24.6% used partner governments own data and statistics (Chapter 5) (OECD/UNDP, 2019[7]). The United Kingdom's uses internal data for spend and high-level results, such as portfolio quality scores and headline indicators. Use of external data is largely restricted to the design and planning stage (Powell et al., 2017[8]). This is not consistent with DFID's support to building national capacities in statistics and runs counter to the DAC guiding principle of ownership.

In addition, although the United Kingdom refers to the SDGs in Single Departmental Plans and the National Statistics Office was active on the international taskforce that agreed to the SDG indicators, the United Kingdom does not carry reference to these indicators through its various results frameworks (including its overarching aid strategy framework, or at DFID and programme levels). Together with the limited use of partner countries' indicators, this increases the risk of parallel reporting requirements.

The evaluation system

The system blends independent high-level and decentralised evaluations

The United Kingdom has developed two complementary approaches to evaluation: spending departments are responsible for evaluating their programmes and projects according to their own policies while the Independent Commission on Aid Impact (ICAI) conducts a small number of prioritised thematic reviews on strategic issues faced by the United Kingdom and reports directly to parliament. With a mandate to cover all of the United Kingdom's ODA, and a growing number of departments managing ODA, ICAI's role is increasingly important (Chapter 4). All reports directed to DFID have received a management response. Other departments also provide inputs when a cross-government response is required – this is good practice.

DFID has moved from the decentralised evaluation model set out in the 2013 Evaluation Policy (DFID, 2013[9]) and the 2014 strategy (DFID, 2014[10]) to a mixed decentralised and centralised evaluation model set out in a forthcoming strategy (see below). The decentralised model, along with the Smart Rules and focus on Value for Money (Chapter 4), has helped to embed an evaluation mind-set in programmes and to increase the use of evaluations. For decentralised evaluations, individual policy and programme spending units decide which programmes and interventions to evaluate. The decision to evaluate is strategic, based on eight criteria.[8] The Evaluation Unit in the Evidence Department leads overall efforts to implement the evaluation policy and strategy and provides support – technical guidance, advice and professional development and training – to operational staff, disseminates and shares findings and promotes learning from evaluations. While funding for programme evaluations mainly comes from programme budgets, the Evaluation Unit can also fund priority evaluations. Decentralising the evaluation function has meant increasing capacity to carry out evaluations across DFID, with more than 32 evaluation advisors employed in policy or programme spending units, 150 staff accredited in evaluation and 700 people receiving basic training.

DFID also supports other aid-spending departments to strengthen their evaluation functions – for example, the Joint Funds Unit in charge of cross-government programmes has internal evaluation capacity. DFID supports them by providing access to formal accreditation as well as including staff in learning and training opportunities and leading a cross-Government ODA evaluation working group. All departments could do more to share their experience on how to design appropriate yet strategic evaluation plans.

A new evaluation strategy will support broader learning and strategic decision making

The decentralised model has created some knowledge gaps that DFID is trying to address. The department is now implementing a new evaluation strategy to be launched in 2020 that will better balance centralised and decentralised evaluations to fill these knowledge gaps and strengthen strategic decision making. Under the new strategy, the Evaluation Unit will have resources to commission rigorous evaluations at central and regional levels in order to increase learning from evaluations at a portfolio level, improve identification of evidence gaps and evidence synthesis when commissioning evaluations, and examine how sustainable the reported impacts are. In fragile contexts, the new strategy is expected to support more rigorous evaluations using innovative evaluation methods. Making funding for portfolio evaluations available to country offices will be critical to ensure uptake of evaluation findings.

The reform to evaluation is occurring hand-in-hand with reforms to results-based management and the introduction of adaptive management. As part of the new evaluation strategy, DFID is planning to create a real-time database that compiles data on results, programme implementation and spend to support the collection of evidence. It will also clarify how internal mechanisms such as quality assurance and evaluation will support adaptive programmes, a necessary step to give staff incentives and processes to enable successful adoption of an adaptive management approach. In support of these efforts, DFID funds and manages the Global Learning for Adaptive Management initiative jointly with the United States Agency for International Development.[9] Other DAC members could learn from DFID's work in this area.

More joint evaluations would support efforts to strengthen partners' evaluation capacity

DFID is committed to building the evaluation capacity of its partner countries and multilateral agencies. It does so by supporting multilateral agencies to produce high-quality evidence and by funding initiatives such as the World Bank Strategic Impact Evaluation Fund, the Development Impact Evaluation group and the International Initiative for Impact Evaluation, as well as supporting professional evaluation associations, networks and South-South partnerships. However, DFID has not responded to the 2014 DAC peer review recommendation to increase the use of joint evaluations (OECD, 2014[11]) and is making little effort to engage in joint evaluations with partner governments or other partners. This is not consistent with DFID's own evaluation policy and undermines its broader efforts to build local evaluation capacities.

Institutional learning

DFID values knowledge and evidence and invests in its creation

Following an ICAI review on "How DFID Learns" (2014[12]), DFID increased its use of research, leading to better programme design. Part of this effort involved improving the uptake of evaluation findings. Bringing the Evaluation Unit into the Evidence Department and collaborating with the Chief Scientific Adviser have helped to ensure that strategic evaluations respond to evidence needs. DFID has also adjusted its professional evaluation cadre competencies to make sure that evaluation advisors have the ability to share messages and interact with other advisors and programme managers.

DFID draws on multiple tools for institutional learning such as its advisor cadres (Chapter 4),[10] the aid management platform, learning champions, "What Works" programmes (Box 6.1), "Best Buys" papers,[11] as well as the "Better Delivery" team that focuses on improving methods. DFID has also set up research hubs, a specialist Knowledge for Development helpdesk and benchmarking models to facilitate organisational learning and knowledge management across the department. This diversity of instruments could be an inspiration for other DAC members. Increasing the use learning champions[12] and making better use of the knowledge and perspectives of locally-appointed staff would further enrich strategic thinking and analysis, as would more sharing of analysis with partners.

In fragile contexts, Third Party Monitoring contracts (Chapter 7) often include an operational research element to increase learning. Over the past 15 years, these contracts have allowed the United Kingdom to demonstrate its ability to deliver results and learn lessons in challenging contexts, which in turn has helped to raise the risk appetite of senior managers and ministers. Further innovation and adaption of programme management approaches – such as current trials with technological monitoring using satellite data, large data and e-monitoring – will support the United Kingdom to move towards a more risk-based approach.

Having more departments managing ODA makes system-wide learning challenging

While the share of ODA spent by other departments has increased, not all departments have structured processes for developing learning capabilities. As set out in a 2019 ICAI review (ICAI, 2019[13]), most new spending departments have made progress on institutional learning, especially those with bigger and more complex budgets, but learning is not always used to inform management decisions. Some departments also tend to outsource learning (through evaluations and research), limiting internal uptake.

As observed in Kenya (Annex C), to fully operationalise the Fusion Doctrine, other departments need access to the cross-sectoral expertise contained in DFID. The emerging cross-government learning networks can help achieve this. However, while the number of cross-departmental groups and forums where learning is exchanged is proliferating, not all are fully operational with a clear architecture and set of expectations. Learning across departments is further constrained by databases that are not inter-operable – staff working in FCO for instance cannot access information on DFID's Aid Management Platform.

In addition to building the capacity of other departments to manage ODA (Chapter 4) DFID shares its skills, networks and tools, and has supported learning across government from its existing resources. In recognition of the value of this work, DFID was given a budget increase for 2020-21[13]. Predictable resources to support learning across government will strengthen the sustainability of this approach.

Box 6.1. What Works to Prevent Violence Against Women and Girls: mixing innovation, research and evaluation to improve programming

What Works to Prevent Violence Against Women and Girls was a flagship DFID programme (2014-20) that sought to understand and address the underlying causes of violence, and to stop it from occurring. To do so, this GBP 25 million research and innovation programme funded:

- Fifteen innovative interventions to prevent Violence against Women and Girls across twelve countries in Africa and Asia with potential to be taken to scale
- Research on what drives violence, what works to prevent it, what makes interventions successful and how they can be replicated and scaled up, including in conflict and humanitarian emergencies. This included impact evaluations of the 15 innovative prevention interventions and studies on the costs and cost effectiveness of violence prevention.

An ICAI learning review (ICAI, 2016[14]) found that the What Works programme had identified knowledge gaps and was addressing them in a systematic way by translating research findings into guidance for programming. For instance, evidence from the programme shaped the design of DFID's bilateral programmes in Malawi and Zimbabwe. Of the pilot programmes set up to build evidence on how to tackle violence in poorer countries, over half helped to halve levels of physical and sexual violence in less than two years – showing that behaviour can change in less than a generation if partners invest in evidence-based prevention. In Tajikistan, for instance, levels of violence against women fell from 64% to 34% following 10 weeks of counselling, skills training and mentoring. The percentage of men who said they were violent fell from 47% to 5%. The new challenge for DFID is to scale-up successful interventions and to further disseminate research findings outside DFID. To do so, as well as to support further innovation and evaluation across development and humanitarian contexts, DFID has announced a further GBP 67.5 million for this programme over seven years (2020-27).

Source: ICAI (2016[14]), *DFID's Efforts to Eliminate Violence Against Women and Girls - A Learning Review*, https://icai.independent.gov.uk/html-report/dfids-efforts-eliminate-violence-women-girls; Ford (2019[15]), *British government takes global lead on violence against women and girls*, www.theguardian.com/global-development/2019/nov/02/british-government-takes-global-lead-on-violence-against-women-and-girls. (Web pages accessed on 30 January 2020).

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Notes

[1] The 2011-15 DFID results framework measured results at four levels: progress on key development outcomes, DFID results, operational effectiveness and organisational efficiency.

[2] The DFID results website is www.gov.uk/guidance/dfid-results-estimates (accessed on 06 March 2020).

[3] The four goals of the 2015 Aid Strategy are: 1) strengthening global peace, security and governance; 2) strengthening resilience and response to crises; 3) promoting global prosperity; and 4) tackling extreme poverty and helping the world's most vulnerable.

[4] See https://devtracker.dfid.gov.uk.

[5] Reach indicators is a term used to refer to indicators which count the number of beneficiaries who are reached by a service or intervention.

[6] Adaptive programmes draw on systematic and deliberative learning from monitoring, evaluation and operational research to guide decision making.

[7] The OECD/DAC Results Community has developed six guiding principles to help transform development agencies into more results-oriented, effective organisations. These principles are: support sustainable development goals and desired change; adapt to context; enhance country ownership, mutual accountability and transparency; maximise the use of results information for learning and decision making; foster a culture of results and learning; and develop a results system that is manageable and reliable.

[8] DFID has developed an Evaluation Decision Tool to help country offices decide when an evaluation is relevant. The tool includes eight decision criteria and a set of related questions to guide thinking: 1) strategic importance to the spending unit; 2) strategic evaluation priority for DFID; 3) evidence gap as defined in the Annual Evaluation Plan; 4) scale up; 5) size/risk/innovation; 6) demand and utility; 7) feasibility; and 8) timeliness – see DFID's 2014-18 Evaluation Strategy https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/380435/Evaluation-Strategy-June2014a.pdf.

[9] The Global Learning for Adaptive Management initiative was launched in 2018 to enable evidence-based adaptive management through access to, use of, and learning from better and faster monitoring and evaluation evidence.

[10] DFID's 180 internal advisors receive dedicated training and participate in regular face-to-face meetings.

[11] The What Works programmes and Best Buys papers are based on global evidence and internal research. Evidence from the What Works programme is publicly available.

[12] Learning champions are senior staff who advocate for and support learning across the department.

[13] Secretary of State Alok Sharma appeared before the International Development Committee on 17 October 2019 to discuss DFID priorities and noted that DFID had received an increase in its total operating costs of USD 25.5 million (GBP 20 million) for 2020-21, part of which will be used for supporting other government departments. The committee recording is available at http://www.parliamentlive.tv/Event/Index/a9279d7c-c8d3-40b7-b58f-b7f19f0cc7f1, minutes 17-40, accessed on 20 January 2020.

7 The United Kingdom's fragility, crisis and humanitarian assistance

This chapter first reviews the United Kingdom's efforts to engage in fragile, and conflict and crisis-affected contexts. It assesses the United Kingdom's political directives and strategies for working in these contexts; the extent to which programmes are designed coherently to address key drivers of fragility, conflict and disaster risk, the needs of women and the most vulnerable; and whether systems, processes and people work together effectively in responding to crises.

The second part of the chapter considers the United Kingdom's efforts to fulfil the principles and best practices of humanitarian donorship. It looks at the political directives and strategies for humanitarian assistance, the effectiveness of the United Kingdom's humanitarian programming, whether it targets the highest risk to life and livelihoods, and whether approaches and partnerships ensure high-quality assistance.

In brief

Tackling crises and fragility sits at the core of the United Kingdom's development co-operation

The United Kingdom's National Security Capability Review of 2018 and the Building Stability Overseas framework have further reconciled a long-lasting commitment to peace and stability with development co-operation objectives and the protection and promotion of the United Kingdom's national interests. This strategic and organisational shift has led the United Kingdom to define solid strategies and instruments linking stability and development in fragile countries, backed by significant resources allocated to fragile and crisis contexts.

