



UK ODA and sustainable development

Status review and recommendations

IIED report to CAFOD, RSPB, Oxfam, Christian Aid and WWF-UK

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Executive summary

This report compiles evidence on trends in UK ODA and the effect of these trends on sustainable development programming and outcomes. Prepared for the commissioning NGOs, the report explores how the UK's approach to ODA has evolved, particularly over the last five years. It presents a set of key principles of sustainable development and uses them to assess a selection of UK-funded sustainable-development-oriented programmes. It looks at the practices of other donor countries and compares them against the UK. Based on the research and analysis it suggests priority areas for action.

Sustainable development principles for effective ODA

The evidence-based principles for effective sustainable development programming that informed our analysis were:

- Country stakeholder ownership, leadership and active engagement
- Guiding vision and holistic approach, that balance the three dimensions of sustainable development (economic growth, environmental protection and social equality)
- Multilevel and multidisciplinary partnerships
- Evidence-based planning and decision-making
- Adequate time to achieve objectives and sustain impact, and
- Systems for monitoring, evaluation and learning that feed back into programming.

Current fitness of UK ODA to deliver sustainable development

UK government support for ODA has remained strong, as reflected by its long-standing adherence to the 0.7% of GNI budget target. Some of that funding is supporting initiatives that explicitly aim to achieve sustainable development outcomes and employ at least a few of the programming principles listed herein. But our main finding is that **the UK lacks the systems, capacities and instruments needed to ensure that UK ODA consistently delivers sustainable development outcomes across its portfolio that are supportive of developing countries' priorities and coherent with their systems.** The key factors that have led to the current situation are:

- The growing **politicisation of ODA**, which has made UK national interests and security concerns primary objectives of ODA and compromised the UK's ability to listen to developing country stakeholders and to focus and sustain attention on their key sustainable development challenges.
- The **lack of a coherent poverty-centred sustainable development narrative** across the growing number of departments and cross-government funds administering ODA.
- **Insufficient use of evidence and in-house expertise** on the integrated nature of development in programme decision-making, or efforts to build such knowledge and capacity.
- A **reliance on investments aimed at export market and large-scale commercial growth**, despite their demonstrated ineffectiveness in improving the lives of the poorest, or in furthering sustainable development.
- **Inadequate systems and metrics for measuring progress** on sustainable development.
- Administrative budget cuts, economies of scale, and staff centralisation, which have **reduced capacity to respond to locally articulated needs and support local development actors.**

Recommendations

Based on the findings, we offer some key recommendations that will contribute to changing the terms of debate on the UK's approach to sustainable development and are likely to find support among

NGOs and other UK ODA stakeholders including concerned politicians and ministerial staff, as well as public and media interest:

- **Return to core purposes.** Committing to the 0.7% of GNI target, or achieving value for money, are only meaningful if ODA is actually going to support poverty reduction and sustainable, equitable development in a coherent way across all programmes, funds and delivery channels.
- **Use diagnostic and planning tools informed by robust programming principles and the SDGs.** To better align ODA to achieving sustainable development outcomes and reduce political interference, a well-evidenced set of diagnostic and planning tools, preferably linked to the SDGs for coherence with partner country and other donor frameworks, should be developed and used for all ODA investments.
- **Align ODA to a core set of commitments and international agreements.** Aligning all aid to a set of principle-based commitments and key international agreements would quickly put UK ODA on a strong sustainable development footing while systems and capacities are developed. Commitments could involve principles such as leave no one behind; country leadership and capacity development; support to civil society voice; gender equality; nature and climate positive investment; and support to low-carbon transitions.
- **Be clear, consistent and transparent in reporting on how all ODA is spent.** Information made available to the public must provide a clearer picture than it currently does of how ODA is spent across government. That will require frameworks and instruments for programme planning, monitoring and evaluation that are consistent for all ODA spending, clear and publicly accessible.

1. Introduction

1.1 Purpose and scope of work

IIED was commissioned by a group of UK environment and development NGOs¹ to collect evidence that can contribute to changing the terms of debate in relation to the UK's approach to sustainable development through official development assistance (ODA)² and its wider international development policy. The terms of reference prepared by the commissioning NGOs included the following objectives:

- Show where the current government ODA spend supports, undermines or is neutral to sustainable development outcomes;
- Compare the government's stated international policy commitments on sustainable development to current ODA spending priorities to show coherence and contradictions;
- Identify ways in which wider foreign and trade policy is or is not aligned on sustainable development³;
- Show best practices of a sustainable development approach to ODA where this has happened across donors (NGO, government, international organisation projects); and
- Develop proposals for changes needed in governance systems, policies and processes for a sustainable development approach across UK policy and ODA.

The work carried out by the IIED team⁴ involved extensive literature review, analysis of data on ODA spending and use, and interviews with key informants – particularly current and former UK Department for International Development (DFID) staff. Those interviews provided considerable useful evidence for this report, but as they were necessarily confidential we are unable to cite information directly.

Freedom of Information Act requests were sent to DFID, the Department for Business, Energy and Industrial Strategy (BEIS), the Department for Environment, Food and Rural Affairs (Defra) and the Foreign and Commonwealth Office (FCO) to get up to date information on their ODA budgets and spending (see **Appendix A**). However, in carrying out this study (which included directly seeking information from the major departmental ODA spenders) it became apparent that getting a clear sense of what ODA is spent on, by whom and when, is extremely difficult without resorting to in-person interviews with key informants or close review of individual project documents.

The IIED team also drew heavily on their own extensive experience, and that of IIED, with the intersection of ODA and sustainable development. For example, much of the material on comparisons with other donors comes from an Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC) peer learning process that one member of the IIED team had facilitated.

1.2 This report

This report is addressed to the commissioning organisations and is organised as follows:

- **Section 2** provides a working definition of sustainable development and a list of core principles of effective, ODA-funded sustainable development programming.

¹ The commissioning NGOs were the Catholic Agency For Overseas Development (CAFOD), Royal Society for the Protection of Birds (RSPB), Oxfam, Christian Aid and World Wide Fund for Nature (WWF-UK).

² We recognise that some elements of ODA spend such as health care will have little impact or intersection on the natural environment and/or climate issues; so this research does not cover all ODA spend.

³ It was not possible given the time and resources available to examine in any depth the alignment of wider foreign and trade policy with sustainable development, and this constraint was raised early in the process with the commissioning NGOs' representatives.

⁴ Sam Barrett, Steve Bass, Tom Bigg, Tighe Geoghegan and Dilys Roe.

- **Section 3** looks at trends in how UK ODA has approached sustainable development over the past decade, particularly under the current Conservative Government.
- **Section 4** draws on a sample of UK ODA-funded programmes with explicit sustainable development aims to illustrate how the level of adherence to sustainable development programming principles influences outcomes.
- **Section 5** compares the sustainable development approaches of UK ODA with those of other donors, looking especially at potential good practices.
- **Section 6** offers a current 'health check', examining the key sustainable development challenges for ODA and UK's fitness to meet those challenges.
- **Section 7** provides some recommended issues for priority action, based on the study's findings.

2. Framing sustainable development in the context of ODA

2.1 Working definition of sustainable development

The most commonly quoted definition of sustainable development is still that of the Brundtland Commission from 1987: “sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs”. The Commission identified three central ‘pillars’, or dimensions, of sustainable development – economic growth, environmental protection and social equality — and emphasised that these must be pursued in a balanced way.

In this review, we therefore take sustainable development to constitute *achieving a balance of economic, environmental and social objectives — the processes for doing so over time and their outcomes, as well as the underlying principles that inform actions and prioritisation.*

2.2 Principles for effective sustainable development programming

More than 30 years of experience from across governments, development agencies, NGOs and community organisations has shown the kinds of approaches that work to deliver effective sustainable development outcomes. The following key operational principles for effective sustainable development programming,⁵ are based on that learning:

- **Stakeholder leadership and ownership**, through which needs are defined, and decisions made locally; funds go to where they are needed most
- **Guiding vision and holistic approach** that balance the three dimensions of sustainable development and provide clarity on what the programme aims to achieve
- **Multilevel and multidisciplinary partnerships** that integrate into programme design and implementation the priorities, expertise and efforts of government, civil society and other stakeholders, at national and local levels
- **Evidence-based**, taking into account in decision making good science, full cost/benefit economics and a breadth of perspectives
- **Appropriate time horizon** — one that is long enough to work for ecological and social systems and reduce political noise, and
- **Systems to support learning and evolving**, including effective monitoring and evaluation (M&E) for accountability and adaptive strategies enabling stakeholders to innovate, test, and change approach.

We have used these principles as a framework for analysing how well UK ODA has been aligned to sustainable development over the past decade, how different programmes and initiatives have performed, and what changes are needed to make UK ODA programming more effective in achieving sustainable development outcomes.

⁵ This list is based on IIED’s and the team members’ deep experience with sustainable development programming and is also well substantiated in the sustainable development literature (e.g. Hardi and Zdan 1997, OECD 2006).

3. UK ODA track record on sustainable development: status and trends

Key messages

- Sustainable development is referenced in key ODA policy instruments, notably the International Development Act. But the lack of a definition of sustainable development in the Act and of an explicit sustainable development framing in the current UK aid strategy results in weak policy commitment.
- Government support for ODA has remained strong over time, as reflected in the continuing budget commitment of 0.7% of gross national income (GNI).
- However, the use of ODA has been increasingly influenced by political considerations, which prioritise trade-based economic growth in developing countries and UK national interests over sustainable development approaches.
- Despite an increasingly robust global evidence base, attention to the linkages between poverty, economic growth, equity and the environment has decreased. This is reflected in the declining number of programmes taking an integrated approach.
- The priorities of developing country governments and the concerns of local stakeholders have had decreasing influence on programme decisions and design. Increasing emphasis on value-for-money-driven short-term wins, reduced presence and agency of ODA staff in partner countries and the growing use of large-scale, multi-country programmes have contributed to that trend.
- The ODA budget is increasingly spread among government departments and cross-government funds with widely varying objectives and no overall coordination or policy coherence, diluting the potential contribution of ODA to poverty reduction and sustainable development.

3.1 The legal and policy commitment to sustainable development

The **International Development Act (2002)** defines development assistance as any support that is likely to contribute to the reduction of poverty in developing countries, either through furthering sustainable development or improving the welfare of the population. The Act defines sustainable development vaguely as any development that, in the opinion of the Minister, is likely to generate lasting benefits for the people or the country concerned. The Act was amended in 2014 through the addition of clauses enjoining the government to seek in its poverty reduction efforts to also reduce gender inequality and to take account of gender differences when providing humanitarian assistance (HMG 2014).

The statutory basis for how ODA is spent by departments other than DFID (which is explicitly bound by the International Development Act) is subject to some legal interpretation. However, the government's position appears to be that all ODA should aim to meet the requirements of the Act in practice, even if those departments conduct their ODA programmes under other statutory instruments (IDC 2018a).⁶

⁶ We also sought advice from knowledgeable experts for additional clarification.

The term sustainable development barely occurs in the **2015 UK ODA strategy, ‘UK aid: tackling global challenges in the national interest’**; it is referred to once in relation to the Sustainable Development Goals and once in relation to the International Development Act (HM Treasury and DFID 2015). The strategy is organised around four discrete aims, with “tackling extreme poverty and helping the world’s most vulnerable” relegated to last place behind “strengthening global peace, security and governance”, “strengthening resilience and response to crises” and “promoting global prosperity” (ibid).

