

## KEY QUESTIONS

### the big six

# 2



## What are the UK's strategic priorities for development?

### The UK's development assistance is putting an increasing focus on fragile states and regions

The UK development strategy ('UK aid: tackling global challenges in the national interest'), released in 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 the box). The UK focuses 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 in line with this priority. Under newly appointed DFID secretary Penny Mordaunt, issues related to disabilities are also expected to be a priority, owing to her interest in disability rights and inclusivity.

While the 2015 strategy remains in effect, Mordaunt has sought to further clarify DFID's approach. In a speech on April 12, 2018, Mordaunt said the UK will focus on 1) humanitarian assistance; 2) global health partnerships; 3) developing economies and human capital 4); security, rule of law, human rights, and tackling crime and corruption; and 5) connecting partner countries with expertise and knowledge from UK entities.

OECD data shows that the UK is already focusing much of its development funding on humanitarian assistance and global health. The UK spent around US\$2.4 billion on global health in 2016, making it the second-largest donor to this area after the United States. The amount corresponds to 13% of the UK's total ODA, which is much higher than the average ODA share spent on global health (8%) by members of the OECD's Development Assistance Committee (DAC). The UK is also a strong supporter of multilateral global health initiatives; It is one of the largest funders of Gavi, the Vaccine Alliance, and of the Global Fund to Fight AIDS, Tuberculosis and Malaria.

Based on figures published by the OECD DAC, the sector to receive the largest share of bilateral ODA from the UK in 2016 was humanitarian assistance (15%). This reflects the UK's focus on strengthening responses to crises in fragile states and regions. Global health was the second-ranked sector, at 12% of bilateral ODA in 2016, followed by education (11%). Education grew rapidly between 2015 and 2016, increasing by 45%, or from US\$898 million to US\$1.3 billion.

### The UK's 4 strategic priorities for development (as outlined in 2015 development strategy):

- **Strengthening global peace, security, and governance:** At least 50% of DFID's annual budget will be spent in fragile states and regions; a Conflict Stability and Security Fund to be established (£1.2 billion for FY2017-18).
- **Strengthening resilience and response to crisis:** £500 million ODA crisis reserve will be established to enable rapid response to emergencies.
- **Promoting global prosperity:** £1.3 billion Prosperity Fund will be set up to promote economic reforms and improve business climate in developing countries, in response to DFID's Economic Development Strategy that highlights a stronger role for the UK's development finance institution specialized in private sector finance, the CDC group.
- **Tackling extreme poverty:** Focus on eliminating extreme poverty by 2030, supporting the world's most vulnerable people, and improving access to basic needs; particular focus on rights of girls and women.

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 December 2016, assesses 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, assesses 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 that have demonstrated improved results. The 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.

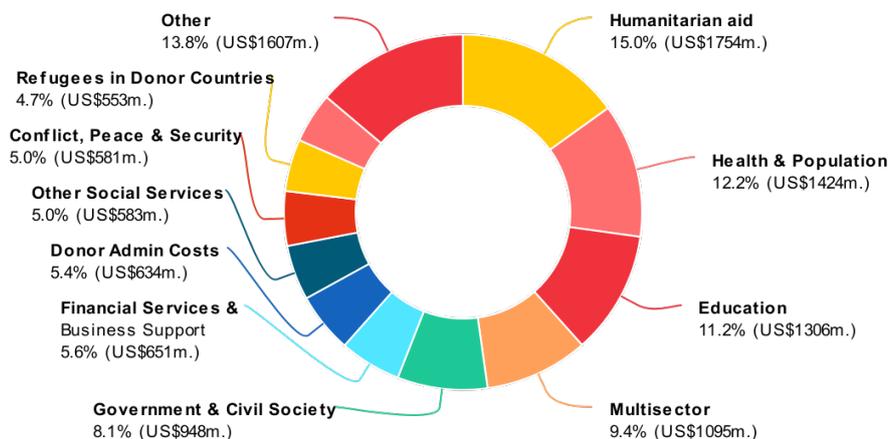
The Civil Society Partnership Review, the third key review, released in November 2016, assesses the role, funding options, and effectiveness of civil society organizations (CSOs) in the UK. The review outlines four new mechanisms for CSO funding, and a move away from unrestricted core funding to a more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

DFID's Economic Development Strategy, released in early 2017, will continue to 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 develop-

ment; 2) agriculture; 3) exports, manufacturing, and services; 4) extractive industries; and 5) economic inclusion. The strategy also outlines a stronger role for the UK's development finance institution, the CDC Group, within the UK's development programs. In line with that strategy, DFID announced in October 2017 that it would channel up to £703 million per year (US\$949 million) for five years through CDC. The move followed the passage of legislation in February 2017 that quadrupled the total funding the CDC Group can receive from the UK government from £1.5 billion to £6 billion (US\$8.1 billion).

### THE UK'S BILATERAL ODA BY SECTOR, 2016

Total: US\$11,699 million



OECD CRS. Gross disbursements. \*Includes agriculture, forestry, fishing, and rural development. In 2016 prices.