By bringing development and peace actors into a common framework, the Fusion Doctrine has further strengthened the United Kingdom's whole-of-government approach to crises. In acknowledging the complexity of crises, the United Kingdom has been able to adapt its programme design and instruments together with its partners. In particular, the Conflict, Stability and Security Fund (CSSF) offers many opportunities for coherent and targeted engagement in crises, even if it entails a high level of accountability and management. The United Kingdom is well equipped to analyse conflict risks and to factor fragility into its programming, but stringent due diligence requirements prevent the United Kingdom from sharing risk effectively with its partners in the field.

Widely recognised as a key player in fragile and humanitarian contexts, combining its field and thematic expertise with flexible funding, the United Kingdom champions pursuit of the humanitarian-development-peace nexus through concrete measures to align its bilateral engagement and to steer United Nations (UN) reform. As with its development partnerships, however, the United Kingdom's efforts are constrained by a focus on value for money. This is affecting partnership with field operators, who feel they are treated as contractual agents.

The United Kingdom has the ambition and the means to help the humanitarian response system to react better to new types of crises. It seeks results and efficiency in its humanitarian programming. Allocation criteria are clear and results and impact are closely looked at, and used to improve the Department for International Development's (DFID's) programming. Similar to most Development Assistance Committee (DAC) members, the United Kingdom's systems are not geared towards localising aid as much as the Grand Bargain demands, but the United Kingdom supports local humanitarian responders through indirect means, as well as through more innovative approaches.

DFID has a strong field presence, and country teams look at the whole spectrum of needs, including humanitarian assistance, which helps ensure a comprehensive response to crises. When required, DFID sends humanitarian advisors to assist country teams or manage the humanitarian response in the field.

7.A Crises and fragility

Strategic framework

A peaceful and stable world is in the United Kingdom's national interest

The United Kingdom positions itself as a strong proponent of international peace. As stated in its 2015 Aid Strategy, the United Kingdom uses its development budget to help tackle the causes of the security threats it faces (HM Treasury and DFID, 2015[1]), resulting in an increased focus on stability and crisis prevention.[1] As part of the National Capability Security Review, a new security doctrine, the Fusion Doctrine was developed in 2018 to improve the United Kingdom's collective approach to national security. The doctrine calls for the United Kingdom to use the full range of its security, economic and influencing capabilities to achieve its strategic priorities (HM Government, 2018[2]). The doctrine now underpins the United Kingdom's engagement in fragile contexts, including through official development assistance (ODA) expenditure. While the doctrine is primarily about safeguarding the United Kingdom's own security interest and priorities, the United Kingdom explicitly links poverty reduction goals to its national interest – an approach which is increasing adopted by DAC members.

The United Kingdom's crisis response is coherent and multidimensional

Demonstrating that crises can affect the United Kingdom's interests worldwide, the aid strategy focuses on crisis response and crisis risks, bringing added value for taxpayers (HM Treasury and DFID, 2015[1]). A set of guidance and instruments has been developed that is underpinned by the Fusion Doctrine and aligned with the aid strategy. In particular, DFID has clarified its role in accompanying countries out of fragility in a Building Stability framework that carefully links development and peace (DFID, 2016[3]). DFID has also updated its humanitarian strategy, building on the United Kingdom's active role in reforming the humanitarian sector well before the World Humanitarian Summit (DFID, 2017[4]). Developed with the same overarching objective of strengthening global peace, these two documents are complementary. The United Kingdom understands that crises are multidimensional and that expertise from different government departments should therefore be mobilised[2]. A crisis like Ebola for example, has humanitarian, economic and security causes and consequences, and the United Kingdom mobilised several departments to tackle the West Africa outbreak in 2015 (HM Government, 2019[5]) and more recently in Central Africa.

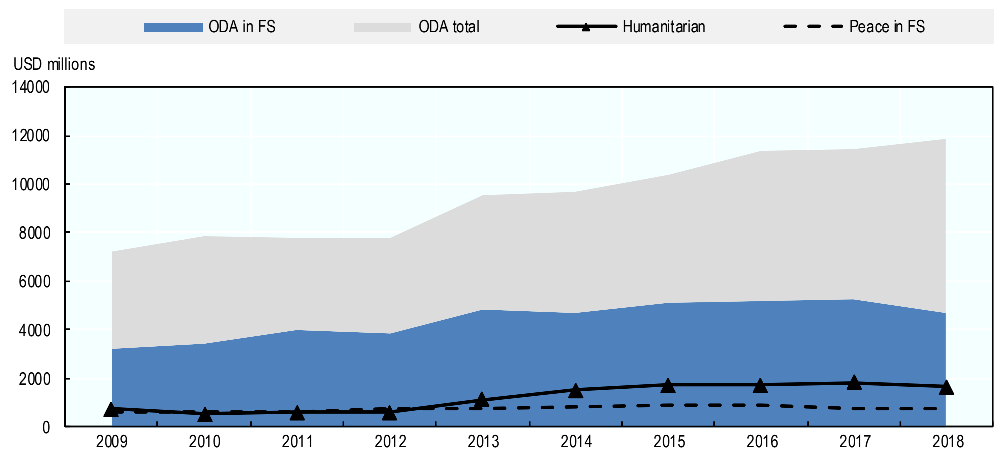
The United Kingdom's spending on fragility is ambitious, but declining

Even before the 2015 Aid Strategy was released, DFID had met its ambitious target to spend at least 50% of its ODA annually in the countries included in DFID's list of fragile states.[3] This demonstrates the United Kingdom's significant spending on humanitarian assistance and peacebuilding activities, notably through the CSSF, whose ODA share is increasing.[4] In addition, noting the magnitude of the displacement crisis in the Middle East since 2011, the Aid Strategy set aside a USD 667 million (GBP 500 million) crisis reserve to allow flexibility in responding to emerging crises.

Using the OECD fragility framework for comparability across DAC members, the United Kingdom's bilateral ODA for fragile states declined by 11% from 2017 to 2018 following several years of steady increase (Figure 7.1). This decline was particularly marked for the top five recipients of the United Kingdom's bilateral ODA, all of which are fragile (Table B.4). Reaching a peak in 2017 after several years of growth, the United Kingdom's humanitarian expenditure also declined in 2018. It nonetheless remains high, reaching USD 1.7 billion in 2018 (OECD, 2020[6]) with an increased allocation to the Central Emergency Response Fund (United Nations, 2018[7]). Building on DFID's Building Stability Framework that provides an evidence-based assessment of how DFID's work can address the drivers of conflict and fragility, there is scope for the United Kingdom to continue to increase the level of its development and peace programming by identifying ways to address the structural drivers of humanitarian needs. This would be in line with the DAC Recommendation on the Humanitarian Development Peace Nexus (OECD, 2019[8]).

Figure 7.1. The United Kingdom's spending in fragile and crisis-affected countries is falling

Constant 2017 USD million



Note: ODA in fragile states is based on the OECD fragility framework. Up until 2019, DFID used its own list of fragile contexts to measure its allocation to fragile contexts (DFID, 2018[9]).
Source: OECD (2020[6]), *Creditor Reporting System*, https://stats.oecd.org/index.aspx?DataSetCode=CRS1; OECD (2020[10]), *OECD Fragility Framework*, http://www3.compareyourcountry.org/states-of-fragility/overview/0/ (accessed on 23 March 2020).

StatLink https://doi.org/10.1787/888934178506

Effective programme design and instruments

The Fusion Doctrine has further strengthened a whole-of-government approach to crises

The United Kingdom's whole-of-government approach to crises was already applauded in the 2014 peer review (OECD[11]). Since then, the Fusion Doctrine has further clarified the accountability lines and brought DFID onto equal footing with other departments, under the authority of the National Security Council (HM Government, 2018[2]). In addition, the Fusion Doctrine and International Development Act (UK Parliament, 2002[12]) make it clear that development co-operation has a poverty reduction objective, helping to ensure that all ODA remains aligned with 2030 Agenda for Sustainable Development (HM Government, 2018[2]).

The United Kingdom analyses risk but partners feel risk is transferred to them

Risk-informed context analysis and programming are at the heart of the United Kingdom's development co-operation and the United Kingdom has developed solid conflict and political economy analysis tools. Cross-department analysis of the drivers of conflict was introduced as early as 2011 in a holistic effort to identify which interventions are most likely to help prevent conflict and build stability. Each country team integrates risk analysis into its country development diagnostic and in some of the most fragile contexts, country teams analyse conflict drivers and dynamics. These Joint Analyses of Conflict and Stability (Stabilisation Unit, 2017[13]) feed into both country programmes and wider strategy.[5] While the United Kingdom is willing to provide aid in risky environments, partners feel that this willingness is eroded by a domestic political context that leads the administration to avoid both fiduciary and security risks.

Consequently, while risks are carefully identified, the United Kingdom's implementing partners are unanimous in finding that additional due diligence and the focus on value for money increasingly result in risk being transferred to partners (Chapters 4 and 5). A high level of risk aversion can be at odds with engaging in the most challenging contexts that are inherently risky and expensive, and for which the United Kingdom has deliberately designed holistic policies and specific instruments.

The Conflict, Stability and Security Fund is an effective crisis response instrument

In addition to its development co-operation and humanitarian assistance, the United Kingdom launched the CSSF in 2015: a cross-government fund that can integrate both ODA and non-ODA resources to strengthen peace and resilience in contexts at risk of conflict and instability (Chapter 4). The CSSF makes the United Kingdom one of the very few DAC members to have a blended instrument on peace and stability,[6] giving much flexibility to its engagement in conflict prevention or crisis responses. However, as seen in Kenya and Jordan (Annex C), duplication of processes between the Joint Funds Unit and the implementing department can constrain the swift mobilisation of funds in rapidly evolving contexts. While a significant proportion of the CSSF funding is multi-annual, there is also an intention to catalyse programmes with shorter-term funding in the hope that they are scaled up by other departments. This process can take time and some catalytic programmes have bid for several rounds of annual CSSF funding.

The United Kingdom is driving better approaches to manage forced displacement

Most of the protracted crises in which the United Kingdom engages entail large and long-term protracted displacements of populations; recognition of this fact has been at the heart of recent policy changes. Responding to forced displacement in a way that supports refugee self-reliance while also benefitting host communities is an important focus of the United Kingdom's humanitarian policy, and most of the humanitarian budget increase up until 2018 was allocated to crises involving massive forced displacement (OECD, 2020[6]).

The United Kingdom recognises that countries hosting refugees provide a global public good and that humanitarian assistance alone is not sufficient in such contexts. As a result, the United Kingdom has been instrumental in designing new ways to ease pressure on host countries and to enhance the economic self-reliance of refugees, targeting assistance based on vulnerability assessments rather than solely on refugee status. The United Kingdom has been particularly innovative in doing this, from supporting economic integration through identity management (GSMA, 2017[14]) to stimulation of local trade (UNHCR, 2015[15]). In Kenya, where the government favours camps over economic activity for refugees, the United Kingdom has been a vocal advocate for more progressive policies. This is in line with several of the United Kingdom's international commitments such as the Global Compact on Refugees (United Nations, 2018[16]) and the Comprehensive Refugee Response Framework (UNHCR, 2018[17]).

The National Action Plan on Women, Peace and Security is expanding its focus

The United Kingdom (UK) links gender equality with peace and security. This makes its action on gender coherent with its other commitments and programmes to build security and stability overseas; to protect human rights of women and girls; and to promote their meaningful and representative participation in processes related to humanitarian assistance, conflict prevention and resolution. UK programming in crisis contexts is aligned with its latest National Action Plan on Women, Peace and Security (HM Government, 2018[18]). The National Action Plan is recognised across government, including by the Ministry of Defence, who have expanded a comprehensive programme of training for UK and international officers. This includes the United Kingdom's Human Security Advisers Course as well as bespoke international training programmes which inform personnel on how to recognise, respond, refer and report on human rights violations. The scope of violations includes sexual violence, which has not historically been considered to be part of daily military planning. This is all good practice. Building on its experience, the United Kingdom is becoming more ambitious, expanding its focus from five to nine countries in its latest National Action Plan and identifying seven thematic strategic outcomes.[7]

Effective delivery and partnerships

More use of country systems would be consistent with the fragile states principles

The United Kingdom is a strong supporter of the Fragile States Principles (OECD, 2011[19]) and the New Deal (IDPS, 2011[20]) and systematically applies many of these principles. It takes context as a starting point, ensures that programmes do no harm, links political, security and development objectives, acts fast while staying engaged and engages in practical co-ordination. DFID's 2016 Building Stability Framework provides guidance on which aspects of state-building are most likely to be effective in fragile and conflict affected contexts and the United Kingdom works with a broad range of partners to support state-building objectives, in line with a 2019 Governance Position Paper (DFID[21]). However, while partners such as the International Financial Institutions and the European Commission strengthen and use country systems in fragile contexts, the United Kingdom seldom uses country systems and may specifically forbid its partners from doing so, as happened with UN agencies in Kenya (Chapter 5). A more consistent and coordinated emphasis on reinforcing national systems would strengthen the United Kingdom's political leverage in policy dialogue at country level.