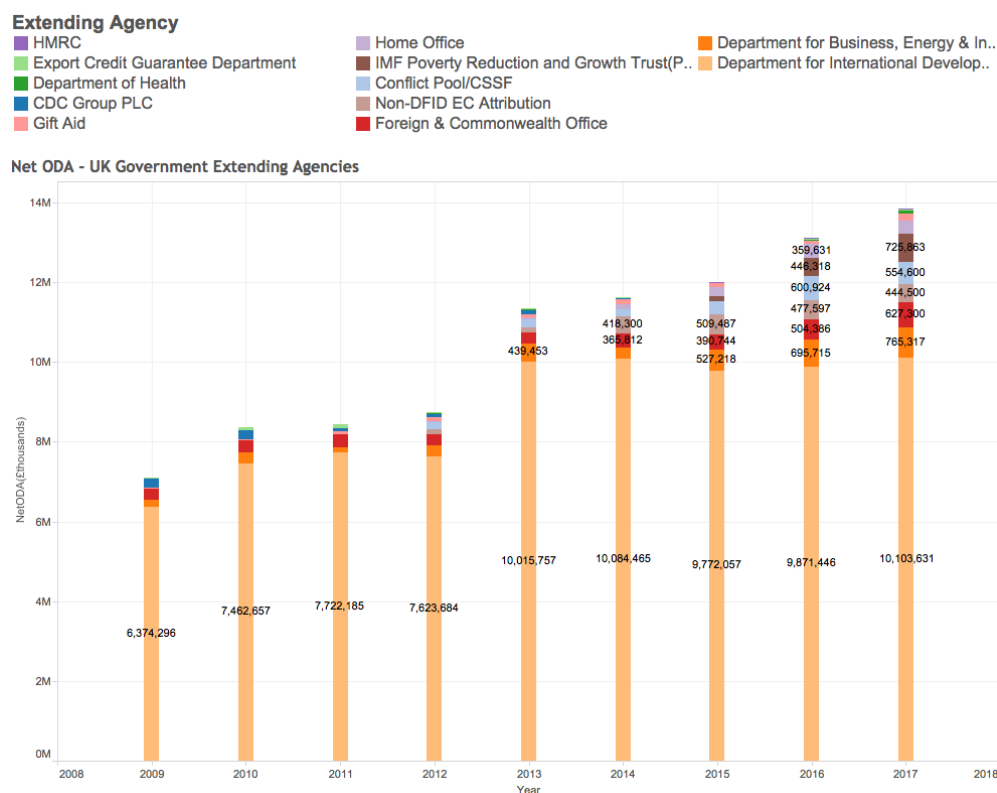
The **2017 DFID Economic Development Strategy** has a somewhat stronger sustainable development framing around poverty reduction and addressing gender equality, social inclusion, environmental protection and climate change, but with a markets and private-sector orientation (DFID 2017).

The clearest policy commitment to sustainable development may be via **the UK’s commitment to the Sustainable Development Goals (SDGs)**, for which DFID is the lead agency. But the government has failed to demonstrate this commitment across departments (IDC 2016, 2019a). DFID has been given lead responsibility for the UK’s contribution to the SDGs but does not even have a framework for assessing the role of UK ODA in this endeavour. This is in strong contrast with other OECD countries where the SDGs are becoming an important framing for ODA programming (see [Section 5](#)).

3.2 Political trends affecting ODA

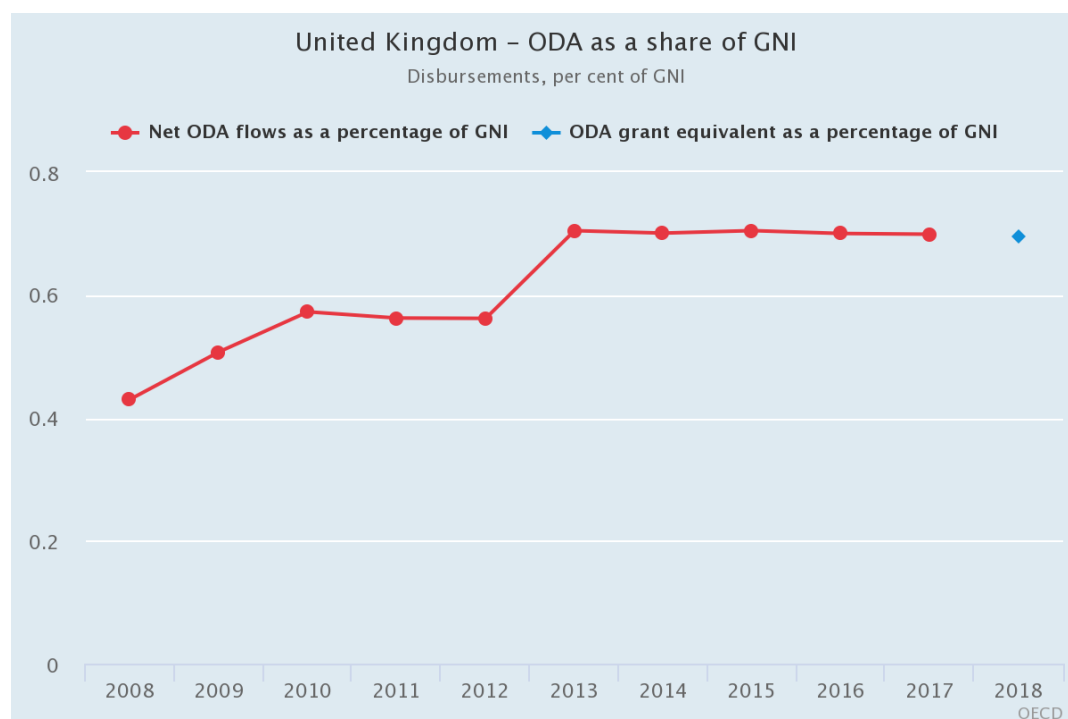
UK support for ODA generally remains strong, including significant annual budget growth over the past ten years (Figure 1) and an enduring adherence to the 0.7% of GNI commitment (Figure 2). The UK is one of the few countries to have maintained this commitment year after year, and it has done so despite continuing criticism by right-wing media outlets and some politicians. However, the broad policy environment related to domestic economic priorities, foreign relations and UK’s place in the world affect how aid is conceived and allocated, and shifts in this environment have had negative implications for ODA’s adherence to sustainable development principles and objectives.

Figure 1. UK Official Development Assistance 2009-2017



Source: Department for International Development, [Statistics in International Development annual reports 2009-2018](#).

Figure 2. UK Official Development Assistance as a proportion of GNI



Source: Department for International Development, [Statistics in International Development annual reports 2009-2018](#).

The major national political changes over the past 20 years have been reflected strongly in aid discourse and use. During the Labour era of government, from the late 1990s until 2010, ODA was largely framed around a sustainable livelihoods and poverty reduction paradigm, with increasing attention to climate concerns. With the arrival of the coalition government in 2010, the rhetoric shifted to a ‘poverty-reduction-through-economic-growth’ model, though also emphasising climate resilience and women’s empowerment. The ‘aid in the national interest’ paradigm achieved ascendancy following the 2015 election and is reflected in the UK’s current ODA strategy.

Perhaps partly in response to media characterisation of ODA as wasteful, the strategy highlights ODA’s contribution to national security and promotion of UK commercial interests but does not offer a logical pathway or any evidence as to how the strategy will achieve ODA’s primary aim of poverty reduction. The strategy’s emphasis on ‘value-for-money’ needs to be seen in this light. Successive recent ministers have used the strategy to political advantage by emphasising the potential financial benefits of ODA to the UK, through returns on development investment funds and creation of business opportunities, and this has created the false impression that ODA’s principal purpose is to serve the national interest (IDC 2017). Key moments in these shifts are summarised in Table 1, and a more detailed discussion of some of the major policy commitments is included in **Appendix B**.

Table 1. Timeline of key ODA sustainable development policy commitments

Key: 1997–2010: Labour government
 2010–2015: Coalition government
 2015–present: Conservative government

Year	Policy commitment	Description
1997	Government white paper on international development, ' Eliminating world poverty: a challenge for the 21st century '	Sets out new strategic directions for ODA framed around sustainable development, with three objectives: sustainable livelihoods; better education, health and opportunities for poor people; and better management of the natural and physical environment.
2002	International Development Act (IDA)	Establishes the legal basis for development assistance and its delivery. Defines the central purpose of development assistance as reducing poverty through furthering sustainable development or improving human welfare.
2009	Joint Treasury / DFID white paper, ' Eliminating world poverty: building our common future '	Continues a trend towards greater attention to economic growth, climate change, global stability and value for money, seen in successive white papers since 2000.
2011	Speech by Secretary of State Andrew Mitchell ' Beyond aid '	Sets out a new 'holistic' direction for international development, incorporating action on conflict and security, diplomacy, private sector development, climate change and corruption and transparency along with traditional development assistance.
2014	International Development (Gender Equality) Act	Amends the IDA with wording to incorporate gender equality objectives.
2015	DFID white paper, ' Tackling global challenges in the national interest '	Makes the case for reframing aid around global issues of concern to the UK, confirms a shift away from budget support and signals the intention to turn a growing portion of ODA over to the administration of agencies other than DFID to encourage a cross-government approach.
	Speech by Secretary of State Justine Greening, ' Development in transition '	Indicates DFID's commitment to eliminating "unnecessary hurdles" to UK business investment in countries receiving UK ODA.
	Transforming our world: the 2030 Agenda for Sustainable Development	The UK, along with all other UN member states, commits to supporting the achievement of the 2030 Agenda for Sustainable Development and the 17 Sustainable Development Goals.
	CDC replenishment	CDC given a £735 million replenishment, its first in 20 years.
	Conflict, Stability and Security Fund established (CSSF)	Controlled by the National Security Office, the CSSF blends ODA with other funding.
2016	Referendum on the UK's exit from the European Union	Following the referendum, the UK begins the process of leaving the European Union
	Paris Agreement on Climate Change	The UK ratifies the Paris Agreement, committing itself to legally binding targets on emissions reduction.
2017	DFID's ' Economic Development Strategy: prosperity, poverty and meeting global challenges '	Sets out a strategy for poverty reduction built around trade and private investment, noting also the potential economic benefits to the UK.
2018	' A green future: Our 25 year plan to improve the environment '	Provides a long-term road map for government action on the environment. Though largely dealing with the domestic environment, it includes a chapter on the global environment that

		identifies priority areas for UK aid (disaster planning, forests and agriculture).
	Speech by Secretary of State Penny Mordaunt, ' The future of UK aid post-Brexit '	Suggests that ODA should aim both to “make the British people more economically secure and end extreme poverty” and proposes a change in DAC rules to count development fund investment returns as part of the 0.7% commitment.
2019	UK Voluntary National Review of progress towards the Sustainable Development Goals	Produced in June for presentation at the 2019 UN High-level Political Forum on Sustainable Development; preparation process criticised by the IDC for being rushed and insufficiently participatory. Introduction by Secretary of State commits the government to support “more inclusive” growth.
	Announcement by Theresa May on aligning ODA to Paris Agreement	Prime Minister announces at international climate change meeting in Osaka in June that all UK aid spend will support the Paris Agreement commitment to lower greenhouse gas emissions.
	Climate Change Act 2008 (2050 target amendment) Order 2019	Announced in June by Theresa May, the amendment makes the UK the first country to set a time bound target to become carbon neutral.
	Telegraph interview with Secretary of State Alok Sharma	Reiterates the arguments made by Penny Mordaunt in 2018 regarding the potential of ODA to stimulate UK trade and other economic opportunities.
	Announcement by Boris Johnson to double aid for climate change in 5 years	Prime Minister’s speech at the UN General Assembly confirms earlier commitment by the secretary for international development to double ODA for climate change and environment, representing an addition of £5.8 billion in International Climate Finance, of which approximately £1 billion will go to establishment of the Ayrton Fund for technology research by UK scientists and innovators. The funding will also be used to capitalise a £220 million International Biodiversity Fund and £100 million Biodiverse Landscapes Fund “to save the natural world”.

