

KEY QUESTION

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What are the UK's strategic priorities for development?

Increasing focus on fragile states and regions

The 'UK Aid Strategy', released in November 2015, highlights four strategic objectives for the UK's development assistance: 1) strengthening global security, 2) strengthening resilience and response to crisis, 3) promoting global prosperity, and 4) tackling extreme poverty (see more details in box). The UK places a particular focus on fragile states and regions. The Department for International Development (DFID) plans to spend at least half of its budget on fragile states and regions going forward.

Global health is another focus of UK development policy. According to OECD data, the UK spent around US\$3.2 billion on global health in 2015, making it the second-largest donor to this area after the United States. The amount corresponds to 16% of the UK's total ODA, which is much higher than the average ODA share spent on global health (9%) by members of the OECD's Development Assistance Committee (DAC). The UK is also a strong supporter of multilateral global-health initiatives, and is one of the largest funders of the Global Fund to Fight AIDS, Tuberculosis and Malaria and of Gavi, the Vaccine Alliance.

Based on figures published by the OECD DAC, the sector to receive the largest share of UK bilateral ODA in 2015 was humanitarian assistance (16%). This reflects the UK's focus on strengthening responses to crises in fragile states and regions. Global health was the second-ranked sector, at 13% of bilateral ODA in 2015, followed by government and civil society (9%), and education (8%; see figure).

Three review documents play a key role in shaping the UK's bilateral and multilateral approaches to development funding. First, the Bilateral Development Review (BDR), published in November 2016, assessed the composition of DFID's bilateral portfolio, geographic priorities, and delivery channels. The BDR highlights several priority areas, including global health, security, climate, disabilities, and migration. Second, the Multilateral Development Review (MDR), published jointly with the BDR, assessed the effectiveness of multilateral organizations and their approach to 'value for money'. The MDR introduces performance agreements, which restrict the disbursement of funds if agencies do not meet pre-agreed performance targets. In particular, DFID plans to link 30% of its multilateral funding to UN development and humanitarian organizations 'to improved results'. The

The UK's 4 strategic priorities for development

- **Strengthening global peace, security and governance:** At least 50% of DFID's annual budget will be spent in fragile states and regions; Conflict Stability and Security Fund set up to strengthen global security (£1.0 billion in FY2015-16; to increase to £1.3 billion by FY2019-20).
- **Strengthening resilience and response to crisis:** £500 million ODA 'crisis reserve' established to enable rapid response to emergencies
- **Promoting global prosperity:** £1.3 billion Prosperity Fund set up to promote economic reforms and improve business climate in developing countries; DFID's recent Economic Development Strategy highlights a stronger role for the CDC group, the UK's development finance institution that specializes in private sector finance.
- **Tackling extreme poverty and helping the world's most vulnerable:** Focus on eliminating extreme poverty by 2030, supporting the world's poorest people, and improving access to basic needs; particular focus on rights of girls and women.

*Source: 'UK Aid Strategy: tackling global challenges in the national interest', November 2015.

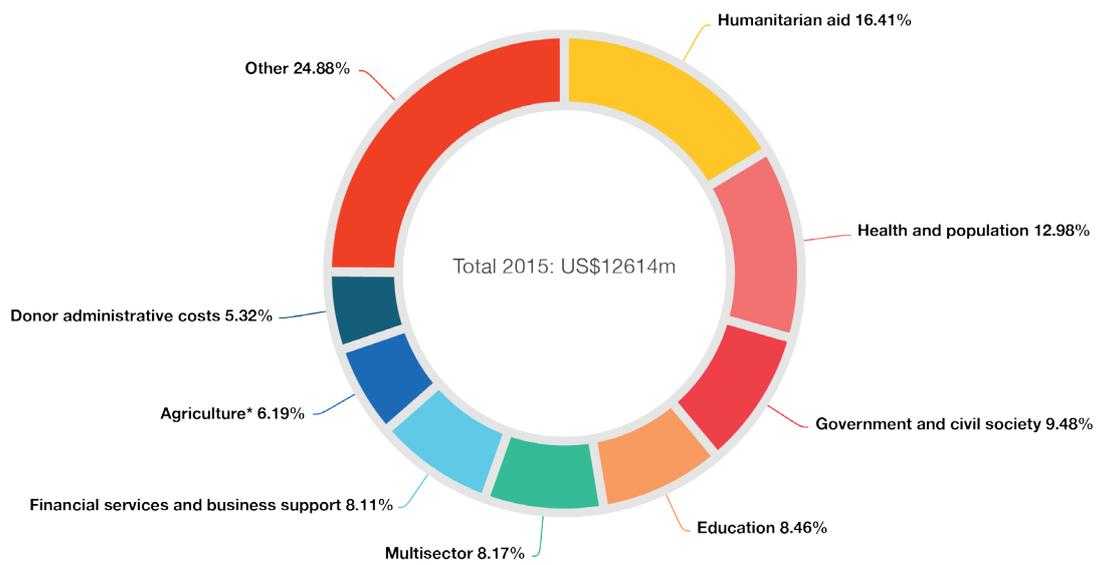
MDR also points to the need for multilateral organizations to better coordinate their work to reduce duplication and competition, and calls for more openness about their management and budgets to improve transparency and accountability.

The Civil Society Partnership Review, the third review, released in November 2016, assessed the role, funding options, and effectiveness of UK and international civil society organizations (CSOs). The review outlines four new mechanisms for CSO funding, and a move away from unrestricted core funding to a more competitive and results-focused funding model, with an expanded network of CSO partners (for more information on the four mechanisms, see 'How is ODA spent?').

In January 2017, DFID released another strategy, the Economic Development Strategy that will drive the way DFID allocates funding for the promotion of economic development. The strategy outlines five priority sectors for DFID’s work in this area: 1) infrastructure, energy and urban development, 2) agriculture, 3) exports, manufacturing and services, 4) extractive industries, and 5) economic inclusion. The strategy also outlines a stronger

role for the CDC Group, the UK’s development finance institution, within the UK’s development programs. The government is planning to increase its support to the CDC Group over the coming years. In November 2016, a draft bill by Parliament was issued stating that the funding limit for the CDC Group could see a fourfold increase, from £1.5 billion to £6 billion.

THE UK'S BILATERAL ODA BY SECTOR



Source: OECD CRS. *Includes agriculture, forestry, fishing, and rural development.