Multilateral partnerships are strong, especially in the most difficult places

The United Kingdom sees multilateral partners as critical players in fragile states, for maximising leverage, pooling funds and mitigating risks. As a result, the United Kingdom is committed to ensuring that the multilateral system delivers (Chapter 2). It has thrown its political weight into the UN reform (UN News, 2017[22]), supporting inter alia the Sustaining Peace agenda and the New Ways of Working initiative for humanitarian and development actors to work collaboratively (UNOCHA, 2017[23]). Multilateral institutions are a dominant channel for UK ODA in fragile states increasing from 36% in 2014 to 44% in 2018. In particular, a large share of the UK humanitarian aid budget is channelled through UN agencies. At a strategic level, the United Kingdom has advocated for new instruments for multilateral organisations to engage in fragile states, such as the World Bank credit guarantee facility in Jordan (Annex C). In addition, doubling its contribution to the peacebuilding fund between 2017 and 2018 (UN, 2020[24]) reflects the United Kingdom's renewed focus on peace and stability, a strategic objective.

Working with others has helped the United Kingdom bring about profound change

The United Kingdom often partners with other donors and multilateral initiatives in its work in fragile contexts. Joint initiatives with other donors – such as with the EU or with the Alliance Sahel, which the United Kingdom joined in 2017 – can be a determining factor in shaping the global crisis response system. For example, in Lebanon in 2016, the United Kingdom and the EU jointly issued a call for proposals for household cash transfers and independent monitoring and evaluation. The joint initiative shook the traditional humanitarian system but helped the move towards a more harmonised approach in the usually fragmented sector of humanitarian cash transfers.

Country budgets are designed for programming across the nexus between humanitarian, development and peace.

The nexus between humanitarian, development and peace is front and centre in the United Kingdom's policies and programming in fragile contexts. One of the main features of the United Kingdom's system that supports programming across the nexus is the fact that DFID country budgets do not have a specific humanitarian or development allocation. This means that teams can choose how to blend short-term emergency responses and longer-term or structural programmes as the situation evolves. The United Kingdom is the only DAC member with such country-level flexibility. A key strength, it leaves the United Kingdom particularly well placed to operationalise the nexus approach coherently. In the most fragile contexts, whole of government mechanisms can support country teams that have sufficient delegated authority to make the best use of country budgets. For instance, director level boards can provide strategic direction and challenge on programme activity and spend, and the Stabilisation Unit can support teams to develop a shared understanding of the root causes of conflicts through research and analysis.

7.B Humanitarian assistance

Humanitarian assistance strategic framework

The United Kingdom's humanitarian policy reflects its global ambitions

The United Kingdom continues to have significant influence within the international humanitarian system, both as an important source of funding and as a committed policy-maker. As a result, the UK humanitarian policy focuses as much on reforming the global humanitarian system as it does on delivering its own humanitarian response. The United Kingdom has its own vision for reforming the humanitarian system, which builds on the outcome of the World Humanitarian Summit and the Grand Bargain (DFID, 2017[4]). Similar to several other DAC members, the Syria crisis has played a significant role in shaping how it responds to protracted and intractable crises, as well as addressing the root causes of the displacement caused by those crises.

Effective humanitarian programming

The United Kingdom's humanitarian response is needs-based

The United Kingdom is a global humanitarian donor, and can respond to any crisis, according to different selection criteria. DFID has designed clear and publicly-available criteria for engaging in new crises that take a range of parameters into account (DFID, 2015[25]).[8] Since the last peer review, the United Kingdom has also invested more in tools like the Index for Risk Management (IASC and EC, 2019[26]) to inform its programming. The United Kingdom provides humanitarian assistance where it deems it necessary, in line with its own and its partners' assessments, including in countries which are not ODA-eligible. For example, it provided significant humanitarian assistance to the Bahamas following Hurricane Dorian in 2019[9] through the non-ODA portion of the CSSF (DFID, 2019[27]). The United Kingdom advocated in the DAC for this type of humanitarian assistance to be recognised as ODA, resulting in a consensus that the ODA eligibility of countries could be re-assessed if they suffer a substantial and sustained drop in their GNI following major crises (DAC, 2017[28]).

Local humanitarian responders are supported through direct and indirect channels

The United Kingdom made a commitment at the World Humanitarian Summit in 2016 to increase the accessibility of its funding to local humanitarian responders. Like most DAC members, the United Kingdom's systems are not designed to allow direct funding to local civil society (DFID, 2019[29]), and indirect mechanisms are favoured in addition to core support to the Red Cross and Red Crescent movement. The United Kingdom is already the largest contributor to UN country-based pooled funds which can be accessed by local actors (UNOCHA, 2019[30]). However, it is going one step further by supporting facilities or funds that are specifically designed for local actors, such as the START Network (START Network, 2020[31]) and the Humanitarian Assistance and Resilience Programme facility in Myanmar (HARP, 2018[32]).

Monitoring and evaluation findings inform programming

Humanitarian projects are monitored by humanitarian advisors or through third party monitoring in the most challenging contexts. Third-party monitoring has become an integral part of DFID's monitoring and evaluation toolbox since it was first used in operations in Afghanistan and Somalia (Sagmeister and Steets, 2016[33]). Even in difficult contexts, DFID strives to evaluate the longer-term impact of its humanitarian programmes (Laguardia, Lawerence-Archer and Abukar, 2015[34]). This gives DFID the ability to learn, change course and adapt its business case as required (see also Chapter 6).

Effective delivery, partnerships and instruments of humanitarian assistance

Rapid response mechanisms can be used to boost country programmes

In addition to direct deployments of DFID specialised staff, rescue teams and the military, the United Kingdom has a range of well-tested mechanisms for responding rapidly to emergencies. These mechanisms use both the multilateral system – such as the Central Emergency Response Fund, to which the United Kingdom has been the biggest contributor since its creation (United Nations, 2020[35]) – and bilateral modalities. For example, the Rapid Response Facility is DFID's fast-track funding modality for pre-registered non-government organisations based in the United Kingdom. In tandem, DFID is increasingly integrating Internal Risk Facility mechanisms as an internal insurance within country business cases to allow access to extra funds and rapid reaction resources if a predictable risk materialises such as a drought. This mechanism is mainly used to scale up a humanitarian response, as has been done in the Yemen programme over the past two years. However, some research suggests the modality could also be useful in development and peacebuilding contexts (Development Initiatives, 2019[36]).

The United Kingdom could help bring coherence between the humanitarian imperative and counter-terrorism legislation

The United Kingdom advocates for humanitarian access to affected populations, favours local partnerships and has significantly increased the share of its humanitarian aid delivered through cash transfers (HM Government, 2019[37]). However, there is a risk of incoherence between these efforts and the United Kingdom's strong counter-terrorism financing regulations which create constraints to working in the most complex environments. The United Kingdom is aware of this risk (FCO, 2019[38]), and has initiated dialogue with humanitarian actors[10] who are increasingly worried about the extent of their liability[11] and their ability to deliver principled aid in contexts where terrorist groups or organisations also operate (Home Office, 2019[39]). This is a sector-wide issue for all DAC members and all humanitarian actors, and the United Kingdom could use its global policy weight to help align security and humanitarian imperatives.

The United Kingdom is an engaged, flexible but exacting partner in the most challenging contexts

In its ambition to improve the international humanitarian system, DFID provides flexible, predictable and multiannual funding, helps its partners respond more effectively to emergencies, supports innovation and delivers a cash-based response at scale. This is in line with the United Kingdom's commitments under the Grand Bargain (DFID, 2018[40]). DFID wants its operational partners to move in the same direction and demonstrate better value for money, even in the most difficult contexts.

Similar to the United Kingdom's other development partners (Chapter 5), humanitarian operators broadly consider DFID to be a flexible donor, aware of field realities and considerate of its partners. However, as already noted in the 2014 peer review (OECD, 2014[11]), contractual relations and management procedures remain complex. A small but increasing proportion of contracts are managed through private firms. The emphasis on demonstrating value for money is complemented by increased due diligence requirements. Such exacting measures draw DFID further away from its Grand Bargain commitments to streamline reporting requirements – a point also highlighted in internal evaluations (ICAI, 2018[41]).

Joint training initiatives contribute to smooth civil-military co-ordination

For the UK military, providing humanitarian assistance in response to natural disasters is standard business. It is, for example, an explicit activity of the Royal Navy (Royal Navy, 2019[42]) and regular joint drills are conducted with DFID and military staff, so that civil-military co-ordination is managed smoothly and according to humanitarian principles when a disaster strikes.

Organisation fit for purpose

Humanitarian assistance is not a silo within DFID

Within DFID, the Conflict, Humanitarian and Security Department's Humanitarian Response Group will lead the response to a rapid onset crisis; both in support of a DFID country team or regional team or where there is no DFID country office, bilateral programme or desk. A single programme budget to preserve both development and humanitarian mandates and principles reinforces the central role of country teams, who have to consider the humanitarian needs as part of their programming, and represents good practice. As a result, and unlike many DAC members, humanitarian assistance is not an add-on, but is fully embedded into country programming. DFID is one of the few humanitarian donors with a consistent field presence, primarily ensured through a dedicated cadre of DFID humanitarian experts, supported and supplemented by a roster of humanitarian experts contracted through a private firm.[12]

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Notes

[1] For example, in seeking long-term solutions to protracted crises the United Kingdom hosted the 2016 Syria conference, convening the main donors and partners and helping to create the Jordan Compact. See https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/jordan-compact.pdf. In 2014, the United Kingdom also hosted a summit on sexual violence in conflict in which over 120 countries participated. See www.gov.uk/government/topical-events/sexual-violence-in-conflict. This helped to end impunity in the use of sexual violence as a weapon of war.

[2] See for example DFID-UNHCR-World Bank work on Building the Case for Forced Displacement www.worldbank.org/en/topic/fragilityconflictviolence/brief/building-the-evidence-on-forced-displacement-a-multi-stakeholder-partnership (accessed on 23 March 2020).

[3] The DFID list of fragile states differs from the OECD's fragile state grouping - see www.oecd.org/dac/conflict-fragility-resilience/statesoffragilityframework2018.htm (accessed on 27 March 2020; updated annually). It takes into consideration countries that are not fragile in the OECD grouping, but that are affected by a crisis, or neighbouring a "high fragility" state, such as Jordan and Lebanon. For more, see the fragile state indicator description at https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/722389/Methodology-Note-Fragile-and-conflict-affected-states-and-regions.pdf.

[4] The ODA share of the CSSF increased from 3.9% to 4.2% of total UK ODA between 2017-18. See Statistics on International Development - Provisional UK Aid spend 2018 at https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/792687/Statistics-on-International-Development-Provisional-UK-Aid-Spend-2018.pdf.

[5] These joint analyses have been conducted in, for example, Somalia, Pakistan, Libya, Myanmar, Sudan, Central Asia, South Caucasus and Moldova, Iraq, Yemen and the Western Balkans.

[6] The closest to the CSSF is Denmark's Peace and Stabilisation Fund. See https://fmn.dk/nyheder/Documents/Denmarks-Integrated-Peace-and-Stabilisation-Engagements-2018.pdf

[7] Afghanistan, Myanmar, Democratic Republic of Congo, Iraq, Libya, Nigeria, Somalia, South Sudan and Syria. See https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/677586/FCO1215-NAP-Women-Peace-Security-ONLINE_V2.pdf.

[8] Intervention criteria for humanitarian response take into account the humanitarian impact, the national position, other donors' action, and the United Kingdom perspective on the crisis creating humanitarian needs. See https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/439162/Intervention_Criteria_Template_UPDATE_22062015_1600.pdf.

[9] Assistance to countries like the Bahamas that are not on the list of ODA-eligible countries is funded from the non-ODA budget in the CSSF.

[10] To discuss the impact of counter-terrorism legislation, sanctions and other regulatory or licensing regimes, the UK Government has established a multi-stakeholder working group on international non-governmental organisations' operations in high risk jurisdictions. Formally established in 2017, the Tri-Sector Working Group comprises representatives from UK government and regulators, financial institutions and civil society organisations. The Office of Financial Sanctions Implications, the Charity Commission for England and Wales, the Department for International Trade, Foreign and Commonwealth Office (and others) separately provide various guidance and supplementary documents to assist with compliance and challenges in this area.

[11] Humanitarian operators are requested to undertake "downstream" risk assessments to ensure their aid is not benefiting directly or indirectly proscribed terrorist groups or organisations as per UK legislation. See https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/849493/20191101_Proscription__SG_.pdf. As for many DAC members, the current legislation brings uncertainties as to the extent of the liability of those NGOs working in the most challenging environments.

[12] The company is currently Palladium. See *Palladium: Areas of Expertise*, https://thepalladiumgroup.com/areas-expertise/humanitarian-aid (accessed on 23 March 2020).