Brexit has been an accelerator and justification for the ‘aid in the national interest’ framing.

A March 2018 Cabinet Office report noted:

“Redefining Britain’s place in the world will require us to use our diplomatic, *development* [italics added] and defence assets to best effect. The CSSF and PF [Prosperity Fund] are playing a vital role in promoting the economic development and welfare of developing countries as well as projecting UK influence by harnessing the Government’s collective resources to work with countries of strategic interest to promote security, stability, economic development and prosperity. The CSSF and PF are particularly important given their additional benefits: supporting UK commercial interests and reducing domestic threats.” (Cabinet Office 28 March 2018).

3.3 Trends in programming

While the paradigm shifts described in the previous section were somewhat less stark in practice than they were in the political rhetoric, there are discernible programming trends that mirror them.

3.3.1 Insufficient use of evidence and local knowledge on what works and what is needed

DFID pioneered sustainable livelihoods approaches in the late 1990s, highlighting the interconnectedness of the environmental, social and economic factors that affect how poverty is created, experienced, alleviated and reduced. Since then, the evidence base supporting the integrated nature of development has become more robust, thanks to a number of major research initiatives, including some by the UK government itself (see Box 1). It is therefore ironic that this knowledge is not being used to inform overall aid policy, systems and programme design.

Box 1. Summary of major recent research findings relevant to sustainable development

At the foundation of sustainable development is an “ideal ... to minimize risks that compromise future human development” (Fleurbaey et al. 2014). Advancing any component of people, planet, prosperity, peace, or partnership, must not compromise past or future progress in other areas (UN General Assembly 2015).

Steffen et al. (2018) reported on the need for policymakers to foster a “stabilised earth pathway” to avoid crossing the threshold into compounded climate feedbacks and a “hot-house earth.” They called for concerted action on the entire Earth System (biosphere, climate, and societies) to simultaneously achieve “decarbonization of the global economy, enhancement of biosphere carbon sinks, behavioral changes, technological innovations, new governance arrangements, and transformed social values” (p 8252).

Sterner et al. (2019) discuss the “multiple threats to the resilience of the Earth system”. They describe how the earth has boundaries in relation to freshwater, oceans, climate, land use, and atmosphere that, if exceeded, “could lead to rapidly increasing risks of catastrophic and/or irreversible environmental change” (p 14). They recommend a careful analysis by multiple scientific disciplines of underlying mechanisms to design policies that are effective at both international and local levels.

The ESPA (2018a) summation report draws attention to the human wellbeing costs of using environmental resources without due care. Their research suggests the need to foster environmental management in ways that avoid harming poor and vulnerable groups, and instead, progress movement out of poverty. They claim that “architects of development policies and programmes that access and use environmental resources are largely failing to consider how these interventions will affect society’s most vulnerable and resource-dependent people” (p 1). Decision makers need to consider the needs of society’s most vulnerable when designing and delivering policies and programmes based on environmental resources.

Scholes et al. (2018) report that addressing “land degradation and restoring degraded land is an urgent priority to protect the biodiversity and ecosystem services vital to all life on Earth and to ensure human well-being ... avoiding, reducing and reversing land degradation is essential for meeting the Sustainable Development Goals contained in Agenda 2030” (p 10).

The Intergovernmental Panel on Climate Change (IPCC) recently outlined the imperative of using policy to address equity between generations in order to achieve sustainable development (IPCC 2019). Future generations must have the possibility of achieving an equivalent level of wellbeing to the current generation (Howarth and Norgaard 1992). Further related research addresses gender equity (Agarwal 2018), and equitable participation in decision making (Murphy 2012).

While the process of designing and developing ODA programmes is not transparent, it does not appear to be informed by an integrated understanding of development. At the global strategy level, DFID has been focusing on ‘best buys’, employing a ranking system — which has not been disclosed publicly — to determine where UK ODA would have the greatest impact. At the country level, DFID has employed inclusive growth and poverty reduction diagnostic tools to assess needs and contribute to programme design. Recently it has been testing a new “country development diagnostic” to replace or supplement these existing approaches. The new tool is believed to include five analytic pillars: human development, governance, inclusion, inclusive growth, and conflict and fragility/humanitarian.⁷ Country diagnostics can be one of the most useful and direct ways to enhance the evidence base for programme design and, by employing multiple lenses, they can also explore the context and programme options from diverse dimensions. While the content of DFID’s country diagnostic tool has not been made public, the available information suggests that it does not look at environmental, climate change or sustainability dimensions of development interventions or adequately seek out and make use of local knowledge through stakeholder engagement (Anders 2018).

The UK’s approach to monitoring and evaluating ODA is also not optimally contributing to improving knowledge of what works in specific contexts. DFID’s results frameworks and business cases for new initiatives look for numbers of affected people, increases in spending and in revenue, and other broad indicators. What they do not look into sufficiently is how people’s lives have actually improved across a range of social, environmental and economic dimensions of development. While there may be many reasons for the limited use of scientific and empirical evidence — including reduced staff engagement on the ground and the hegemony of results-based management tools that are unsuited to picking up long-term and downstream effects of interventions — the politicisation of ODA does seem to have also contributed to a reliance on theory and ideology over evidence of what works. Environment and sustainability issues have often been treated as value judgments, despite many being matters of scientific law.

3.3.2 Decline in sustainable development oriented programmes and approaches

Since the 2014 DFID Portfolio Review, ODA investment has been shifting from programmes that support sustainable livelihoods to those that promote export-led economic growth through structural transformation. One major example of this trend is the move in agriculture investments from rural development and improved livelihoods towards larger scale, export-oriented commercial agriculture projects that, as a secondary objective, aim to create opportunities for UK business investment (see Box 2).

Such investment is not inherently incompatible with sustainable development, but to be compatible, it must include well-targeted actions to “leave no one behind” to take account of the likely inequitable allocation of benefits without such actions – especially for landless agricultural workers (Clay 2018), women and female-headed households (Djurfeldt et al. 2018). These types of investment must also include measures to mitigate the environmental and social impacts of economic development activities, particularly on poor and marginalised groups.

⁷ Unpublished research by CAFOD, June 2018.

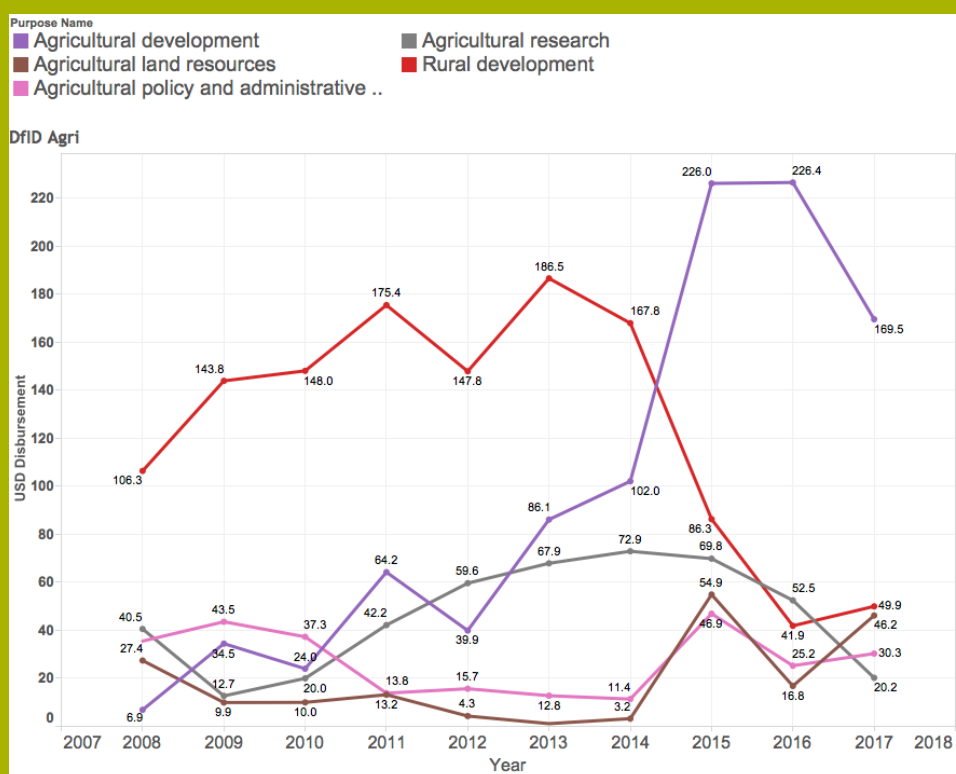
Box 2. From 'rural development' to agribusiness

Because the categories used to track UK ODA spend are broad and subject to interpretation by the programme managers responsible for assigning them, it is not possible to provide a comprehensive assessment of trends in spend. A proxy was therefore selected to provide some context: spend on programmes supporting large-scale commercial agriculture versus poverty-focused and livelihoods based rural development.

The DFID Economic Development Strategy (2017) proposed to shape a new global consensus on economic development. Between 2013 and 2015, the amount of funding that was committed to fostering economic development doubled from £0.9 billion to £1.8 billion. Its objective was to generate economic growth and create jobs, but at the same time, for growth to be inclusive and sustainable.

This policy shift has been reflected in a rise in the amount of ODA going to agricultural development, with spend on poverty-focused rural livelihoods programmes reducing in similar proportions (Figure B2.1). The agricultural development spend includes large-scale agribusiness, commercial or private sector-focused farming initiatives such as the [Global Agriculture and Food Security Programme](#), the [Private Infrastructure Development Group](#) and [AgDevCo](#). Examples of continuing rural development programmes include the CHARS Livelihood Programme in Bangladesh and [BRAC: Challenging the Frontiers of Poverty Reduction](#).

Figure B2.1. Trends in DFID spending on agriculture, 2007–2018 (figures in US\$ millions)



Source: OECD Creditor Reporting System — bilateral aid.