Annex A. Progress since the 2014 DAC peer review recommendations

Towards a comprehensive United Kingdom development effort

Recommendations 2014	Progress
1.1 Building on its case-by-case approach, the United Kingdom should set a medium-term vision to improve policy coherence for development, laying out additional policy areas of strategic priority to be addressed.	Partially implemented
1.2 The United Kingdom should use better its analytical and research capacities to generate evidence on potential development trade-offs and synergies between policy objectives.	Partially implemented

Vision and policies for development co-operation

Recommendations 2014	Progress
2.1 DFID should use the preparation of the 2015 multilateral aid review as an opportunity to set out its rationale more clearly, with reference to the respective characteristics of the bilateral and multilateral channels.	Implemented

Aid volume and allocation

Recommendations 2014	Progress
3.1 In order to reinforce its high international credibility and serve as encouragement to other countries, the United Kingdom should maintain its commendable level of development support at 0.7% of its GNI in the coming years.	Implemented
3.2 To ensure value for money, the United Kingdom should minimise spending targets and manage them in ways that support flexible, context-based programming.	Partially implemented
3.3 DFID should continue to engage closely with donors to promote multilateral effectiveness, and develop streamlined procedures for managing non-core contributions to multilateral organisations.	Partially implemented [joint approaches to multilateral effectiveness implemented; procedures for non-core contributions not implemented]

Organisation and management

Recommendations 2014	Progress
4.1 The United Kingdom should continue to find ways to bring to bear the capabilities of the United Kingdom government as a whole on the development programme, removing institutional and technical barriers in order to make the best use of its expertise at headquarters and in partner countries.	Implemented
4.2 DFID should recognise staff who take calculated risks with potential high returns for development.	Implemented

Development co-operation delivery and partnerships

Recommendations 2014	Progress
5.1 The United Kingdom should streamline oversight requirements and management processes, to protect its decentralised approach and make it easier for DFID to work with partners efficiently and effectively.	Partially implemented
5.2 In instructions to staff, DFID should make explicit the priority of supporting the development of effective national capacities and systems, and provide guidance on how to achieve this.	Not implemented
5.3 The United Kingdom should ensure that there are no unintended impediments to foreign suppliers winning contracts.	Partially implemented

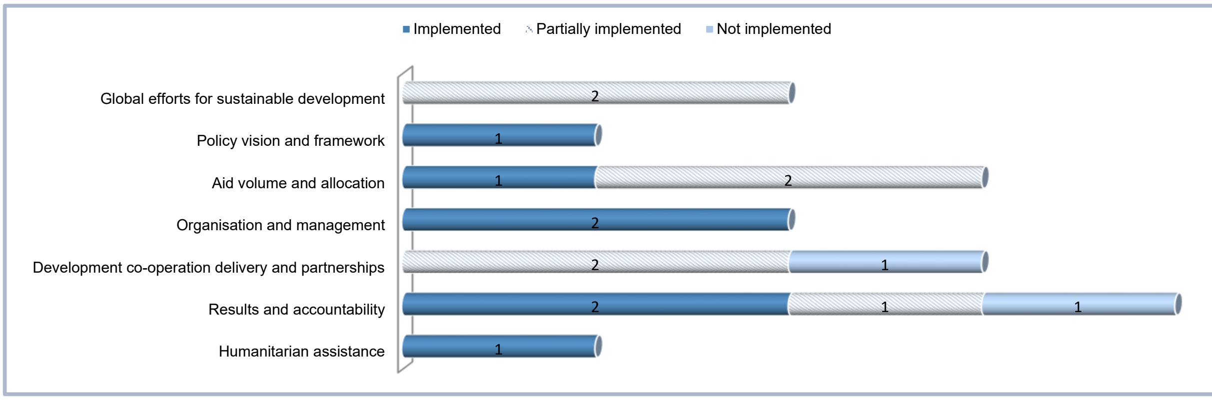
Results and accountability

Recommendations 2014	Progress
6.1 DFID should continue developing a learning and evaluation culture, and share its experience.	Implemented
6.2 The United Kingdom should take a more prioritised approach to results measurement, evaluation and research, and ensure evidence is used to improve programmes and development outcomes.	Partially implemented [new evaluation strategy forthcoming; work on results ongoing; research portfolio expanded]
6.3 The United Kingdom should ensure that ICAI reviews complement other accountability instruments, focusing on contributing to understanding and improving development outcomes and impact.	Implemented
6.4 The United Kingdom could work more with partners to evaluate overall development progress at country level.	Not implemented

Humanitarian assistance

Recommendations 2014	Progress
7.1 DFID should ensure that its funding and accountability procedures are designed to make the humanitarian response more effective.	Implemented

Figure A.1. The United Kingdom's implementation of the 2014 peer review recommendations



Source: Review team assessment based on information received throughout the review.

Annex B. OECD/DAC standard suite of tables

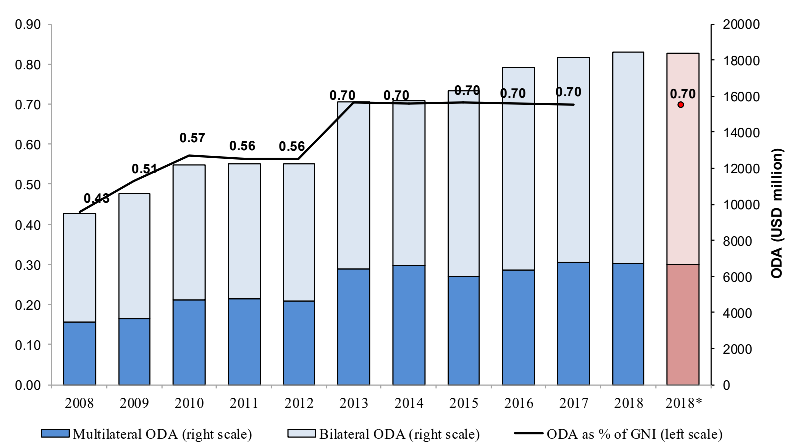
Table B.1. Total financial flows

USD million at current prices and exchange rates

United Kingdom	2004-08	2009-13	2014	2015	2016	2017	2018
							Grant equivalent
ODA grant equivalent	..	..	..	-	-	-	**19 410**
ODA grant equivalent (at constant 2017 USD million)	..	..	..	-	-	-	**18 387**
ODA grant equivalent (as a % of GNI)	..	..	..	..	..	..	***0.70***
							Net disbursements
Total official flows	**10 420**	**14 080**	**19 304**	**18 553**	**18 053**	**17 735**	**18 950**
Official development assistance	**10 497**	**13 986**	**19 263**	**18 553**	**18 053**	**18 103**	**19 462**
Bilateral	7 038	8 618	11 231	11 718	11 517	11 335	12 339
Grants	7 180	8 405	11 179	11 681	11 506	11 295	12 336
Non-grants	- 142	214	51	37	11	40	3
Multilateral	3 459	5 368	8 033	6 835	6 536	6 768	7 123
Other official flows	**- 77**	**94**	**41**	**-**	**-**	**- 369**	**- 513**
Bilateral: *of which*	- 77	30	41	-	-	- 369	- 513
Investment-related transactions	- 84	- 7	41	-	-	64	477
Multilateral	-	63	-	-	-	-	-
Officially guaranteed export credits	**- 330**	**1 391**	**- 299**	**-**	**-**	**-**	**-**
Net Private Grants	**558**	**671**	**-**	**-**	**-**	**-**	**-**
Private flows at market terms	**25 688**	**22 138**	**12 761**	**-**	**-**	**-**	**-**
Bilateral: *of which*	25 688	**22 138**	12 761	-	-	-	-
Direct investment	17 839	17 089	-	-	-	-	-
Multilateral	-	-	-	-	-	-	-
Total flows	**36 335**	**38 279**	**31 766**	**18 553**	**18 053**	**17 735**	**18 950**
for reference:							
ODA net flows (as a % of GNI)	*0.43*	*0.58*	*0.70*	*0.70*	*0.70*	*0.70*	*0.70*
ODA net flows (at constant 2017 USD million)	*8 879*	*12 583*	*15 757*	*16 282*	*17 575*	*18 103*	*18 436*
Total flows (as a % of GNI) (a)	*1.47*	*1.60*	*1.16*	*0.70*	*0.70*	*0.68*	*0.68*
ODA to and channelled through NGOs							
- In USD million	*963*	*1 499*	*2 609*	*2 569*	*2 159*	*2 315*	*1 999*
ODA to and channelled through multilaterals							
- In USD million	*4 175*	*8 356*	*11 596*	*10 167*	*10 046*	*10 159*	*10 871*

a. To countries eligible for ODA.

ODA net disbursements
At constant 2017 prices and exchange rates and as a share of GNI



* ODA as percentage of GNI is in grant equivalents basis

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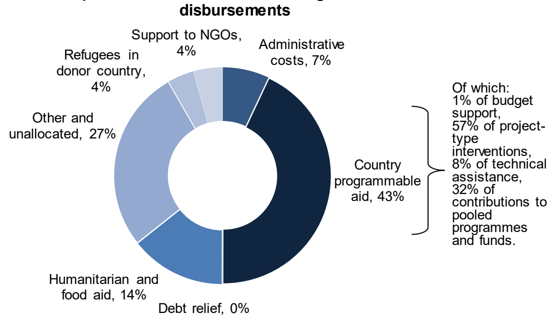
Table B.2. ODA by main categories

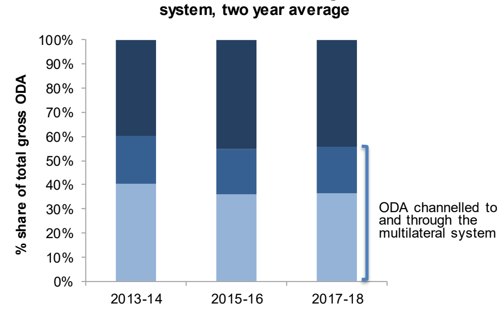
Disbursements

United Kingdom	Constant 2017 USD million					Per cent share of gross disbursements					Total DAC 2017 %
	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018	
Gross Bilateral ODA	**9 681**	**10 399**	**11 360**	**11 461**	**11 864**	**60**	**63**	**64**	**63**	**64**	**74**
Budget support	630	182	184	84	47	4	1	1	0	0	2
of which: General budget support	71	67	79	-	-	0	0	0	-	-	1
Core contributions & pooled prog.& funds	3 086	2 969	3 349	3 405	3 759	19	18	19	19	20	13
of which: Core support to national NGOs	323	286	238	333	287	2	2	1	2	2	1
Core support to international NGOs	216	244	160	129	162	1	1	1	1	1	0
Core support to PPPs	34	50	20	22	78	0	0	0	0	0	0
Project-type interventions	4 894	5 516	5 684	5 735	4 695	30	34	32	31	25	39
of which: Investment projects	1 097	1 890	1 229	1 001	799	7	12	7	5	4	13
Experts and other technical assistance	504	738	827	938	981	3	5	5	5	5	3
Scholarships and student costs in donor countries	25	95	122	97	89	0	1	1	1	0	2
of which: Imputed student costs	-	1	-	-	-	-	0	-	-	-	1
Debt relief grants	4	-	3	4	4	0	-	0	0	0	0
Administrative costs	353	554	628	703	831	2	3	4	4	4	5
Other in-donor expenditures	185	345	563	495	496	1	2	3	3	3	9
of which: refugees in donor countries	182	343	559	492	467	1	2	3	3	3	9
Gross Multilateral ODA	**6 576**	**5 998**	**6 363**	**6 769**	**6 756**	**40**	**37**	**36**	**37**	**36**	**26**
UN agencies	699	589	661	619	711	4	4	4	3	4	4
EU institutions	1 540	1 779	1 975	1 744	1 751	9	11	11	10	9	9
World Bank group	2 245	1 693	1 539	1 758	2 439	14	10	9	10	13	5
Regional development banks	380	380	465	376	453	2	2	3	2	2	3
Other multilateral	1 712	1 557	1 723	2 273	1 402	11	9	10	12	8	6
Total gross ODA	**16 257**	**16 397**	**17 722**	**18 230**	**18 620**	**100**	**100**	**100**	**100**	**100**	**100**
of which: Gross ODA loans	826	250	1 057	2 030	130	5	2	6	11	1	7
Bilateral	390	32	11	40	25	2	0	0	0	0	6
Multilateral	436	217	1 046	1 991	105	3	1	6	11	1	1
Repayments and debt cancellation	**- 500**	**- 115**	**- 148**	**- 127**	**- 184**						
Total net ODA	**15 757**	**16 282**	**17 575**	**18 103**	**18 436**						
For reference:											
Country programmable aid	*5 502*	*5 627*	*5 615*	*5 315*	*5 389*						
Free standing technical co-operation	*1 521*	*1 890*	*2 460*	*2 573*	*1 079*						
Net debt relief	*4*	*-*	*3*	*4*	*4*						

Composition of bilateral ODA, 2018, gross bilateral disbursements



Share of ODA channelled to and through the multilateral system, two year average



ODA flows to multilateral agencies, 2018

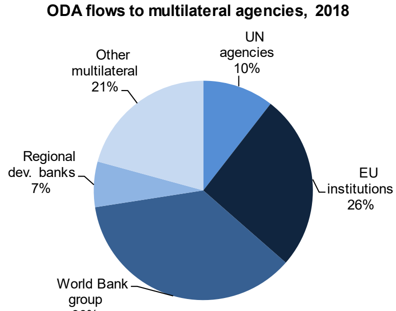


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Table B.3. Bilateral ODA allocable by region and income group

Gross disbursements

United Kingdom	Constant 2017 USD million					% share					Total DAC
	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018	2017%
Africa	3 823	3 751	3 792	3 878	3 651	58	55	51	51	51	**40**
Sub-Saharan Africa	3 433	3 385	3 292	3 382	3 024	52	49	44	44	42	**34**
North Africa	86	47	56	83	82	1	1	1	1	1	**4**
Asia	1 855	1 964	1 881	1 845	1 813	28	29	25	24	25	**30**
South and Central Asia	1 611	1 739	1 667	1 562	1 475	25	25	22	20	20	**18**
Far East	185	137	124	143	167	3	2	2	2	2	**11**
America	114	217	319	448	450	2	3	4	6	6	**9**
North and Central America	78	109	190	221	250	1	2	3	3	3	**4**
South America	36	105	121	221	186	1	2	2	3	3	**4**
Middle East	711	840	1 257	1 175	1 042	11	12	17	15	14	**13**
Oceania	10	11	8	8	14	0	0	0	0	0	**2**
Europe	46	76	205	287	247	1	1	3	4	3	**5**
Total bilateral allocable by region	**6 558**	**6 858**	**7 462**	**7 640**	**7 217**	**100**	**100**	**100**	**100**	**100**	**100**
Least developed	3 202	3 380	3 180	3 331	3 058	55	54	49	53	53	**39**
Other low-income	141	126	131	121	119	2	2	2	2	2	**1**
Lower middle-income	1 978	2 098	2 273	2 057	1 871	34	34	35	33	32	**41**
Upper middle-income	490	629	858	806	711	8	10	13	13	12	**19**
More advanced developing countries	3	9	10	4	-	0	0	0	0	-	**0**
Total bilateral allocable by income	**5 814**	**6 242**	**6 453**	**6 318**	**5 759**	**100**	**100**	**100**	**100**	**100**	**100**
For reference*[2] *:											
Total bilateral	9 681	10 399	11 360	11 461	11 864	*100*	*100*	*100*	*100*	*100*	***100***
of which: Unallocated by region	*3 123*	*3 541*	*3 897*	*3 821*	*4 647*	*32*	*34*	*34*	*33*	*39*	***32***
of which: Unallocated by income	*3 867*	*4 157*	*4 907*	*5 143*	*6 105*	*40*	*40*	*43*	*45*	*51*	***39***
Fragile and conflict-affected states (as per DCR of each year)	*4 712*	*5 113*	*5 199*	*5 244*	*4 655*	*49*	*49*	*46*	*46*	*39*	***35***
SIDS (as per data provided to UN)	*58*	*79*	*63*	*67*	*59*	*1*	*1*	*1*	*1*	*0*	***2***
Landlocked developing countries (as per data provided to UN)	*1 756*	*1 947*	*1 778*	*1 682*	*1 566*	*18*	*19*	*16*	*15*	*13*	***14***

1. Each region includes regional amounts which cannot be allocated by sub-region. The sum of the sub-regional amounts may therefore fall short of the regional total.
2. 'Fragile and conflict-affected states' group has overlaps with SIDS and Landlocked developing countries and can therefore not be added. For the same reason, these three groups cannot be added to any income group.

Gross bilateral ODA by income group, 2013-18

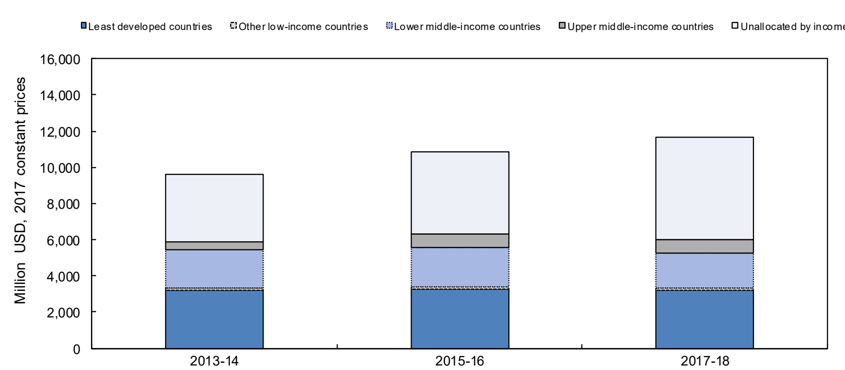

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Table B.4. Main recipients of bilateral ODA

Gross disbursements

United Kingdom	2013-14 average Current USD million	Constant 2017 USD mln	% share	Memo: DAC countries' average %
Ethiopia	525	444	5	
Pakistan	485	412	4	
India	455	385	4	
Nigeria	402	340	4	
Bangladesh	385	327	3	
Top 5 recipients	**2 251**	**1 909**	**20**	**25**
Afghanistan	333	282	3	
Democratic Republic of the Congo	268	227	2	
Tanzania	260	221	2	
Sierra Leone	251	208	2	
South Sudan	245	206	2	
Top 10 recipients	**3 608**	**3 053**	**32**	**39**
Kenya	244	207	2	
Syrian Arab Republic	215	182	2	
Somalia	187	158	2	
Uganda	185	156	2	
Zimbabwe	168	142	1	
Top 15 recipients	**4 608**	**3 899**	**40**	**46**
Nepal	165	139	1	
Malawi	150	128	1	
Yemen	142	121	1	
Ghana	140	119	1	
Myanmar	138	118	1	
Top 20 recipients	**5 343**	**4 524**	**47**	**52**
Total (136 recipients)	**6 989**	**5 916**	**61**	
Unallocated	4 409	3 725	39	36
Total bilateral gross	**11 398**	**9 641**	**100**	**100**

	2015-16 average Current USD million	Constant 2017 USD mln	% share	Memo: DAC countries' average %
Pakistan	598	555	5	
Ethiopia	485	447	4	
Syrian Arab Republic	435	404	4	
Nigeria	417	387	4	
Afghanistan	405	373	3	
Top 5 recipients	**2 340**	**2 166**	**20**	**21**
Sierra Leone	284	260	2	
Tanzania	283	260	2	
South Sudan	271	249	2	
Bangladesh	237	219	2	
Kenya	210	193	2	
Top 10 recipients	**3 624**	**3 346**	**31**	**33**
India	206	187	2	
Democratic Republic of the Congo	197	181	2	
Somalia	196	182	2	
Uganda	169	156	1	
Jordan	162	153	1	
Top 15 recipients	**4 554**	**4 204**	**39**	**41**
Lebanon	160	148	1	
Myanmar	159	147	1	
Yemen	148	138	1	
Zimbabwe	138	128	1	
Malawi	138	128	1	
Top 20 recipients	**5 298**	**4 894**	**45**	**47**
Total (133 recipients)	**6 870**	**6 347**	**58**	
Unallocated	4 889	4 532	42	41
Total bilateral gross	**11 759**	**10 879**	**100**	**100**

	2017-18 average Current USD million	Constant 2017 USD mln	% share	Memo: DAC countries' average % (1)
Pakistan	481	470	4	
Ethiopia	413	402	3	
Nigeria	411	400	3	
Syrian Arab Republic	365	357	3	
Afghanistan	313	304	3	
Top 5 recipients	**1 983**	**1 933**	**17**	**18**
Somalia	311	304	3	
Democratic Republic of the Congo	243	236	2	
Yemen	243	237	2	
Bangladesh	241	234	2	
South Sudan	210	205	2	
Top 10 recipients	**3 231**	**3 149**	**27**	**30**
Tanzania	210	204	2	
Kenya	178	174	1	
Uganda	166	162	1	
Myanmar	145	141	1	
Sierra Leone	140	137	1	
Top 15 recipients	**4 070**	**3 967**	**34**	**37**
Lebanon	139	136	1	
Turkey	137	135	1	
Jordan	132	127	1	
Nepal	131	128	1	
India	126	123	1	
Top 20 recipients	**4 735**	**4 615**	**39**	**42**
Total (139 recipients)	**6 199**	**6 039**	**52**	
Unallocated	5 794	5 624	48	54
Total bilateral gross	**11 993**	**11 663**	**100**	**100**

1. 2017

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Table B.5. Bilateral ODA by major purposes

At constant prices and exchange rates

Commitments - Two-year average

United Kingdom	2013-14 average		2015-16 average		2017-18 average		DAC
	2017 USD million	%	2017 USD million	%	2017 USD million	%	2017 %
Social infrastructure & services	**2 358**	**44**	**2 968**	**40**	**3 254**	**45**	**34**
Education	585	11	688	9	371	5	7
of which: basic education	131	2	294	4	87	1	2
Health	489	9	688	9	1 372	19	5
of which: basic health	424	8	406	5	248	3	3
Population & reproductive health	350	6	212	3	186	3	6
Water supply & sanitation	164	3	229	3	99	1	4
Government & civil society	632	12	871	12	1 145	16	10
of which: Conflict, peace & security	194	4	402	5	577	8	3
Other social infrastructure & services	138	3	280	4	81	1	2
Economic infrastructure & services	**581**	**11**	**771**	**10**	**596**	**8**	**17**
Transport & storage	150	3	174	2	101	1	8
Communications	19	0	6	0	3	0	0
Energy	162	3	172	2	249	3	6
Banking & financial services	216	4	359	5	214	3	2
Business & other services	35	1	59	1	29	0	1
Production sectors	**307**	**6**	**394**	**5**	**769**	**11**	**7**
Agriculture, forestry & fishing	166	3	312	4	527	7	5
Industry, mining & construction	80	1	54	1	125	2	1
Trade & tourism	61	1	28	0	117	2	1
Multisector	**829**	**15**	**1 172**	**16**	**1 038**	**14**	**8**
Commodity and programme aid	**52**	**1**	**53**	**1**	**14**	**0**	**3**
Action relating to debt	**23**	**0**	**1**	**0**	**4**	**0**	**1**
Humanitarian aid	**942**	**17**	**1 142**	**15**	**745**	**10**	**13**
Administrative costs of donors	**186**	**3**	**528**	**7**	**434**	**6**	**6**
Refugees in donor countries	**113**	**2**	**438**	**6**	**396**	**5**	**11**
Total bilateral allocable	**5 390**	**100**	**7 467**	**100**	**7 252**	**100**	**100**
For reference:							
Total bilateral	*5 500*	*58*	*7 540*	*67*	*7 442*	*71*	*76*
of which: Unallocated	*110*	*1*	*72*	*1*	*190*	*2*	*0*
Total multilateral	*4 029*	*42*	*3 750*	*33*	*3 069*	*29*	*24*
Total ODA	***9 530***	***100***	***11 290***	***100***	***10 511***	***100***	***100***

Commitments

	2013-2014		2015-2016		2017-2018	
	Constant 2017 USD million	% Bilateral Allocable	Constant 2017 USD million	% Bilateral Allocable	Constant 2017 USD million	% Bilateral Allocable
Gender equality	2,003	*39*	2,412	*37*	2,992	*45*
Environment	609	*12*	1,144	*18*	1,807	*27*
Rio markers						
Biodiversity	198	*4*	345	*5*	599	*9*
Desertification	86	*2*	201	*3*	476	*7*
Climate change Mitigation only	269	*5*	300	*5*	749	*11*
Climate change Adaptation only	174	*3*	675	*10*	278	*4*
Both climate adaptation and mitigation	200	*4*	711	*11*	654	*10*

StatLink https://doi.org/10.1787/888934178601

Table B.6. Comparative aid performance

Basis	*Grant equivalent*		*Net disbursements*						*Commitments*	
	Official development assistance				Share of multilateral aid				Grant element of ODA	Untied aid % of bilateral
	2018		2018	2012-13 to 2017-18	2018				commitments 2018	commitments 2018
	USD million	% of GNI	USD million	Average annual % change in real terms	% of ODA (b)	% of ODA (c)	% of GNI (b)	% of GNI (c)	% (a)	(d)
Australia	3 149	0.23	3 149	-5.5	19.0		0.04		100.0	100.0
Austria	1 170	0.26	1 167	2.0	58.6	26.2	0.15	0.07	100.0	48.5
Belgium	2 312	0.43	2 348	0.9	43.1	16.8	0.19	0.07	95.8	98.0
Canada	4 660	0.28	4 641	0.4	24.7		0.07		91.1	97.2
Czech Republic	305	0.13	305	8.6	67.2	7.4	0.09	0.01	100.0	57.5
Denmark	2 590	0.72	2 577	-0.6	30.3	18.3	0.22	0.13	100.0	97.0
Finland	984	0.36	984	-4.5	51.6	27.3	0.19	0.10	99.6	95.4
France	12 136	0.43	12 840	2.5	42.6	22.0	0.19	0.10	79.5	98.1
Germany	24 977	0.61	25 670	14.2	24.2	11.3	0.15	0.07	86.9	85.1
Greece	290	0.13	290	4.4	86.7	13.4	0.12	0.02	100.0	87.9
Hungary	285	0.21	285	13.1	54.7	11.5	0.11	0.02	100.0	76.7
Iceland	74	0.28	74	12.2	17.6		0.05		100.0	8.8
Ireland	934	0.31	934	2.4	43.2	18.5	0.14	0.06	100.0	100.0
Italy	5 190	0.25	5 098	14.0	58.0	20.4	0.14	0.05	99.6	92.2
Japan	14 164	0.28	10 064	3.3	39.4		0.08		78.5	67.2
Korea	2 355	0.14	2 420	5.0	25.8		0.04		88.4	51.8
Luxembourg	473	0.98	473	2.6	27.4	18.8	0.27	0.19	100.0	99.0
Netherlands	5 659	0.62	5 617	0.9	33.3	21.9	0.20	0.13	100.0	96.8
New Zealand	556	0.28	556	3.2	16.8		0.05		100.0	80.6
Norway	4 258	0.94	4 258	1.8	24.2		0.23		100.0	100.0
Poland	766	0.14	759	11.9	68.6	7.6	0.09	0.01	97.7	27.0
Portugal	411	0.18	388	-5.6	66.0	13.5	0.11	0.02	97.8	76.1
Slovak Republic	138	0.13	138	11.5	76.5	17.2	0.10	0.02	100.0	70.3
Slovenia	84	0.16	84	7.2	64.9	9.8	0.10	0.02	100.0	51.2
Spain	2 841	0.20	2 540	5.2	74.1	23.7	0.13	0.04	99.8	87.2
Sweden	5 848	1.04	5 847	4.1	34.4	26.8	0.36	0.28	100.0	91.4
Switzerland	3 101	0.44	3 097	1.4	24.7		0.11		100.0	96.2
United Kingdom	19 410	0.70	19 462	5.6	36.6	27.1	0.26	0.19	99.2	100.0
United States	34 152	0.16	33 787	0.5	11.4		0.02		100.0	60.2
Total DAC	**153 271**	**0.30**	**149 852**	**3.9**	**29.8**		**0.09**		**91.8**	**78.7**

Notes:
a. Excluding debt reorganisation.
b. Including EU institutions.
c. Excluding EU institutions.
d. Excluding administrative costs and in-donor refugee costs.
.. Data not available.