Agriculture. In a 2018 inquiry on DFID’s Economic Development Strategy, the House of Commons International Development Committee (IDC) found that the strategy is too optimistic regarding the potential for trade-based economic development to eradicate poverty in countries with major structural constraints to growth, and gives insufficient attention to the continued need also for targeted and integrated approaches to supporting the poorest (IDC 2018b). This finding echoes one of the major criticisms in the 2017 learning review on inclusive growth in Africa, conducted by the Independent Commission for Aid Impact (ICAI). The review found that, for example, the progressive shift in DFID’s Tanzania agricultural portfolio from livelihoods to agro-processing and export-oriented value chains did not take sufficient account of the country’s structural constraints to economic transformation or develop strategies to ensure benefit for marginalised groups from the new investments (ICAI 2017a). As a result, and in contradiction to the Economic Development Strategy and central office guidance, DFID’s Tanzania country office had continued some programmes that were aimed towards the poorest agricultural workers. ICAI recommended that DFID improve the balance in its agricultural portfolio between investments in export-led growth and investments aimed to improve the livelihoods of the poor. However, a 2018 follow-up review noted the lack of concrete action in this regard (ICAI 2018a).

Climate change. Support for climate change, which increased significantly under Gordon Brown and David Cameron, has remained steady, and there has been a recent commitment to double it in the next five years.⁸ While undoubtedly a positive picture regarding level of spend, the bulk of climate finance has gone to large-scale climate mitigation programmes in middle-income countries, while support for integrated sustainable development approaches to climate resilience in poor countries has waned. DFID’s flagship Building Resilience and Adaptation to Climate Extremes and Disasters (BRACED) programme was shut down just four years into its envisioned ten-year span; national activities that had been designed to scale up over time were instead halted before their impacts could begin to emerge.

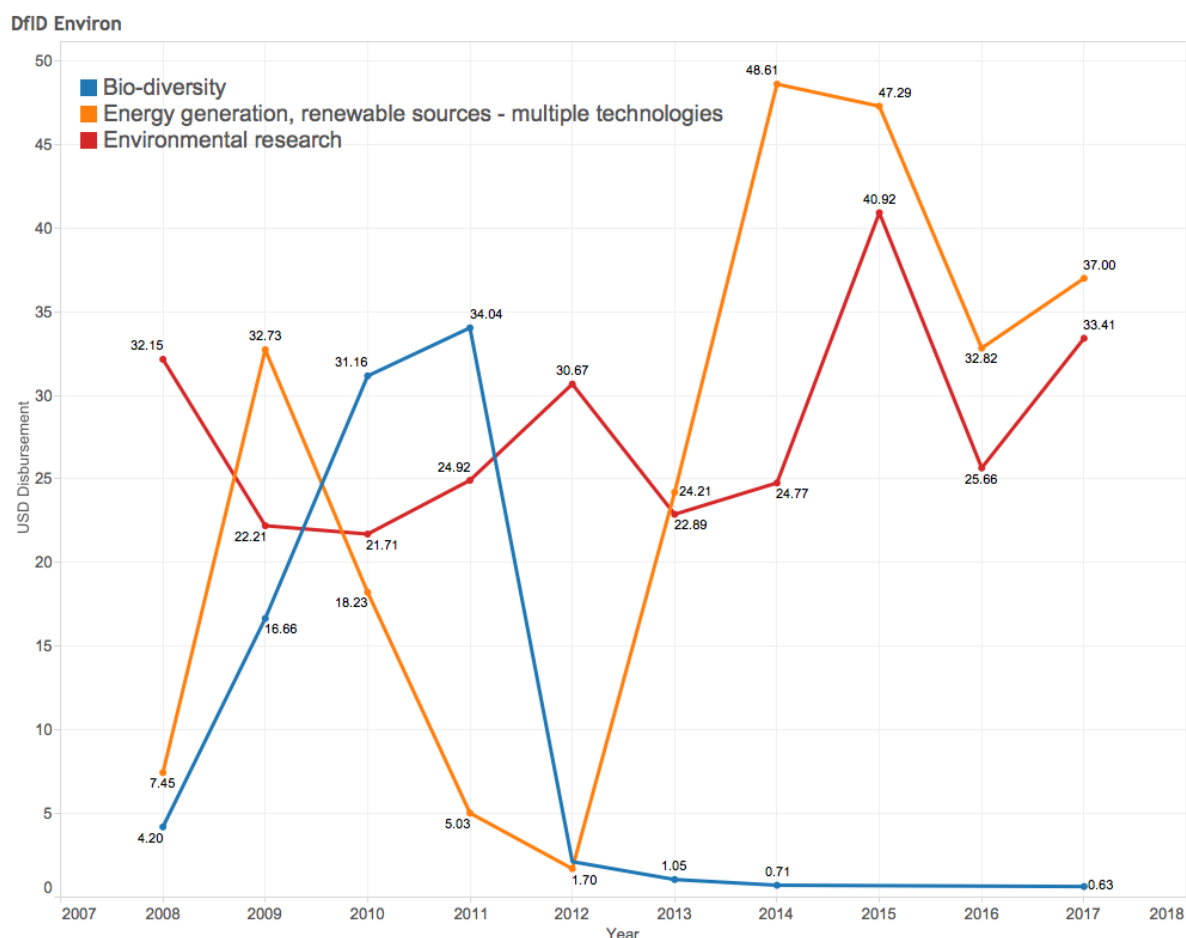
Poverty. While poverty reduction continues to be acknowledged as the central purpose of ODA, DFID staff interviews suggest that the multidimensional aspects of poverty are not well considered in programme design and assessment, which instead focus narrowly on income measures.

Environment. The relationship between environment and development has received decreasing attention in programme design and does not appear to permeate the world view and priorities of current senior officials in DFID (the department has not had an environment strategy in a decade). While there is a chapter on international environmental issues in the UK’s 25-year environment plan, led by Defra (HMG 2018), the trend has been increasing volatility in the direction of investment, with shifts towards high-profile issues such as ocean plastic or the illegal wildlife trade. Investment in programmes with a strong but less high-profile environment dimension — such as those supporting poverty-reducing development approaches that integrate agroecology (Pimbert and Moeller 2018), biodiversity conservation, renewable energy or environmental research — is low and has changed little over the past ten years (Figure 3).

Recently, however, international biodiversity conservation has emerged as an increased political priority, manifested in two substantial ODA commitments: a special allocation to DFID of £30 million in the 2019 Spending Round “to support developing nations to conserve and enhance their biodiversity” (HM Treasury 2019) and establishment of an International Biodiversity Fund with an initial capitalisation of £220 million “to save the natural world” (HMG 2019a). The Fund will be used to scale out the Darwin Initiative (£90 million over three years) and Illegal Wildlife Trade Challenge Fund (£30 million) and to establish a new £100 million Biodiverse Landscapes Fund (HMG 2019b). While further details on these allocations have not yet been made public, some NGOs have expressed concern that the stated rationale, particularly for the Biodiverse Landscapes Fund, fails to demonstrate how the actions to be funded will primarily contribute to sustainable poverty reduction and other livelihood benefits for poor people.

⁸ See Table 1 and summary in Partington, R (4 September 2019) of key points from the 2019 Comprehensive Spending Review.

Figure 3. Trends in DFID spending in biodiversity, renewable energy and environment research (in US\$ millions)



Source: [OECD international development statistics database](#)

3.3.3 Reduced attention to partner country leadership and stakeholder engagement

The instruments through which DFID delivers ODA have also changed and have done so in ways that undermine the principles of country leadership and stakeholder engagement, which are foundational for sustainable development. With the 2015 aid strategy, direct budget support was abandoned on the grounds of “weak value for money or ... fit with government’s strategic objectives” while centrally designed multi-country programmes and large, cross-government-controlled funds focused on security and global economic growth gained prominence. There have been some cases where national interest has coincided with the sustainable development challenges that are priorities for poor countries and people — for example UK investment in the healthcare systems of countries affected by Ebola. However, the overall trend has been to shift decisions about how development aid should be spent away from stakeholders in developing countries.

Research investment is following a similar pattern. The Ecosystem Services and Poverty Alleviation (ESPA) programme, which wound down in 2018, was based on a robust sustainable development theory of change built around demand from developing country decision makers and local stakeholders (LTS/ITAD 2012). The current flagship ODA research programme, the Global Challenges Research Fund (GCRF) is instead built around a mixed bag of challenges, some sustainable development oriented and others more aligned with UK national concerns, with the primary beneficiaries being UK universities and research institutions (UKRI 2017). More positively, a major new demand-driven research programme addressing ecological degradation in Africa is now under development as a follow-up to ESPA.

3.3.4 Influence of the ‘value-for-money’ priority on programme design and assessment

All decisions on UK ODA spend are heavily influenced by the principle of value for money. “Taking steps to further improve the value for money and efficiency of UK aid” was introduced as DFID’s fifth “overarching corporate strategic objective” in its 2016-17 Annual Report, and a value-for-money framework is embedded in its results framework and programme assessment approach.

ICAI undertook a review of DFID’s approach to value for money in 2018 (ICAI 2018b). Although generally fairly positive, the review noted that “DFID’s results system is not currently oriented towards measuring or reporting on long-term transformative change” and “there is a risk that the current approach leads DFID to prioritise the short-term and immediate results of its own programmes over working with and through others to achieve lasting change.” DFID staff interviewed raised the concern that constructing results frameworks around numbers of affected people creates an inevitable focus on populations that are easiest to reach, rather than on the harder to reach and therefore most vulnerable groups. One positive recent development that aims to address this concern is the addition of equity to the DFID value-for-money framework (other dimensions are economy, efficiency and effectiveness).

3.4 Impacts on operations

The UK ODA budget is increasingly dispersed among government departments and agencies, contributing to policy incoherence across the ODA portfolio (see Figure 1⁹). The diversion of ODA away from DFID is in line with a 2015 commitment to spend an increasing amount of aid through non-DFID departments to foster a cross-government approach that makes the UK’s national interest a more explicit consideration.¹⁰ While some funds, such as the Defra and DFID-managed Darwin Initiative and Illegal Wildlife Trade Challenge Fund, aim explicitly to integrate poverty and environment objectives, the most significant amounts of cross-governmental ODA go to funds dedicated to stimulating economic growth or to addressing security concerns. These include the CSSF and the PF mentioned in Section 3.2, as well as the CDC Group and the Private Infrastructure Development Group (PIDG). Unlike the CSSF and PIDG, the CDC and PF do explicitly aim to contribute to poverty reduction and some aspects of sustainable development. However, their programmes and monitoring systems are poorly aligned to achieving those aims¹¹ and many of their investments actually undermine sustainable development objectives (see Box 3 and **Appendix C**).

⁹ The breakdown in Figure 1 does not include agencies, such as Defra, that manage very small amounts of ODA. Information on them can be found in the detailed ODA annual statistics report tables.

¹⁰ The general commitment was made in the 2015 DFID strategy (HM Treasury and DFID 2015). An intention to channel 30% of ODA through departments other than DFID was made by the National Audit Office in July 2017 (NAO 2017).

¹¹ For CDC, see ICAI (2019a); for the Prosperity Fund, see ICAI (2017a).

Box 3. Alternative channels for aid delivery

CDC

The [CDC Group](#) (formerly the Commonwealth Development Fund established in 1948), the UK's ODA-supported development finance institution, has a dual focus on creating jobs and growth and generating a financial return. CDC invests in private business development, mainly in Africa and South Asia, in sectors including financial services, infrastructure, health, manufacturing, food and agriculture, and education. Its portfolio of investments has rapidly climbed in recent years.

While it claims to consider gender equality and climate change in its investment decisions, CDC funding supports a number of programmes that do not adhere to the basic precepts of sustainable development, including at least 23 current and recent fossil-fuel-related investments, as well as a number of large-scale commercial agriculture and private health and education operations.