StatLink https://doi.org/10.1787/888934178620

Table B.7. Comparative performance of aid to LDCs

	Net disbursements						Commitments		
	Bilateral ODA to LDCs 2018			Total ODA to LDCs (Bilateral and through multilateral agencies) 2018			Grant element of bilateral ODA commitments[a] to LDCs (two alternative norms)		
							Annually for all LDCs Norm: 90%		3-year average for each LDC Norm: 86%
	USD million	% bilateral ODA	% of GNI	USD million	% total ODA	% of GNI	2017	2018	2016-2018
Australia	571	22.4	0.04	868	27.6	0.06	100.0	100.0	n
Austria	57	11.9	0.01	319	27.3	0.07	100.0	100.0	c
Belgium	422	31.6	0.08	744	31.7	0.14	99.8	99.3	c
Canada	1 069	30.6	0.06	1 645	35.4	0.10	100.0	100.0	n
Czech Republic	16	15.9	0.01	65	21.2	0.03	100.0	100.0	c
Denmark	452	25.1	0.13	726	28.2	0.20	100.0	100.0	c
Finland	133	27.9	0.05	314	31.9	0.11	100.0	100.0	c
France	1 244	16.9	0.04	3 390	26.4	0.12	75.1	77.0	c
Germany	2 711	13.9	0.07	4 956	19.3	0.12	99.8	97.4	c
Greece	0	0.4	0.00	60	20.6	0.03	100.0	100.0	c
Hungary	29	22.5	0.02	68	23.9	0.05	100.0	100.0	n
Iceland	26	42.6	0.10	32	43.6	0.12	100.0	100.0	c
Ireland	253	47.7	0.09	386	41.3	0.13	100.0	100.0	c
Italy	367	17.2	0.02	1 318	25.8	0.06	97.5	97.0	c
Japan	3 279	53.8	0.06	5 370	53.4	0.10	87.8	84.8	c
Korea	642	35.8	0.04	969	40.0	0.06	94.6	92.2	c
Luxembourg	177	51.7	0.37	224	47.2	0.46	100.0	100.0	n
Netherlands	608	16.2	0.07	1 352	24.1	0.15	100.0	100.0	c
New Zealand	104	22.5	0.05	132	23.7	0.07	100.0	100.0	c
Norway	769	23.8	0.17	1 242	29.2	0.27	100.0	100.0	c
Poland	88	36.9	0.02	220	29.0	0.04	85.0	82.7	c
Portugal	54	41.2	0.02	129	33.1	0.06	94.4	93.9	n
Slovak Republic	1	3.2	0.00	25	18.3	0.02	100.0	100.0	n
Slovenia	1	2.0	0.00	13	16.0	0.02	100.0	100.0	c
Spain	102	15.5	0.01	673	26.5	0.05	100.0	100.0	c
Sweden	1 175	30.6	0.21	1 916	32.8	0.34	100.0	100.0	c
Switzerland	591	25.3	0.08	951	30.7	0.13	100.0	100.0	c
United Kingdom	3 203	26.0	0.11	6 407	32.9	0.23	100.0	100.0	c
United States	9 634	32.2	0.05	11 360	33.6	0.05	100.0	100.0	c
Total DAC	**27 779**	**26.4**	**0.06**	**45 873**	**30.6**	**0.09**	**96.2**	**95.5**	**..**

Notes:

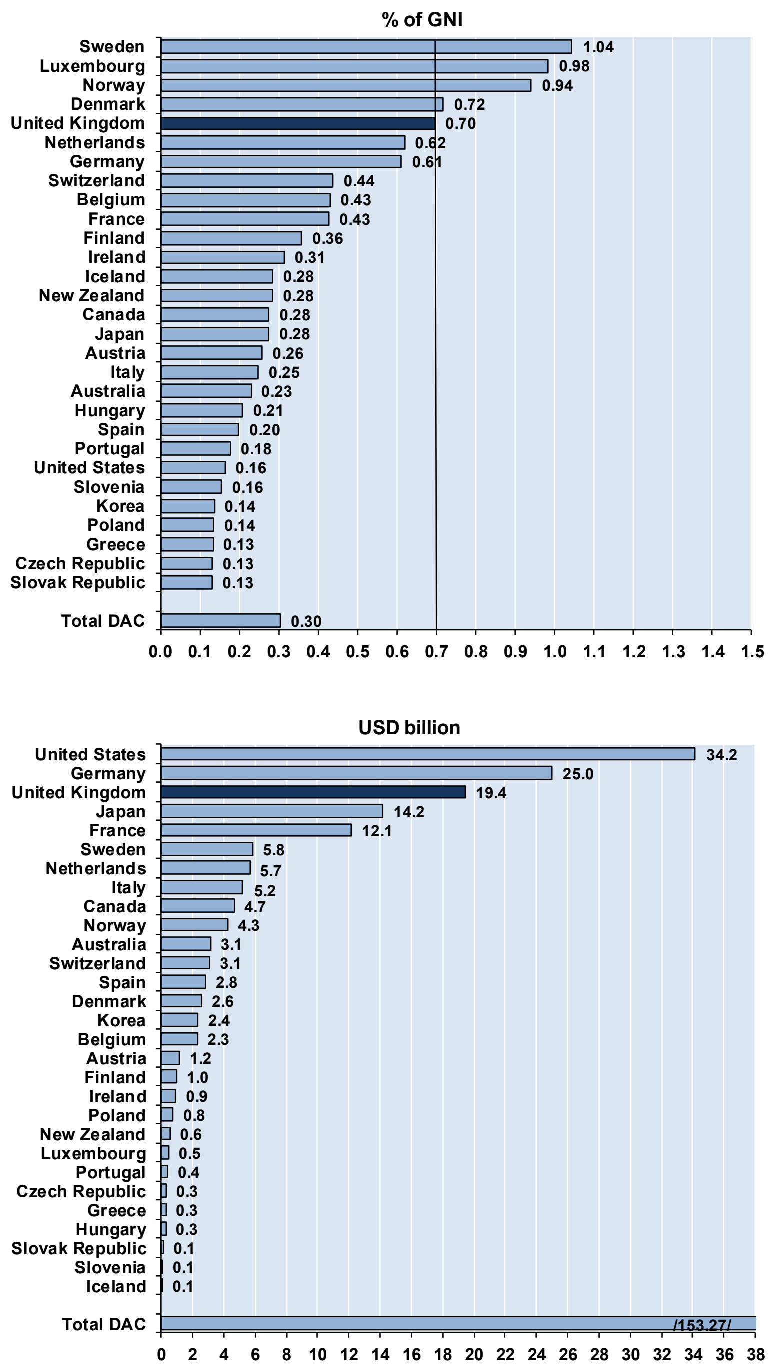
a. Excluding debt reorganisation. Equities are treated as having 100% grant element, but are not treated as loans.

b. c = compliance, n = non compliance.

.. Data not available.

StatLink https://doi.org/10.1787/888934178639

Figure B.1. Grant equivalent ODA from DAC countries in 2018



StatLink https://doi.org/10.1787/888934178658

Annex C. Field visits to Kenya and Jordan

As part of the DAC peer review of the United Kingdom, a team of reviewers, observers and the OECD Secretariat visited Kenya and Jordan in November 2019 to gather input from the United Kingdom's development co-operation staff and partners. Meetings were held with High Commission and British Embassy staff, Kenyan and Jordanian government officials, multilateral organisations, other bilateral donors and representatives of British, Kenyan and Jordanian businesses and civil society organisations.

The development context in Kenya and Jordan

Kenya is a fast-growing economy with regional disparities and high levels of corruption

Kenya has made significant reforms that have driven sustained economic growth and social development. With average growth in gross domestic product above 5% over the last decade and a dynamic private sector, Kenya is one of the fastest-growing economies in sub-Saharan Africa and a champion of the East Africa Community. Economic growth has helped to improve health and education outcomes and reduce the poverty rate from 46.8% in 2005 to 36.1% in 2015. Nevertheless, the absolute number of poor people has remained stable over the last decade – at around 16 million – and disparities are high. In the arid and semi-arid lands which are more exposed to conflict, poverty rates can reach 79%. Following the 2007-08 post-election violence, the 2010 Constitution introduced an ongoing devolution agenda and a framework to protect rights and equal opportunities. High levels of corruption,[1] vulnerability to climate change as well as ethnic-based and regional conflicts continue to constrain development.

Jordan has a stressed economy and is grappling with a large influx of refugees

The global financial crises, the Arab Spring and the Syria crisis have taken a toll on Jordan's development. Jordan's economy is among the smallest in the Middle East, with limited supplies of water, oil and other natural resources underlying the government's heavy reliance on foreign assistance.[2] Other economic challenges for the government include high national debt and chronically high rates of unemployment, reaching 19% in 2019. Jordan is directly affected by the influx of refugees from Syria. Since 2011, Jordan has hosted the second highest share of refugees per capita in the world (after Lebanon), with around 10%

of the Jordanian population comprising refugees. This puts Jordan at the heart of finding new ways to deal with displacement crises.

Towards a comprehensive United Kingdom development effort

Long-standing partnerships with businesses and people in Kenya

The fourth largest donor in Kenya (Figure C.1), and a key historical partner, the United Kingdom has developed a unified government vision that takes a long-term perspective towards sustainable development in Kenya, recognising Kenya as a relatively stable power in a turbulent neighbourhood. With 200 000 people of Kenyan descent living in the United Kingdom, 30 000 British citizens living in Kenya, 200 British companies active in the country and 100 000 British tourists travelling to Kenya each year, bilateral relationships cover areas such as trade, investment, defence and security, anti-piracy, counter-terrorism and climate change. For instance, the United Kingdom is using its military base in Kenya to train Kenyan soldiers to support security in the region. In the trade and investment sectors, the High Commission takes care to distinguish between supporting British investors and supporting the investment environment in Kenya. In particular, the United Kingdom has launched a Business Integrity Initiative that provides services for British and Kenyan companies in order to help them tackle corruption. Department for International Trade (DIT) officials based in the Kenya High Commission are funded by both official development assistance (ODA) and non-ODA resources to reflect the benefits for both Kenya and the United Kingdom.

Supporting Jordan's resilience

Building on historical ties and a strategic presence in the region, the United Kingdom renewed its development partnerships with Jordan after the Syria crisis in order to strengthen the resilience of the country. Committed at the highest level,[3] the United Kingdom has successfully rallied the international community behind both the Jordan Compact[4] and Jordan's ambitious reform agenda set out in the London Initiative, which focuses on inclusive economic growth, macro-economic and fiscal stability, as well as an enabling business environment. Recognising the value of leverage and influence in a country where the development programme is resuming and the United Kingdom does not rank among the largest donors (Figure C.2), the United Kingdom engages closely with other development partners, and draws on the insights of others to influence policy and refine programmes. The United Kingdom is also a key partner for Jordan in strengthening its policing, defence and judiciary systems.

The United Kingdom's policies, strategies and aid allocation

The United Kingdom prioritises those left behind, regardless of their status

The United Kingdom's strategy in Kenya reflects a solid understanding of the country's needs as well as the donor landscape in the country. This has enabled the British High Commission to identify areas where the United Kingdom can add value. In particular, efforts to map the geographic localisation of programmes against where the poorest and excluded people live have triggered critical reflection about who has benefitted from the Department for International Development (DFID)'s interventions in recent years. The United Kingdom focuses its social sector support in the poorest region of Kenya and its prosperity agenda in the most dynamic areas. The United Kingdom notably prioritises:

- economic development through job creation and stimulating investment by improving the business environment

- basic services and building resilience to crises through investing in the health sector, assisting people during drought and conflict, and improving the government's ability to respond to humanitarian crises
- building stability and institutions by improving government systems and accountability, tackling corruption and reducing conflict and the risks of radicalisation, and ensuring the government can take on financing and managing poverty reduction programmes without relying on external aid.

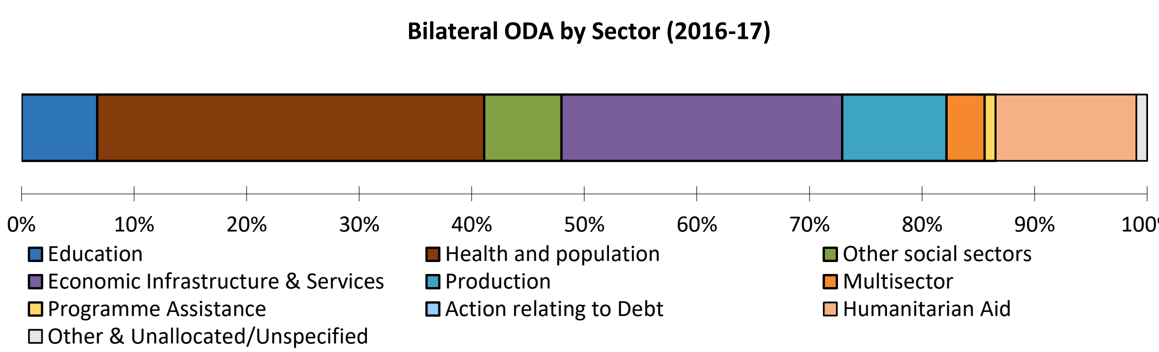
In the past, the Kenya programme had a stronger focus on climate change. Folowing a period which saw a reduction in bilateral programming and staff to address climate and environment issues, the United Kingdom is again strengthening its capacity, funding and analysis in these areas.

Figure C.1. The United Kingdom is the fourth largest donor in Kenya

Receipts	**2015**	**2016**	**2017**
Net ODA (USD million)	2 464	2 188	2 475
Bilateral share (gross ODA)	60%	62%	58%
Net ODA / GNI	3.9%	3.1%	3.3%
Other official flows (USD million)	309	291	387
Net private flows (USD million)	- 243	203	430
Total net receipts (USD million)	2 530	2 681	3 291

For reference	**2015**	**2016**	**2017**
Population (million)	47.2	48.5	49.7
GNI per capita (Atlas USD)	1 310	1 380	1 440

	Top Ten Donors of gross ODA (2016-17 average)	**(USD m)**
1	United States	836
2	International Development Assoc	513
3	African Development Fund	199
4	United Kingdom	190
5	Japan	164
6	EU Institutions	161
7	Global Fund	138
8	Germany	106
9	France	83
10	Sweden	59



Source: OECD (2020[1]), *International Development Statistics (online database)*, www.oecd.org/dac/stats/idsonline.htm.

StatLink https://doi.org/10.1787/888934178677

The United Kingdom's strategy in Jordan exemplifies its approach to stability and inclusion. Recognising the protracted nature of conflict and instability in the region, the United Kingdom's engagement in Jordan has a ten-year horizon. This timeframe allows the United Kingdom to support flexible medium-term programmes along the humanitarian-development-peace nexus. The programme has evolved from supporting Syrian refugees to supporting all vulnerable people in Jordan, regardless of their status; enabling economic growth; and building reliance on sustainable sources of financing and investment beyond ODA. The United Kingdom is now well placed to pursue a conversation on how to carefully phase the transition from a humanitarian response to a development programme in Jordan. The country programme is well focused with clear objectives, and synergies that allow resources to be used to maximum effect. Testing the added value and relevance of all initiatives – including centrally managed programmes, the Newton Fund and the Conflict, Stability and Security Fund (CSSF) – will help the United Kingdom to avoid diluting this focus.

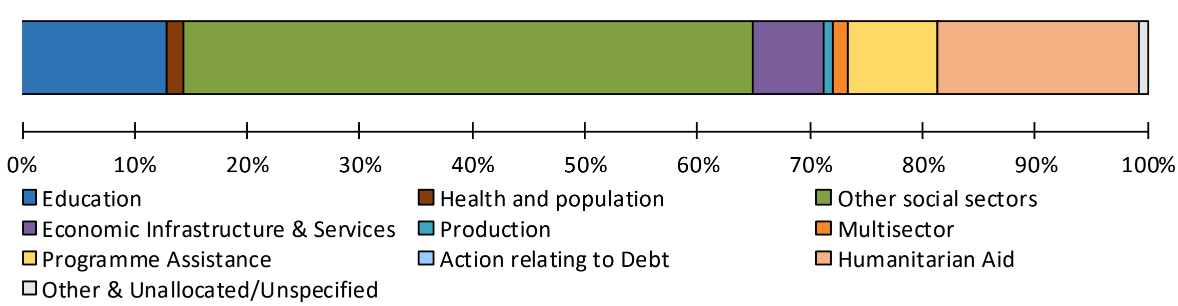
Figure C.2. The United Kingdom contributes 3% of Jordan's ODA

Receipts	2015	2016	2017
Net ODA (USD million)	2 152	2 738	2 921
Bilateral share (gross ODA)	82%	84%	84%
Net ODA / GNI	5.8%	7.1%	7.3%
Other official flows (USD million)	382	374	157
Net private flows (USD million)	902	252	450
Total net receipts (USD million)	3 436	3 364	3 528

For reference	2015	2016	2017
Population (million)	9.2	9.5	9.7
GNI per capita (Atlas USD)	3 890	3 920	3 980

	Top Ten Donors of gross ODA (2016-17 average)	(USD m)
1	United States	892
2	United Arab Emirates	353
3	Germany	269
4	EU Institutions	241
5	France	238
6	Japan	214
7	Kuwait	204
8	UNRWA	186
9	United Kingdom	157
10	Canada	74

Bilateral ODA by Sector (2016-17)



Source: OECD (2020[1]), *International Development Statistics (online database)*, www.oecd.org/dac/stats/idsonline.htm.

StatLink https://doi.org/10.1787/888934178696

In both Kenya and Jordan, the United Kingdom has developed an in-depth understanding of the impact of regional challenges on the countries' development. In Jordan, this understanding was translated into a regional risk management strategy accessible to country offices. In Kenya, it was implemented through a regional approach to migration, trade and security in East Africa. However, beyond these examples and the CSSF, the United Kingdom has limited institutional means to think and act regionally to tackle issues such as climate, health, stability, anti-corruption and migration.

Expertise in gender, climate and disability is not systematically reflected in programmes

In both Kenya and Jordan, the United Kingdom is recognised by its partners as a champion of the inclusion agenda. The DFID teams and cross-cutting advisers are well equipped to analyse and monitor relevant issues. Making equity a criterion for value for money has also created strong incentives to mainstream a gender and inclusion perspective into projects and programmes. However, this analysis has not systematically influenced how programmes are designed in Jordan. For instance, it is not apparent how gender equality and governance challenges are addressed across the portfolio or how the impact of climate change is factored into economic reforms. In Kenya, the High Commission is planning to mobilise funding from the United Kingdom's international climate finance budget as an incentive to better reflect climate change and management of natural resources in the portfolio. In both countries, the increasing number of cross-cutting issues flagged by headquarters have affected the country offices' ability to prioritise.

Organisation and management

The whole-of-government approach in place is held back by organisational constraints

Driven by a shared country business plan covering all departments, the British High Commission in Kenya is harnessing development, defence, diplomacy and trade competencies to address complex issues such as elections, devolution and stability. The new UK-Kenya Strategic Partnership, launched in January 2020 sets out how the High Commission is engaging across all these sectors with the Government of Kenya. In addition to an overall Kenya Senior Leadership Team Executive Committee and external dialogues with government on key policy issues,[5] the High Commission has set up internal policy boards on prosperity, law enforcement, demography, climate and anti-corruption in order to design a common vision across the High Commission, ensure coherent approaches and draw together resources from across the United Kingdom (UK) Government. Notably, the whole High Commission uses the same Kenya country diagnostics and partnership principles. The positive impact of such co-ordinated efforts is not only visible in the CSSF,[6] but also in the prosperity portfolio and the anti-corruption efforts Strengthening the whole-of-government approach has also proven useful in absorbing the expansion of the High Commission following the adoption of the Africa strategy.[7]

A similar approach has been taken in Jordan, where the British Embassy has established co-ordination structures to support implementation of the London Initiative. This is underpinned by a National Security Council country board which meets quarterly to review progress and discuss emerging threats and opportunities, supported by cross-Embassy working groups. Additionally, increased co-ordination between the Newton Fund and other departments present in Amman, for instance, has contributed to more strategic funding to research in Jordan, based on a country strategy.

In both Kenya and Jordan, hosting other DFID country teams –Somalia and Yemen respectively – has enabled the sharing of resources and skills.

Nevertheless, in both countries, institutional and organisational constraints undermine the United Kingdom's ability to put its Fusion Doctrine into practice at the country level. This is frustrated in particular by, accountability requests coming from individual departments, inconsistent procedures, and IT and information systems that are not inter-operable in either Jordan or Kenya. Standardised processes for all departments and consistent accountability mechanisms for joint activities would reduce the administrative burden and improve efficiency, especially for the CSSF. Current efforts by the Joint Funds Unit to streamline reporting lines across all cross-government teams could also increase value for money. In addition, to fully operationalise the Fusion Doctrine and building on recent progress, other teams in the High Commission and Embassy would benefit from more access to the cross-sectoral expertise housed in DFID.

Delegated authority enables flexibility and influence

DFID's country-led model is alive and well in Kenya and Jordan. The country teams' strong focus on results is reinforced by delegated authority, multi-annual timeframes, empowered senior responsible officers and strong professional systems. In Kenya, the country team has maintained the long-term priorities of the development co-operation programme through a period of political flux in the United Kingdom, and increasingly directs all of the United Kingdom's resources towards shared objectives. Having flexibility within an overall budget envelope allows for holistic programming in a fragile context. Supported by DFID's strong decentralised model, the Jordan team is able to seize opportunities as they arise and to draw on competencies and resources available in headquarters and other country offices to strengthen the Jordan programme.

However, the level of delegation to country offices has weakened over recent years. Submitting concept notes rather than full business cases to ministers is a positive step. However, reviewing the criteria for deciding when ministerial approval is required would speed up the process of translating concepts into programmes and help the United Kingdom to respond more quickly in changing contexts.

In addition, the High Commission in Kenya has been faced with the presence of numerous centrally managed programmes (CMPs): at one point more than 230 programmes were active in Kenya, not all of which had necessarily informed the High Commission. While these programmes can bring efficiencies or complement existing ones, their sheer number poses risks for the High Commission and dilutes focus. In contrast, only twelve programmes in Jordan were centrally managed and the Embassy is not eligible for many of the CMPs available from headquarters as they are designed for other contexts, particularly least developed countries (LDCs) and lower middle-income countries (LMICs). The planned move towards demand-led CMPs, combined with a proposed “dual-lock” requiring country-level sign off, will be critical to achieving impact and managing risk.

Quality assurance is strong but risk transfer and compliance are affecting partnerships

In both countries, quality assurance and risk management of the country portfolio are strong and enable good programming. In Jordan for instance, DFID has developed a systematic approach to assuring quality and managing risk across its portfolio and throughout the project cycle. Recent increases to the risk appetite of the country programme to reflect the operating environment have the potential to strengthen DFID Jordan’s ability to design programmes with greatest impact and to enable innovation. Continued, consistent guidance on risk from headquarters – from the Better Delivery and Internal Audit teams – will reinforce the Embassy’s risk appetite. At programme level, sharing risks more equally with implementing partners would help partners to take informed risks.

Onerous project management requirements have high transaction costs for the United Kingdom and its partners. A narrow focus on value for money and due diligence as well as detailed resource-based accounting and forecasting requirements risk diverting attention away from strategic considerations. In Jordan, current levels of reporting and scrutiny, beyond what is required by the Smart Rules, affect the United Kingdom’s ability to build a relationship of trust and empowerment with key partners. For instance, most partners are required to produce quarterly or semi-annual reports, where the Smart Rules only require annual reports, in addition to providing detailed quarterly spending forecasts within a narrow margin of 10%. Wanting more oversight in a high risk environment is understandable but this very detailed programme management approach is constraining partners’ flexibility and has an opportunity cost in terms of the time staff have to implement programmes. In both Kenya and Jordan, current practices also prevent the United Kingdom from supporting, and building the capacity of, a broader range of local actors who could be strong allies in supporting its reform agenda.

Finally, in Kenya, the use of fund managers has allowed DFID to free up staff time. However, in some cases, the use of fund managers has also resulted in the United Kingdom losing contact with implementing partners and the local context, introducing layers of bureaucracy and blurring reporting lines, without creating incentives for learning and building strong local institutions. Reviewing the rationale for the use of fund managers in each case and recognising a broader range of competences and objectives in the tender process may help to allay partners’ concerns. There are good examples to build on, such as the joint cash transfers programme in Jordan that includes a strong element of operational research. Ensuring that third party compliance contractors take a differentiated approach to partners, and streamlining requirements, will also support the United Kingdom’s ambitions to be rapid, flexible and collaborative.