In 2015 CDC received £735 million in DFID funds, its first injection of new capital for 20 years. From 2015 to 2018 it received new capital investments totalling £1.8 billion. The Business Case for further recapitalisation of CDC was approved in 2017 — this allows up to £3.5 billion of additional capital to be provided from 2017 to 2022. Total CDC assets are projected to rise from £2.8 billion in 2012 to over £8 billion by 2021.

Prosperity Fund

The [Cross-Government Prosperity Fund](#) is a new fund established in 2016 that aims to “remove barriers to economic growth and promote the economic reform needed to reduce poverty” in low- and middle-income countries with large economies (e.g. Bangladesh, Brazil, China, India, Mexico and South Africa). The Prosperity Fund also looks to create opportunities for international business, including UK companies, as a secondary benefit. It has an initial budget of £1.2 billion over six years, of which 97% is ODA.

The Prosperity Fund disperses funds through large-scale programmes managed by DFID, the FCO and a few other government agencies. While some programmes have explicit sustainable development aims (e.g. Southeast Asia Low Carbon Energy programme), many do not. Work undertaken by Platform London shows that the Fund spent approximately £1.8 million on oil and gas projects between 2016 and 2018. The IDC has criticised the lack of systems for assessing the “climate relevance” of its investments, and a 2018 ICAI review indicated the Fund is not doing enough to ensure that its investments achieve ODA objectives.

Continued overleaf.

Box 3 continued. Alternative channels for aid delivery

Conflict, Security and Stability Fund

The National Security Office-controlled cross-government Conflict, Security and Stability Fund (CSSF) blends ODA with other funding to reduce the risk of conflict and insecurity in countries where the UK has key interests. Since its creation in 2015, the CSSF has scaled up quickly: the ODA contribution to its £1.28 billion FY19 budget is £597 million. The CSSF received an amber/red rating from ICAI in 2018 for inadequacies in its use of aid funding and in its programme and results management, and has also been criticised in several other reviews. Because it is blended with other funds, it is difficult to get a clear picture of the CSSF's use of ODA. While there is rhetoric about the interests of the poorest countries and people, the CSSF's largest areas of ODA spend in FY19 include the Middle East and North Africa regional budget (£177.1 million) and peacekeeping (£84.8 million). More CSSF ODA is spent in Europe and the Americas (£66.1 million) than in Sub-Saharan Africa (£58.9 million). Despite its broad remit to focus on conflict avoidance and threats to security, the CSSF's most recent Annual Report does not address threats from climate change and environmental factors at all.

Private Infrastructure Development Group

The Private Infrastructure Development Group (PIDG), established in 2002, blends ODA with private investment “to combat poverty in the poorest and most fragile countries through pioneering infrastructure – helping economies grow and changing people’s lives”. PIDG ODA funding comes through DFID, which provides oversight. In 2017, an independent assessment of PIDG’s alignment with the SDGs identified a number of investment areas in which PIDG’s contribution to sustainable development is negligible or unknown. These areas include poverty reduction, improved access to affordable energy, addressing environmental considerations and contribution to quality employment. The final assessment report identified seven social and environmental goals on which PIDG’s investments were having a negative impact, including decent work, access to affordable energy, water and sanitation, terrestrial ecosystems, gender equality, inequality between countries and climate action. PIDG’s 2019–2023 Strategic Plan notes a few measures it is taking to address those issues, including stopping investment in coal-fired energy and developing a tool for assessing the contribution of proposed projects to gender equality.

*Note: More detailed case studies of each fund, with references to reports cited herein, are provided in **Appendix B**.*

In its 2015–2019 synthesis of findings, ICAI summarised a number of concerns about how closely some of the new funds managed outside DFID were adhering to the core purposes of aid, and particularly to reducing poverty and supporting the welfare of developing countries (ICAI 2019b). For example, the GCRF and Newton Fund are designed primarily to benefit UK research institutes, often with little direct benefit to developing country partners. The newly announced £1 billion Ayrton Fund appears similarly oriented. The House of Commons Public Accounts Committee recently expressed concern that 45% of the FCO’s ODA funding, which has risen from 6% of the total FCO budget in 2010 to a projected 50% in 2020, goes to “aid-related frontline diplomacy”, whose impact on poverty reduction is difficult to attribute (Public Accounts Committee 2019).

The 2017 National Audit Office report, 2018 OECD DAC UK mid-term review and 2018 IDC inquiry on the definition and administration of ODA also raised the concern that there was no single government body with overall oversight of ODA effectiveness and coherence (NAO 2017, OECD DAC 2018, IDC 2018a). The IDC inquiry report captured its concerns in the following recommendation:

“To ensure the primacy of poverty reduction as an objective for all UK ODA, ODA spending departments should conform in practice with the terms of the International Development Act 2002. All ODA programming should contain theories of change which explicitly link to the SDGs. The Government should make systematic improvements to coherence, transparency and — most crucially — the poverty focus

of cross-government fund projects before increasing their share of UK ODA any further and ensure that DFID has oversight of all ODA spending.” (IDC 2018a)

The government’s response, while partially agreeing, pushed back on the recommendation that the Secretary of State for International Development have ultimate responsibility for oversight of all ODA and that DFID approve all programme spend, noting that the ODA Ministerial Group provides an adequate mechanism for oversight and coordination (IDC 2018c).

DFID’s operating structure has become more centralised and rigid, reducing scope for innovation (ICAI 2018c) and constraining staff development. Tendering and contract procedures have become too onerous for many NGOs and research institutions that have local knowledge, strong expertise and creative ideas, particularly those based in developing countries (Abrahamson 2018). Internally, the DFID Smart Rules introduced in 2014, while usefully holistic in integrating diverse safeguards, have no overarching framework or rationale (DFID 2019a). They bury environmental and climate safeguards below the top-ten broad overarching principles and 37 rules (in an auxiliary guide); they are no longer mandatory; and they are not attuned to the current ODA focus on big economic development grants rather than bridges and forests.

At the same time, increasing administrative demands mean DFID staff have reduced capacity to apply effectively the safeguards,¹² or to test new approaches better suited to a changing and uncertain world. Staff are given no incentives, especially at senior level, to develop an understanding of the interactions between development and the natural and social environment in which it occurs. As a result, much of DFID’s expertise in key aspects of sustainable development — including sustainable livelihoods, national sustainable development strategy processes, poverty-environment links and biodiversity — is not being used or further developed. The onus for mainstreaming sustainable development precepts into programmes falls on expert advisors in environment, climate change, governance and other disciplines,¹³ but they are not provided adequate tools or high-level support to do so effectively.

Sustainable development is context specific, requiring grounded understanding and ongoing engagement with stakeholders to understand where progress is possible, where it is blocked, who is benefiting and who is not, at any given time. Yet executive functions in DFID have become much more centralised, with most of the decision-making responsibility on programmes and spending residing with senior staff in London and East Kilbride rather than in country or regional offices. Despite an annually increasing DFID budget overall, the funding for country and regional programmes has dropped steadily, from £4.5 billion (45% of the overall budget) in FY2016/17 to a projected £3.6 billion (36% of the budget) in FY2019/20 (Edwards 2019).

The disconnect between real-world context and how programmes are designed and funding is allocated is also reflected in the trend towards mega-programmes. These programmes are able to get large amounts of money out the door while limiting administrative costs and fiduciary risk through devolution to trusted agents, including multilaterals and other external fund managers. Even if well designed and executed, these mega-programmes further reduce the opportunities and incentives for DFID and other UK programme staff to interact with their developing country partners and stakeholders.

Overall, these changes in policy and procedures, along with the lack of an enduring, robust and embedded approach to sustainable development, appear to compromise both the long-term balance of economic, social and environmental activity, and the consistent engagement with poor groups and the environment, both of which are needed for development to be sustainable.

¹² See **Appendix E** for more information on DFID safeguards and how they are applied.

¹³ The number of environment and climate advisors has risen steadily to around 70 today versus 35 in 2003, and the number of other advisors has only fallen slightly over the years from a high of 65 livelihoods advisors and 50 infrastructure advisors in 2003.

4. ODA for sustainable development: what delivers and what does not

Key messages

- Country ownership and meaningful stakeholder involvement are possible only through deep, iterative and grounded engagement that is framed by national and stakeholder interests and priorities rather than those of the funding agencies. But short programme cycles, pre-determined programme objectives and the lack of expertise derived from long experience of local contexts are major impediments to this sort of engagement.
- Programmes with a strong sustainable development orientation demand the involvement of a diverse set of partners in design and management, making them well suited to cross-government approaches. But for partnerships to work they need to be based on a clear, shared vision and theory of change.
- The UK has abundant evidence from its own experience on what approaches work best to improve the lives and livelihoods of the poorest people and their resilience to climate change and other shocks while protecting natural resources.
- Progress on sustainable development is incremental and requires strategic support over long time frames, but ODA programmes aiming for sustainable development outcomes are often too short to produce lasting benefits.
- Systematic attention to capturing and sharing learning among stakeholders and feeding it back into programme design is a key feature of effective long-term initiatives, allowing them to adapt to changing conditions and needs.

Using five recent or ongoing UK ODA programmes that aim at sustainable development outcomes, this section assesses the programmes against the principles of effective sustainable development programming, listed in section 2.2. The cases examined are:¹⁴

1. **The Darwin Initiative**, a long-standing grant programme with cross-government engagement that supports civil society initiatives that link conservation and poverty reduction. Priority themes vary from year to year. One of the current round's priorities is, for example, "securing the benefits of biodiversity for the poorest communities and those most vulnerable to the degradation of the natural environment by tackling issues such as agro-biodiversity, food and water security, and biodiversity and health." Since 1992, 1,169 Darwin projects have been funded in 159 countries, with a total UK government investment of £166.9 million. The Darwin Initiative's 'sister programme', the **Illegal Wildlife Trade (IWT) Challenge Fund**, was established in 2014 after the UK hosted the first intergovernmental conference on illegal wildlife trade. This fund has so far awarded £23.3 million to 75 projects.
2. **Ecosystem Services for Poverty Alleviation (ESPA)**, a 53-country, 900-scientist, multi-agency interdisciplinary research programme running from 2009 to 2018 with an overall budget of £43.9 million. ESPA aimed to build practical knowledge on sustainable ecosystem management for poverty reduction.
3. **International Climate Finance (ICF)**, formerly International Climate Fund, a cross-government fund supporting a large portfolio of programmes that aim to build climate resilience and support low-carbon development. ICF's 2016–2021 spending commitment is £5.8 billion, which will be doubled to £11.6 billion for the period 2021–2026.
4. **Building Resilience and Adaptation to Climate Extremes and Disasters (BRACED)**, an ICF-funded, four-year, £130 million programme that supported multi-stakeholder-led resilience-building projects in 13 countries.

¹⁴ More detailed descriptions of the programmes are included in **Appendix F**.

5. **Poverty-Environment Initiative (PEI)**, a multi-donor, multimillion-dollar programme ending in 2018 that supported development of national capacity to manage the environment for improved livelihoods and sustainable growth. DFID contributed around £4 million to PEI between 2013 and 2017. Over its lifetime PEI supported and influenced 24 national and 4,214 local development plans, 93 sector strategies, 84 budget processes and 56 M&E systems.