Human resources are a cornerstone of the United Kingdom's programme and influence

In both countries, the calibre of the country teams is impressive and is a cornerstone of the United Kingdom's influence and credibility: partners found staff approachable, responsive and well informed. In Kenya, as the bilateral budget reduces over time, maintaining a strong staff complement will allow the United Kingdom to increase its focus on influencing government and multilateral partners.

Locally-appointed staff are valued. In Kenya, the country programme benefits from their skills, networks and understanding of the local context. DFID in Kenya is able to provide staff with extensive career and development opportunities; openings for locally-appointed staff to be assigned to other country offices[8] represent best practice among members of the Development Assistance Committee (DAC). However, locally-appointed staff working for DFID Jordan cannot undertake international assignments available in other DFID country offices because they are on the Foreign and Commonwealth Office (FCO) local contracts. Continued efforts to address career opportunities and improve management practices will help the Embassy recruit and motivate locally-engaged staff.

Partnerships, results and accountability

The United Kingdom's use of country systems varies

The United Kingdom's development programmes in Kenya and Jordan are responsive to local needs and support locally led change. The United Kingdom is recognised by the senior government officials in Jordan as a "thought partner" and supports efforts to build national capacity and institutions. Channelling the United Kingdom's funding through the Jordanian government budget via multilaterals is consistent with development effectiveness commitments and is helping to create fiscal space for reform. Other good effectiveness practice included transparency on ODA flows, use of partner-country data and audits, and monitoring and evaluating based on mutually-agreed results. In Kenya, the United Kingdom is not using country public financial management systems directly and explicitly precludes its partners, including United Nations (UN) partners, from doing so, in light of the risk assessment it conducted. Exceptions are made for funding channelled through the World Bank. A more deliberate approach to country ownership would be consistent with DFID's focus on building the integrity of national systems in the country. When the risk of channelling funds through public financial management systems is too high, further opportunities might include sharing forward-spending information, using statistical systems and providing institutional support to local civil society and research bodies.

Engaging in joint programmes could reinforce the United Kingdom's convening power

In Kenya, the United Kingdom has demonstrated leadership in forging clear and consistent messages from development partners to government, including on health, Kenyan Treasury systems and anti-corruption. While the United Kingdom has signed the European Union Joint Country Strategy and has engaged in a number of donor working groups, joint programmes, multi-donor trust funds and delegated co-operation arrangements, DFID's programming processes do not create direct incentives to establish or join multi-donor funding mechanisms. Partners fear that a more pronounced focus on the United Kingdom's national interest following its departure from the European Union (EU) will further reduce incentives for collaboration. Lack of engagement in the UN country plan and tightly earmarked funding in Kenya is inconsistent with the United Kingdom's commitments to UN development system reform.

In Jordan, the United Kingdom engages closely with other development partners and implementing partners, and draws on the insights of others to influence policy and refine programmes. For instance, the United Kingdom chairs the humanitarian and education donor groups on a rotational basis. DFID has also designed and mobilised innovative funding instruments that have brought on board funding from other development partners – including a development policy loan guarantee, seed funding to the Global Concessional Financing Facility and a multi-donor trust fund for technical assistance.

Partnerships with the private sector would benefit from a continuum of support

The United Kingdom draws on a wide range of instruments to address the needs of the private sector in Kenya and Jordan and to leverage private sector investments, including through equity, guarantees and loans. CDC's investment in equity in Kenya illustrates how the United Kingdom does not shy away from investing in fragile contexts. However, as mentioned by representatives of the private sector in Kenya, there is scope to better communicate the United Kingdom's full offer to the private sector and to formally build a continuum of support, ranging from early technical assistance to investment at scale, beyond the Memorandum of Understanding signed with the Government of Kenya. Increased use of blended finance will reduce the risk of crowding out private capital. In Jordan, the United Kingdom is working to improve the business environment and the labour market, reduce the cost of trade, support match-making initiatives between British and Jordanian companies, and support financial intermediation. While the Embassy can support the private sector through the World Bank and the Private Infrastructure Development Group, it has access to only a limited number of instruments to work directly with Jordanian small and medium enterprises. If the United Kingdom plans to engage in economic development in Jordan, as well as other stressed middle-income countries, it will be critical to make instruments targeting the local private sector available to the relevant country offices.

Strategic dialogue would strengthen the United Kingdom's predictable and flexible partnerships

In both countries, partners welcomed the long-term predictability of the United Kingdom funding matched with flexible deadlines and expected results supported by in-depth technical discussions. Nevertheless, a focus on value for money and due diligence have led the United Kingdom to treat local partners as implementing partners. Partners felt that the incentives to innovate were limited once programmes were approved as partners would be carrying the majority of the risk.

While both the High Commission and the Embassy actively engage with their partners at project and programme level, it is a challenge for anyone external to understand, let alone shape or contribute to, the United Kingdom's overall strategy in each country. Resuming a policy of strategic communication and engagement with a broader, more diverse range of external actors would make the United Kingdom's work more effective. Indeed, experiences with a youth panel and early market engagement with local civil society organisations and the private sector have proven to be effective in designing good quality programmes in Kenya. The Strategic Partnership between the United Kingdom and the Government of Kenya announced in January 2020 is a positive step in that direction.

The results culture is strong in both country teams

Backed by professional systems, evidence and learning are at the core of how the United Kingdom works in Jordan and Kenya. Lessons from partners, annual reviews and research inform programme adaptation during implementation and the design of subsequent programmes. For example, reports by the Independent Commission for Aid Impact (ICAI) had a clear impact on how the Newton Fund and CSSF are managed in Jordan. In Kenya, the experience of asking researchers in charge of the evaluation of the "Deepening Democracy" programme to regularly present initial findings while the programme was running helped adjust the objectives and activities as the context evolved. Final conclusions have directly influenced the next phase of the programme, which will invest more time in preparedness.

Both country teams are also making an effort to move away from previous practices in which short-term, quantitative targets that could be attributed to the United Kingdom prevailed. Current efforts by DFID Kenya to pilot results management at outcome and portfolio level represent a step towards a more balanced approach, and would benefit from more active headquarters engagement. In addition, despite a strong will to conduct portfolio evaluations, the DFID office in Nairobi has limited funding to do so. In Jordan, plans to develop a country results framework that includes influencing and systems building will help to shift the focus towards outcome level results and bring coherence to the various strategic objectives. Clarifying the role of evaluations and how they can complement information collected through regular monitoring will strengthen programme management and learning.

References

OECD (2020), *International Development Statistics (online database)*, http://www.oecd.org/dac/stats/idsonline.htm (accessed on 5 February 2020). [1]

Notes

[1] In 2018, Kenya ranked 144 out of 180 countries on the Corruption Perceptions Index. See www.transparency.org/cpi2019.

[2] Jordan receives the second highest level of ODA per capita worldwide.

[3] In 2017, Theresa May, Prime Minister of the United Kingdom at the time, signed a Memorandum of Understanding with the Government of Jordan.

[4] The Jordan Compact was signed in February 2016, as a new approach to dealing with protracted displacement. In return for billions of dollars in grants and loans for humanitarian support and macro-financial assistance, and preferential trade agreements with the European Union, Jordan committed to improving access to education and legal employment for its Syrian refugees.

[5] Security, economic development and defence, as well as research, science and innovation.

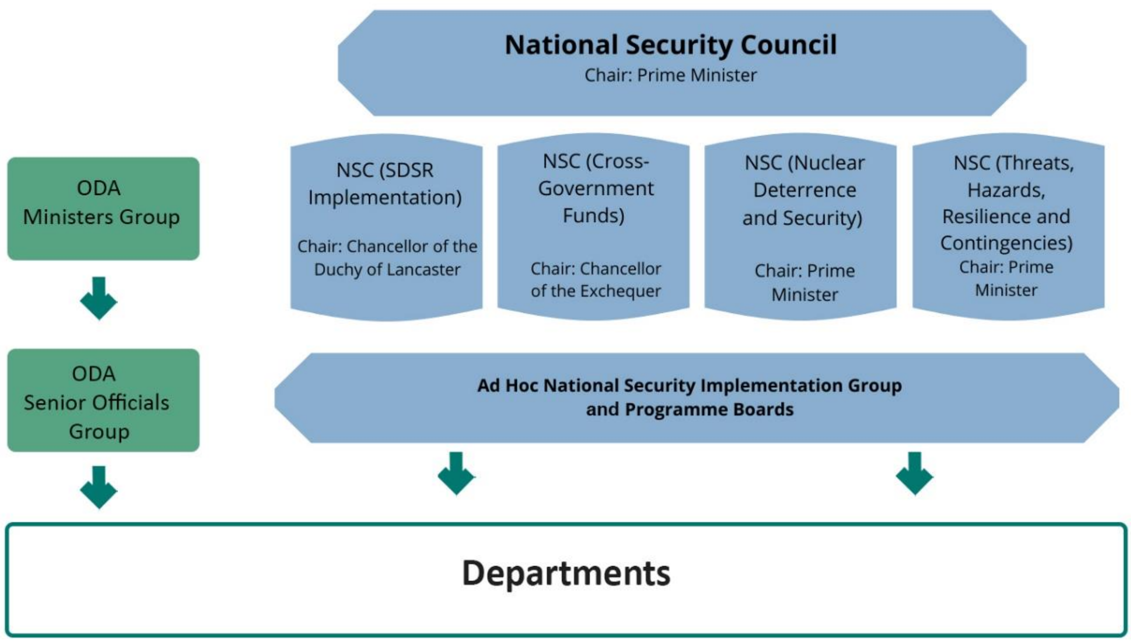
[6] The blending of ODA and non-ODA resources in the CSSF has allowed the United Kingdom to stimulate comprehensive responses to stability challenges in the region.

[7] The British High Commission in Kenya has 350 staff from 12 government departments.

[8] To note that international assignments for locally-appointed staff were put on hold after the country visits were conducted.

Annex D. Organisational charts

Figure D.1. Oversight and co-ordination of development co-operation in the United Kingdom



Note: NSC: National Security Council.
Source: Authors' compilation

Figure D.2. Organisational structure of the Department for International Development

Department for International Development

DFID Ministers and Senior Management Organisation Chart

UKaid from the British people

Ministerial Team

Rosalyn Eales - Principle Private Secretary

Rt Hon Alok Sharma MP Secretary of State	**Rt Hon Dr Andrew Murrison MP** Minister of State	**Andrew Stephenson MP** Minister of State
Zac Goldsmith MP Minister of State	**Baroness Sugg CBE** Parliamentary Under-Secretary of State	

Executive Committee

Non-executive Directors: **Tim Robinson**, **Sally Jones-Evans**, **Marc Bolland (Lead NED)**, **Alan Johnson**

Matthew Rycroft CBE Permanent Secretary			
Moazzam Malik Director General, Country Programmes	**Nick Dyer** Director General, Economic Development and International	**Richard Clarke** Director General, Policy, Research and Humanitarian	**Juliet Chua** Director General, Finance and Corporate Performance
Mark Bryson-Richardson Director, Middle East and North Africa	**Rachel Turner** Director, Economic Development	**Rachel Glennerster** Chief Economist	**Ravi Chand** Chief People Officer
Pete Vowles Director, Western Asia Division and Asia, Caribbean and the Overseas Territories	**Ben Mellor** Director, Economic Development	**Charlotte Watts** Director, Research and Evidence Division and Chief Scientific Adviser	**Melinda Bohannon** Director of Strategy
Debbie Palmer Director, West and Southern Africa	**Caroline Read** Director, International Relations Division	**Beverley Warmington** Director, Conflict, Humanitarian and Security	**Tim Jones** Director, Finance and Corporate Performance
Jane Edmondson Director, East and Central Africa	**Richard Montgomery** Executive Director, UK, World Bank	**Darren Welch** Director, Policy Division	**Tim Singleton** Director of Communications

Note: This organisational chart was correct in November 2019 and is due to be updated

Source: DFID (2020[1]), DFID website https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/845297/Gov-UK-org-chart-Nov-19a.pdf.

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DFID (2020), *Department for International Development website*, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/845297/Gov-UK-org-chart-Nov-19a.pdf (accessed on 3 April 2020). [1]

OECD Development Co-operation Peer Reviews

UNITED KINGDOM

The OECD's Development Assistance Committee (DAC) conducts reviews of the individual development co-operation efforts of DAC members once every five to six years. DAC peer reviews critically examine the overall performance of a given member, not just that of its development co-operation agency, covering its policy, programmes and systems. They take an integrated, system-wide perspective on the development co-operation activities of the member under review and its approach to fragility, crisis and humanitarian assistance. The United Kingdom uses its global standing and convening power to promote an evidence-based approach to stability, inclusion and prosperity and continues to provide 0.7% of its national income as Official Development Assistance (ODA). The depth and breadth of its expertise, combined with flexible funding instruments and strong country presence, allow the United Kingdom to focus these ODA resources on developing country needs, while protecting its own longer-term national interests. Articulating a clear and comprehensive whole-of-government vision for its support to international development would allow the United Kingdom to reinforce its policy priorities and engage the public. Further measures to build effective partnerships and institutional capacity in developing countries would allow the United Kingdom to build ownership of development processes and contribute to lasting change.

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