The assessment was based on programme evaluations and reports where these were available, as well as interviews and programme documents. The evidence from those sources was not sufficient to fully assess each programme on each principle but it was enough to confirm the validity of the principles and to give an overall sense of how they influenced programme successes and constraints. Looking across the strong elements of these programmes provides a picture of where effective work is being done to further sustainable development, although not yet consistently across all programmes or at scale.

4.1 Stakeholder leadership, ownership and participation

PEI in particular demonstrated a strong country-led approach, with senior decision makers and other stakeholders supported to identify priority needs and develop programmes of action. PEI project staff were embedded in relevant ministries in PEI countries and focused on generating sustainable outcomes in the form of policies, strategies, government budgets and systems. While the national programmes generally adhered to a set template, their objectives and outcomes varied considerably depending on context. The **ICF** on the other hand was criticised by ICAI for insufficient attention to local leadership, with programmes largely designed by ICF project teams and not aligning sufficiently with national priorities (ICAI 2014).

4.2 Guiding vision and holistic approach

While the five programmes are very different in their aims and approaches, all have been predicated on an assumption that improving the lives of poor people requires balanced attention to the environmental, social, governance and economic factors that shape those lives. The **Darwin Initiative** started as a non-ODA Defra programme that supported pure conservation projects, but its mandate was expanded in 2011, when DFID became a co-funder, to address nature–poverty linkages. This was met by initial resistance from conservation NGOs, particularly those whose work was traditional biology — such as taxonomy projects — with no obvious connection to people. However, the change pushed these organisations to take a more integrated approach to their work, and this had positive results for development. Ministries of finance or development were the lead national agencies in **PEI** programmes, given their responsibilities for planning and budgeting across all dimensions of sustainable development.

The **ICF** started with an integrated understanding of development. However, since 2016 when management of funds was removed from a multi-partner oversight body, the ICF's original guiding vision has been replaced by the different priorities of the three partner agencies, which are now able to develop their ICF portfolios separately without any overall coordination.

4.3 Evidence-based

ESPA's purpose was specifically to improve the body of evidence on the linkages between ecosystem services and poverty alleviation, and to share that evidence with policymakers and natural resource users and managers. ESPA generated a great deal of learning that has informed policies, plans and investments in low-income countries. It could also inform the design of future UK ODA programmes, but does not appear to be used systematically. In its programme development phase, the **ICF** gave admirable attention to developing the evidence base, particularly through the testing of innovations through pilot projects.

4.4 Multilevel and multidisciplinary partnerships

All of the five programmes assessed are multidisciplinary and involve partnership approaches and complex management arrangements. But one of the keys to *successful* institutional integration seems to be a clearly articulated and fully shared vision and theory of change that spans the interests and

operations of all partners. Where that is absent, partners will pull against one another or move independently in their own directions, which may not be in sync with the programme's sustainable development aims. The **Darwin Initiative/IWT Challenge Fund** partnership has worked well because the programmes' aims are clear and each partner contributes unique sustainable development perspectives: DFID on poverty reduction, Defra on conservation, and the independent Expert Committee (Darwin) and the Advisory Group (IWT Challenge Fund) on a range of technical aspects. For the IWT Challenge Fund, representatives from FCO also participate in Advisory Group meetings to ensure selected projects are consistent with FCO policy and their interests in tackling corruption and illicit financial flows.

The **ESPA** partnership, which comprised DFID, the Natural Environment Research Council (NERC) and the Economic and Social Research Council (ESRC), was initially challenged by the organisations' very different mandates. However, discussions between the partners resulted in agreement on a programme framework that usefully emphasised both impact on poverty alleviation — DFID's primary preoccupation — and on interdisciplinary research excellence, which was essential for NERC and ESRC. While the **ICF** partnership had a promising start, it broke down when management of funds was devolved to the individual agencies (section 4.2). With no programme framework in place, the partners have moved in different directions, losing the opportunity to achieve synergies through strategic coordination (ICAI 2019c).

4.5 Appropriate time horizon

Many of the individual projects supported by the case study initiatives are too short term (usually three years) to have a lasting sustainable development impact. The exceptions are those like the **PEI** country programmes and some of the programmes funded through **ICF** that have become embedded in national or local systems and institutions. Building capacity for climate adaptation and resilience, now an essential element of all ODA programmes, requires particularly sustained effort given the uncertainties regarding future climate impacts and the lack of past experience to inform approaches. The original intention of the **ICF** was that investment in programmes would increase over time as systems evolved and institutional and absorptive capacity grew in partner countries. Instead, successful programmes such as Strengthening Adaptation and Resilience to Climate Change Plus (StARK+) in Kenya and Tanzania, have been shut down just as the countries were ready to scale them out (IDC 2019b, paragraph 83).¹⁵ **BRACED** also was criticised in its final evaluation for project time frames of three years or less — too short to even see if the interventions were having an effect, let alone to develop understanding of how climate change effects were evolving over time (Leavy et al. 2018). The programme was not able to adjust to that constraint because BRACED itself was ended four years into its originally projected ten-year duration. Short-term projects, like pilot projects, can nonetheless generate learning benefits by helping project implementers enhance their understanding of sustainable development. This has been a clear side benefit of **Darwin's** scoping projects.

¹⁵ Testimony from Clare Shakya. DFID's response to the IDC on why the programmes were shut down can be found in paragraph 85 of the IDC 2019b).

4.6 Learning and evolving

Learning on sustainable development takes time to emerge, meaning longer-term programmes have an advantage. The **Darwin Initiative** has never had a formal evaluation, yet it has developed effective ways of learning and evolving through the engagement of its Expert Committee and commitment to distilling and sharing learning from funded projects. It applies that learning to programme development; for example, it adjusted its procedures to help smaller developing country organisations overcome constraints to developing proposals and managing grants and to get particularly innovative projects into DFID's and other partners' pipelines for scaling out. Much of this adaptive learning appears to happen through the management committee comprised of the initiative's partners and expert advisors. The Darwin Initiative managers (LTS International) also systematically distil learning from evaluations of its individual projects into "learning notes" and other materials. **PEI** invested strongly in learning from its country programmes and is consolidating much of that learning in a follow-up programme. To promote action learning, **ESPA** strongly encouraged the use of participatory approaches in its research projects (Wells et al. 2018) and has pulled together its programmatic learning on cross-fertilisation of projects, equitable partnerships, interdisciplinarity, community engagement and impact strategy (ESPA 2018). **BRACED** was meant to create platforms for learning, but these did not work as effectively as intended, with most of the distillation of learning done by a contracted consultant rather than through experience sharing and joint analysis among the implementing NGOs.

5. Comparisons with other donors

Key messages

- The stronger and more consistent the legal mandate for sustainable development, the more likely it is to be politically championed, mainstreamed in programming and internalised among ODA agency staff.
- Many OECD countries — although not the UK — are using the SDGs as the primary framework for ODA programme planning and assessment as well as policy coherence.
- While expertise in aspects of sustainable development within ODA staff is desirable, unless all staff have a general understanding and appreciation of it, that expertise can be marginalised.
- Major areas of weakness common among donors include stakeholder engagement, M&E, safeguarding and use of effective planning tools.

No donor countries have yet developed comprehensive and reliably effective approaches to supporting sustainable development but, looking across the range of countries, there are approaches and practices from which the UK can learn. Table 2 compares the UK against its OECD donor country peers on systems and approaches for integrating sustainable development in ODA, highlighting innovative practices. The analytic framework and information in the table draw on a 2018/19 peer learning exercise among OECD DAC donors on integrating environment into development cooperation, which was facilitated by IIED (OECD DAC 2019 forthcoming).

Looking at the experience of other donors, the potential for the politicisation of ODA seems to be reduced by strong, consistent and clear legal frameworks and high-level championing of sustainable development. Sweden offers a good example of coherent support for sustainable development from ODA legislation to action and behaviour. This is in contrast to the UK, where lack of clarity in the International Development Act has fed down to programming and operations.

Most donor countries, notably Germany, the Netherlands and Sweden, are now using the SDGs as a primary planning and programming framework, sometimes in conjunction with other integrated development frameworks such as circular economy (the European Commission) and inclusive green economy (German development agency GIZ). Connections between Dutch aid and trade are increasingly positioned in the context of the SDGs, including phasing out all public financing for oil and gas exploration and opening up of new reserves. This has implications across the spectrum of Dutch ODA — covering grants and support schemes and also work with and through international financial institutions (IFIs) (Netherlands Ministry of Foreign Affairs 2018). Multi-dimensional assessment tools such as [Sida's poverty toolbox](#) are also being used to mainstream sustainable development. While these approaches are still evolving, they offer the possibility of far better alignment of ODA with sustainable development in the future. The UK's own approach to ODA programme planning varies across departments, with only DFID believed to use a standard diagnostic framework, which is based on pillars reflecting the priorities of the current ODA strategy.

The UK, along with GIZ, stands out for the high quality and significant number of advisers working on environment, climate and livelihoods, as well as for early and influential work on a number of key aspects of sustainable development, such as sustainable livelihoods and gender. However, UK expertise seems to be increasingly marginalised in programme planning, which is more strongly informed by economists and private-sector advisers. Some countries have developed innovative ways to spread understanding of sustainable development across development agency staff, regardless of their primary areas of expertise. Examples include the use of “help desks” (European Commission and Sida), staff training modules (Sida) and networking (SDC Switzerland). Peer-to-peer learning through networks (e.g. the Poverty Environment Partnership and the OECD DAC Environet) and shared knowledge bases (e.g. Green Growth Knowledge Platform) have also proven helpful to many.

While there is much that the UK can learn from other donor countries, there are several areas of weakness across the board, including:

- **Stakeholder engagement.** This includes in-country dialogue and diagnosis to define priorities, and sustainable development capacity support for country partners. The declining attention given to these issues undermines local ownership and brings into question programme relevance and sustainability.
- **M&E.** All countries in the OECD peer review indicated that they found sustainable development M&E challenging, and had difficulty developing and using qualitative indicators.
- **Safeguarding.** Most countries have struggled to develop safeguarding systems that are not perceived as hurdles and which go beyond “do no harm” to “do more good”.
- **Planning tools and guidance.** These are plentiful but not demonstrably evidence based.

A more detailed discussion of the findings of the peer learning exercise is included in **Appendix F**.

Table 2: Comparison of UK ODA systems with other donors

Key: ■ UK compares favourably with peers ■ UK can improve in comparison with peers ■ UK compares poorly with peers

DAC peers: trends and best practices in delivering sustainable development	Fitness of UK ODA to deliver sustainable development
1. Policy commitment ■	
<p>Donor trends:</p> <ul style="list-style-type: none"> • New SDGs commitment in aid strategy (and law for the Netherlands and Germany) but complex to plan • Inclusive green (or circular) economy an alternative frame (EC), engaging business • All recognise importance of environment in aid, many with legal requirements to act • Climate focus strong; trend of linking climate change (CC) to other environment issues (e.g. nature-based CC solutions) • Gender focus growing, opening up many related environment and equity issues <p>Good practices to learn from:</p> <ul style="list-style-type: none"> • Strong legal mandate for SD (EU) and leadership (Sweden) helps the agenda to weather political shifts • For Sweden, Policy for Global Development ensures SD coherence in developing countries • Multiple mainstreaming: a set of cross-cutting priorities in France, Germany, International Fund For Agricultural Development; 5 perspectives in Sweden • Climate funds used for biodiversity in EC, France and Sweden 	<ul style="list-style-type: none"> ✗ Sustainable development (SD) definition in the IDA and its operationalisation is Secretary-of-State-dependent; not rigorous ✗ Climate Change Act does not address ODA ✗ Climate change (CC) focus is strong, but has crowded out other environment issues ✗ SDGs are used only to describe achievements, not to target and plan strategically ✗ Frequent changes to ODA policy ignore SD, create SD risk and frustrate partners ✗ Policy shift from livelihoods and country ownership to economic growth and UK interest ✗ Private sector aid delivery excludes key private-sector market changes needed to deliver SD ✗ Repeated failure to address the recommendations of the IDC, ICAI and Environmental Audit Committee to emphasise SD in ODA ✓ UK’s 25-year Environment Plan addresses global environment; has influenced promise to double environment ODA ✓ DFID has led on SD in the past — e.g. in sustainable livelihoods, poverty–environment links, solid waste management, CC adaptation — but has lost its lead ✓ DFID has funded many good (multilateral) SD programmes, though not recently

2. System for delivery

Donor trends:

- No overarching SD aid structures yet; but, e.g. SD units and contact officers across agencies
- 'Do-no-harm' safeguards routine, but suffer from pressure on time and resources
- Safeguards supplemented by 'do-more-good' approaches, but often lack incentives
- Lack of engagement with country systems for SD

Good practices to learn from:

- SD considered to fulfil top management requirements for "quality development" (France)
- Formally required Environmental Management System embeds environmental compliance (Sweden)
- Comprehensive environmental safeguard system with entry points at programme screening, strategy and operational phases (Switzerland)
- IFIs and UN making their safeguard systems mutually coherent, raising standards overall
- Finance targets for climate, environment, biodiversity incentivise management (EC, France, Germany, Sweden)

- ✗ **No strong internal SD system**, in either DFID or UK ODA, that is enduring, incentivised, embedded and coherent with low-income country systems
- ✗ **30% ODA through other government departments** is neither SD-focused nor well-coordinated and monitored (despite some good programmes)
- ✗ **Environment and CC safeguards** are no longer mandatory and reasons for decisions are not recorded; safeguards not attuned to major ODA effort e.g. economic and private sector development, public finance management
- ✗ **No incentives for DFID management** to address or promote SD (but climate change targets help)
- ✓ DFID Smart Rules integrate diverse safeguards but have no overarching frame such as SD, and environment and CC are only included below the top levels of 10 principles and 37 rules
- ✓ Much good DFID environment and CC guidance material is available but buried and not demanded
- ✓ 'Resilience oversight' by DFID Senior civil servants could be a promising way to integrate SD concern

3. Capacity for delivery

Donor trends:

- SD handled by limited numbers of outposted environment and climate advisers with few powers
- Now also gender, environment and climate, rights, etc. together in interdisciplinary (SD) units

Good practices to learn from:

- Centralised environment and SD help desks and facilities — in-house (EC) or contracted (Sweden)
- Interdisciplinary hubs for cross-cutting people across Sida and 5 wider networks
- Treating mainstreaming as a methodology, not as a campaign in EC

- ✗ **DFID staff centralisation** leaves few in-country to engage in national SD specificities
- ✗ **Dominance of economists** and libertarian economics in major DFID decision making
- ✗ **DFID environment and CC advisors are not armed** with good economic methodology or case for SD
- ✗ **Low staff morale and powers** among those responsible for environment and CC
- ✗ **No intra-government networking** among the SD leads and specialists etc. in BEIS, CDC, Defra, DFID
- ✓ DFID 'head of profession' model is promising for multiple mainstreaming e.g. all heads are now working on an integrated approach to environment and CC
- ✓ High quality and number of DFID professional advisers on environment/climate change and livelihoods "cannot unlearn good practice, even if DFID policy has become unproductive"
- ✓ High level leadership on SD in DFID, previously weak, has recently improved

4. Knowledge for delivery

Donor trends:

- Piecemeal — vague SD/env guidance and definitions; focus still on poverty and growth
- OECD Rio Marking is poor for results; helpful only for tracking finance commitment
- SDGs challenging and now shaping planning and monitoring frameworks
- IPCC has been influential on many; IPBES now having some impact
- Recent organisational learning commitments on SD (e.g. EC, Sweden)

Good practices to learn from:

- Shared knowledge (Green Growth Knowledge Platform) and exchange (Environet, Poverty Environment Partnership)
- Statistical Handbook in Sida helps officers assess Rio Markers accurately; adds criteria

- ✗ **Little DFID internal challenge** to the predominant ‘economic growth first’ paradigm
- ✗ **Measures of wellbeing are not used** — e.g. multidimensional poverty, beyond GDP
- ✗ **No organisational learning in UK ODA** on if/how ODA is achieving SD and best practice
- ✗ **Ineffective Rio Marking** by DFID and other government departments
- ✓ Consistently effective spend on env and CC research/knowledge (ESPA, CDKN, Darwin) but results rarely used by UK ODA itself
- ✓ Good Defra knowledge applied (e.g. Sustainable Development Dialogues, Darwin) if not systematic in UK ODA
- ✓ Recent attention to IPBES has excited “people and nature co-existence” discussion but still treated as values-led rather than as inescapable scientific facts and rules

5. Engagement for delivery

Donor trends:

- Country policy engagement has been limited on SD, but SDGs now catalysing attention
- Weak country SD capacity assessment and support; too few aid environment authorities

Good practices to learn from:

- Many donors supported Poverty Environment Initiative for in-country SD engagement
- EC supporting Green Economy Coalition for engaging civil society on country SD policy
- Sida Partnerships Centre a facility for learning and exchange between Swedish govt and NGOs

- ✗ **No UK ODA in-country engagement** for SD understanding, diagnostic and policy dialogue (though old Defra Sustainable Development Dialogues); this is a problem as many low-income countries aim at the SDGs
- ✗ **Little support for in-country civil society and marginalised groups** to address SD problems, goals and needs
- ✗ **Drop-off in DFID international engagement** with SD learning and exchange platforms

6. Finances for delivery

Donor trends:

- Big increase in both dedicated climate funds and aid spend targets on climate
- New targets for biodiversity but search for mechanisms (access problems re: Global Environment Facility/Green Climate Fund)
- Shift towards private sector/blended aid but challenging to ensure SD results

Good practices to learn from:

- In-country public env/climate expenditure reviews (PEI) help with needs assessment
- IFI (France) and OECD guidance on SD best-practice help with private-sector aid delivery

- ✗ **Missing or ambiguous data** on actual UK ODA spend on SD, env or CC
- ✗ **Spend on environment or CC not increased** in line with rise in public, political and scientific support
- ✗ **SD not at purpose level of prioritised finance mechanisms** e.g. CDC, Prosperity Fund, and these are not demonstrating SD results
- ✓ Consistent support for 0.7% is potentially good for SD
- ✓ Much CC expenditure (although we do not know its wider SD impacts)
- ✓ Recent political commitment to double aid to env/CC is a key opportunity — but needs above systematic problems to be addressed

6. Health check: how fit is UK ODA to meet global sustainable development challenges?

6.1 Today's major international development challenges

The UK, along with all other global development actors, needs to be equipping itself to address the definitive sustainable development challenges of our time. These challenges are:

- **Leave no one behind.** The 2030 Agenda commitment that no one will be left behind responds to decades of failure of economic growth and development efforts to reach the poorest people and countries and the most marginalised sectors of society, or to improve the situation of the hundreds of millions living on the threshold of poverty or experiencing its multiple dimensions. The UK has made a strong commitment to leave no one behind but has not yet developed adequate means and approaches to meet that commitment.
- **Climate change, biodiversity loss, land use and food security.** As the recent IPCC report on climate change and land and the report on biodiversity and ecosystem services make burningly clear, these issues are inextricably interrelated and have major implications for poverty reduction (IPCC 2019; Scholes et al 2018). To address them requires far more integrated approaches than have until now been the norm. A doubling of aid to environment and climate has been announced, which should point to the need to accelerate UK ODA learning on how best to address these linked concerns.
- **Low-carbon transitions.** A global transition to a low carbon economy is one of the major steps required to combat climate change. The UK is firmly on record in its support for that aim, yet it does not have a clear strategy across all the agencies managing ODA on how it will support equitable low-carbon transitions in developing countries. The UK also continues to support the expansion of fossil fuel energy use in many of its investments, including through ODA channelled administered by the CDC Group and the PIDG (see Appendix C for more details).
- **Democracy and social justice.** Equitable and democratic stakeholder participation is at the heart of sustainable development. But the civil society space is increasingly shrinking, and not only in countries that pose a threat to UK security. DFID committed in its 2016 civil society partnership review to address those challenges, but has so far failed to do so effectively.

6.2 Key constraints in the enabling environment

This section provides a snapshot of the current enabling environment for sustainable development in UK ODA practices and spending. It focuses on structural constraints to tackling the challenges discussed above and looks at ways they could be overcome. The main message emerging is that **there are no systems or instruments for ensuring that ODA delivers sustainable development outcomes that support developing countries' priorities and are coherent with their systems.**

6.2.1 The politicisation of ODA

The politicisation of ODA has compromised its ability to focus on key challenges. While ODA framing and priorities have always followed political trends, the use of ODA and its rhetoric for political purposes or to promote individual priorities appears to be increasing. The recent political volatility, largely generated by Britain's intended exit from the European Union, is reflected in continually changing signals on aid direction and policy. For example, in the space of just a few months, Rory Stewart pledged to double ODA for climate change and environment (DFID 29 May 2019), Jacob Rees-Mogg called for the ODA budget to be halved (Jordan 22 July 2019) and Alok Sharma argued to maintain the 0.7% ODA budget level because fighting poverty in developing countries can also create "markets for the future for the UK" (Bennett 27 August 2019). In September, Prime Minister Boris Johnson confirmed the pledge to double aid for climate and environment, although it was unclear how the priorities announced — £1.2 billion to fund UK scientists to develop new technologies for tackling climate change and over £200 million to combat biodiversity loss — will reflect sustainable development principles. The biodiversity funding was headlined as being to save endangered animals

from extinction, even though the reality is the majority of the funds will support the existing Darwin and IWT Challenge Fund schemes which, as already discussed, have a dual biodiversity–poverty focus.

Sometimes high-level political engagement can produce wins for sustainable development, as was the case with David Cameron’s directive to vastly increase ODA for climate change. But continual political interference too often crowds out issues that have been identified as critical through robust evidence gathering and strategic analysis at the global and the national level. Frequent changes in ODA policy goals dissipate efforts, create incoherence, and frustrate partners. A highly volatile political environment has made civil society efforts to push for more coherent approaches extremely challenging,

The 15-year time frame of the SDGs offers a framework for ODA that can outlast changes of government or within ministries. Other donor countries are using it as a tool to elevate ODA above the level of the day-to-day political fray, and the UK can do so too. Although nearly five years of the 2015–2030 time frame have already passed, and action on 2020 targets incorporated into the SDGs is now too late, making use of such a framework is particularly important at this moment, when the UK is reconsidering many aspects of international relations and sustainable development policy ahead of Brexit.

6.2.2 Inconsistent alignment to the central purpose of ODA

An inconsistent alignment to the stated central purpose of ODA threatens the commitment to leave no one behind. Contributing to the global aim of leaving no one behind will require concerted and steadfast attention to reaching the poorest, most marginalised and vulnerable and making their lives more secure and resilient over the long term. But the trends discussed in Section 3 reflect a steady weakening of commitment to poverty reduction and sustainable development as the fundamental purpose of ODA, and inconsistency in the application of ODA criteria across government departments and funds. This is a particular risk with increased ODA spending by government departments other than DFID, which have been criticised for treating the ODA definition as a “compliance hurdle rather than the guiding purpose of the assistance” (ICAI 2019b). ICAI has also noted wavering commitment in practice to the UK’s on-paper promise to leave no one behind, “trading down the ambition of programmes if there are objections from countries, or losing sight of things when they go to commissioning with contractors or simply not monitoring the right things ...” (Edwards 2018).

6.2.3 Inadequate understanding of sustainable development’s integrated nature

ODA investment decisions are based on an inadequate understanding of the integrated nature of sustainable development. The world view that now shapes UK ODA, and which is expressed in the current aid strategy and other documents, largely reflects export trade growth-driven development theory. It gives little attention to the integrated nature of development, including the impacts of environmental degradation, climate change, social marginalisation and rising inequality on the lives of the poorest people. Among the departments managing ODA, only DFID has expertise in those areas mentioned and experience with integrated approaches to development — although as noted earlier that expertise and experience are not being optimally used. There is a lack of systems for institutionalised learning within and across the departments managing ODA, which means efforts to capture lessons from experience or develop robust knowledge through research are being lost.

Just as sustainable development was once misunderstood as a synonym for environmental management, it is now sometimes interpreted as a synonym for tackling climate change. These weak understandings of the integrated nature of development have contributed to a reliance on single-issue ‘best buys’ that narrowly address a specific problem but not the broader actions required to achieve transformative change (Edwards 2018). Examples include promoting a high carbon price as the primary vehicle for climate change mitigation or investing in parks and wildlife corridors to tackle biodiversity loss. A starker example is the continuing use of ODA for investments in fossil fuel energy. A 2019 CAFOD study found that 22% of UK ODA spending on energy between 2010 and 2017 went to fossil fuel development (CAFOD 2019). Non-ODA UK government investment in developing country energy systems, largely through the UK Energy Fund, was even greater, bringing the total percentage of fossil fuel investment from ODA and non-ODA sources to 60%. The share of both ODA

and non-ODA fossil fuel investment has actually increased over time, despite Paris Agreement commitments that came into effect in 2015.

6.2.4 Reliance on export market and large-scale commercial growth

The use of ODA to support large-scale commercial approaches to development have not proven effective in improving the lives of those left behind, or in furthering sustainable development. While the current UK ODA development paradigm relies strongly on large-scale growth led by the private sector to solve the development challenges of poor countries, research has increasingly pointed to the failure of these approaches to reach the poorest¹⁶ or contribute to improved environmental outcomes.¹⁷ The UK's own experiences with inclusive growth in Africa (ICAI 2017b) and climate finance (ICAI 2019c) have provided further evidence of the need to balance investment in transformative growth or climate mitigation with actions that aim directly to improve the lives and livelihood security of the poorest.

Efforts to 'unlock' private capital for development by blending it with ODA have had disappointing results, particularly in poorer countries. A recent study by the Overseas Development Institute found that the return on ODA investment in leveraging private-sector finance for low-income countries was just \$0.37 leveraged per \$1.00 of ODA spent, while "the big push for blended finance risks skewing ODA away from its core agenda", and shifting attention from low-income countries to middle-income countries, where returns on private investment are more attractive (Attridge and Engen 2019). This appears to have in fact happened in the case of UK climate finance, a substantial portion of which has benefited middle-income rather than least developed countries.

6.2.5 Inadequate systems and metrics for measuring progress

There are no commonly used metrics across the whole ODA portfolio to assess key sustainable development outcomes, even poverty reduction (IDC 2019b, pp 26–27). Results-based management tools used for planning constrain the scope for integrated assessment across economic, social, environment and governance outcomes. For example, DFID's Single Department Plan indicators mainly provide quantitative information on how many people are served and the amounts of money spent (DFID 2017b). ICAI's review of BRACED was critical regarding its lack of adequate indicators for measuring resilience (ICAI 2018d), which the programme log frame attempted to capture in the crude quantitative terms of "number and types of assets protected or improved per household" (gov.UK no date). The Public Accounts Committee's 2019 inquiry on aid effectiveness faulted ODA agencies for their failure to assess performance on outcomes and impacts rather than inputs. It appears, however, that each department will address the issue independently rather than through a coordinated approach (Committee of Public Accounts 2019).

6.2.6 Reduced capacity to support locally led development

Administrative budget cuts, economies of scale and staff centralisation have contributed to reduced capacity to respond to locally articulated needs and support local development actors. Supporting national development and contributing to democracy and social justice require real and ongoing engagement with governments, civil society actors and other stakeholders to understand the constraints they are facing and their efforts to overcome them. The Secretary of State's preface to DFID's 2018–19 Annual Report stated:

"Where DFID has been most effective is where we have had the right people on the ground, with a depth of field experience in-country. This expertise is key to delivering successful programmes that reflect the local context. It is the people with a deep understanding of how things work locally in a particular country who are best placed to judge whether and how a programme will succeed or fail, and how we might improve it." (DFID 2019c)

Yet staff centralisation, year-on-year administrative budget cuts, downgrading of country and regional offices and outsourcing the management of large chunks of funding to other government agencies and multilateral-run mega-programmes have substantially weakened DFID's capacity for local

¹⁶ e.g. World Bank Group (2014).

¹⁷ e.g. Millennium Ecosystem Assessment (2005).

engagement and thus its understanding of what kinds of support specific countries and their citizens need and want. For example, a 2019 ICAI review found that DFID performed poorly on meeting the commitments made in its 2016 Civil Society Partnership Review to engage effectively with CSOs and learn from its work with them (DFID 2016; ICAI 2019d). Other departments delivering ODA do not even have the foundational understanding on 'doing development' in low-income countries that DFID does.

The 2019 Spending Round paper recognised this problem and committed to providing “scaled-up support for cross-government ODA capability building through the provision of additional DFID staff to assist other departments spending ODA” but put the focus solely on “value for money for British taxpayers” (HM Treasury 2019) rather than on value for the developing countries that UK ODA is designed to support. The result is a plethora of projects funded out of different programmes and reflecting the priorities of those programmes with little attention to national strategies or local voices, or connection with one another. Not every UK ODA agency needs to have the same depth of understanding, but DFID at least needs to focus attention on rebuilding its in-house expertise on sustainable development. Doing so will enable it to improve its responsiveness and its relevance as well as to share its expertise with other agencies and build their sustainable development capacities.

7. Recommendations

This section offers some key messages to government for making ODA a more effective instrument for sustainable development, around which NGOs could consider developing advocacy materials. It also points to areas requiring further research in order to bolster advocacy efforts going forward.

7.1 Return to core purposes across the whole ODA portfolio

The global international development community has repeatedly confirmed that the purpose of ODA is to support the development of poor countries and people around the world. In the UK's case, the core purpose in law is clearly poverty reduction, along with support to sustainable development. UK national interest is not mentioned at all in the International Development Act and UK commercial, security or other geopolitical concerns should not be a major determinant of ODA use.

Committing to the 0.7% ODA target is a meaningful statement of “moral commitment to helping the millions of people around the world who live in poverty” (UK Treasury and DFID 2015) only if the money is actually going to support poverty reduction and sustainable, equitable development in countries that lack the means to handle the magnitude of their development challenges on their own. Achieving value for money further requires a whole-of-government approach to ensure that ODA spend is focused on the priority needs and challenges of developing countries in a coherent way across all UK ODA programmes, funds and delivery channels. Government should act on the recommendation made by the International Development Committee that existing cross-ministerial mechanisms for ODA policy coherence should be more proactive, that the Secretary of State for International Development should have ultimate responsibility for oversight of all ODA and that DFID should have final say on all programme spending.

7.2 Use programme planning tools informed by evidence-based principles and the SDGs

It is not the norm for UK ODA to conduct the comprehensive and systematic processes of data gathering, stakeholder consultation and analysis that are required for strongly evidenced-based programme planning. Only DFID is known to employ country diagnostics, but the scope of these is limited to only a few dimensions of development. This report has identified in Section 2.2 and illustrated in Section 4 basic principles for sustainable development programming derived from experience that could inform a more joined-up approach to all ODA, particularly if integrated into a broader framework for country dialogue and programme planning derived from the SDGs.

7.3 Align all ODA to a core set of principle-based commitments and international agreements

While DFID and other UK ODA agencies have made some commitments to various aspects of sustainable development, none appear to apply to ODA across the board and many reflect political priorities that may not last. ODA would be far better aligned to sustainable development if all spending, regardless of the department or cross-government fund from which it comes, were aligned to a core set of principle-based commitments and key international agreements to which the UK is party. These could include, in addition to poverty reduction, commitments to leave no one behind; country leadership and capacity development; support to civil society voice; women's and girl's social and economic empowerment; end to all investments that destroy nature or contribute to climate change, such as investments in fossil fuel energy and environmentally harmful agricultural practices; coherence with national low-carbon transition strategies; and making all UK aid nature-positive. International agreements that all ODA should align with include the SDGs, the Paris Agreement on Climate Change, the Convention on Biological Diversity and the UN Guiding Principles on Business and Human Rights. ODA monitoring and evaluation frameworks should include measures and indicators for tracking and assessing progress on such commitments.

7.4 Be clear, consistent and transparent on how all ODA is spent

For both the government and the public to properly assess the overall quality and effectiveness of UK ODA, the government must develop and put in place frameworks and associated tools for programme planning, monitoring and evaluation. These frameworks and tools must be consistent across all ODA departments and funds, as well as clear and publicly accessible. Information made available to the public must provide a clearer picture than it does currently of how ODA is spent across government. ODA that is blended with non-ODA is particularly difficult to disentangle, leaving the door open to ODA being used for purposes outside its intended scope. Even DFID, which got higher marks for transparency in a recent NAO report than other ODA-spending departments (NAO 2019), has weaknesses in its coding system that make the uses of ODA hard to discern. For example, in the general area of environment, most of the spending is coded under the vague category of “environmental policy and administrative management”. According to the OECD statistics for 2018, around 11% of UK ODA is marked as unallocated. That is better than many other donors but still represents over \$800 million in untracked — and untrackable — spending. Without improved recording and transparency, it will be difficult for UK ODA to claim any contributions to sustainable development.

List of appendices

Appendices are provided in a separate document.

A. Responses to Freedom of Information Act requests sent to gather information for this report.

B. Overview of selected key policy commitments and reports: More detailed information on the 2017 25-year Environment Plan, 2019 SDG Voluntary National Review, and commitment to net zero carbon emissions by 2050

C. ODA special funds and alternative channels

- CDC
- Prosperity Fund
- CSSF

D. DFID safeguarding system

E. Case study descriptions:

- Darwin Initiative
- ESPA
- International Climate Finance
- PEI

F. Comparison with other donors: Detailed synopsis of learning from a recent OECD DAC peer learning exercise on integrating environment into development cooperation.

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