Written evidence submitted by The One Campaign

1. The ONE Campaign is an international advocacy and campaigning organisation of more than 6 million members working to end extreme poverty, eliminate preventable disease and promote accountable governance, with a focus on Africa.

   See www.one.org

2. We welcome the opportunity to submit evidence to the International Development Committee. This submission focuses on the following areas, which are relevant to the committee’s inquiry:

   - The impact of the UK’s non-aid policies on developing countries
   - The coherence of the UK’s non-aid policies on developing countries
   - The underlying government mechanisms needed to support any changes, including:
     a) The role of DFID in facilitating other UK government departments and other UK organisations to assist developing countries.
     b) The role of DFID in influencing the policies of other Whitehall departments;
     c) Whether a stand-alone Department for International Development has a long term future.

Summary of key points

3. Justine Greening, Secretary of State for International Development, is right to advocate for a development agenda that is not limited to traditional aid, but also incorporates an analysis of how ensuring human rights, peace and security, and creating democratic institutions work alongside traditional aid in order to have the most impact in eliminating extreme poverty. Over the past ten years. ONE’s advocacy has focused on ensuring that the leaders of the world’s richest countries meet their responsibilities to the poorest people by providing more, better and more transparent aid. At the same time, ONE has always recognised that aid is only one part of the story; debt cancellation, trade and investments and ensuring that governments and business are responsible, transparent and accountable to citizens are also central to ending extreme poverty.

4. We would, however, encourage some caution against the ‘beyond aid’ narrative. While it is right to also consider other structural barriers to development, investment in aid will continue to play a critical role in the development of many countries for the foreseeable future. Over half of all countries in Sub-Sahara Africa are currently classified as ‘Least Developed Countries’ (LDCs), and per capita public expenditures across most of the region are still extremely low – less than $500 per year. LDCs remain highly dependent on aid, which accounts for over 70% of their external financial flows. Development assistance is the only external flow to developing countries that is

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explicitly aimed at supporting economic development and improving welfare, and it is also much less volatile than other external flows such as Foreign Direct Investments.\(^2\) Over the medium term, at least, development assistance will remain vital in funding basic services for citizens in countries where per capita spending and prospects for mobilising other sizeable resources are low.\(^3\)

5. The International Development (Official Development Assistance Target) Private Member’s Bill provides a real opportunity to move the debate about aid on, from how much aid the UK should invest to a more meaningful conversation about how to get the most value from UK aid, ensuring that aid is targeted where it will have the most impact, and that aid is transparent and accountable both to the British taxpayer and to the poorest people in the world.

The impact of the UK’s non-aid policies on developing countries

6. Non-aid policies can have a significant impact on development. ONE worked with other NGOs to campaign for a change to EU rules to require EU countries to require oil, gas, mining and logging companies to declare the payments they make to foreign governments. The UK became the first country to transpose these new EU rules with the effect that ordinary citizens in Nigeria, Angola and beyond know how much money oil, gas, mining and logging companies pay to their governments.

7. Building on this campaign for transparency on 3 September 2014, ONE published *The Trillion Dollar Scandal* campaign which revealed that at least $1 trillion is siphoned out of developing countries each year through a convoluted web of corrupt activity.\(^4\) Through shady deals and secret shell companies, money is stolen that could otherwise be used to fund the fight against extreme poverty, disease and hunger. We estimate that as many as 3.6 million deaths could be prevented each year in the world’s poorest countries if action is taken to end the secrecy that allows corruption and criminality to thrive, and if the recovered revenues were invested in health systems.\(^5\)

8. The UK government has shown global leadership in advocating for more transparency including through its presidency of the G8 in 2013. This was an important step in creating new international norms. However the UK can do more domestically by implementing policies make information public about who owns trusts to prevent anonymous shell companies and similar legal structures from being used to launder money and to conceal the identity of corrupt and criminal individuals and businesses. This includes using British influence over the Overseas Territories and Crown Dependencies.

The coherence of policies which affect development

\(^2\) Ibid
\(^3\) Ibid
\(^4\) www.one.org/scandal
9. There is considerable scope for greater coherence across government policy to increase transparency and end the Trillion Dollar Scandal. For example, through the Small Business, Enterprise and Employment Bill, the UK government will be the first in the world to introduce a register of the beneficial ownership of companies. Along with other civil society organisations, ONE is calling on the government to ensure that the Bill and any forthcoming secondary legislation includes measures to ensure that the register is kept updated at a reasonable frequency, and that there are effective sanctions in place to deal with companies who do not comply with these requirements.

10. To be effective, the UK’s leadership and action to create a register of the beneficial ownership of companies, needs to be replicated by action to prevent secrecy and corruption in relation to trusts and other financial vehicles. Without this money launderers and corrupt individuals may simply switch to using trusts, instead of companies to hide their activities.

11. Tackling these issues requires a global response and there is disconnection between the leadership the UK has shown by introducing a Bill to create the world’s first register of companies in the UK, and the slow pace of progress in introducing similar measures in the UK’s Overseas Territories and Crown Dependencies. Lack of progress in these jurisdictions could serve to undermine the UK’s attempt to encourage G20 leaders to demonstrate leadership on these issues.

**The underlying government mechanisms needed to support any changes**

Tackling the Trillion Dollar Scandal will require action across government departments because these issues cut-across departmental portfolios including HMT, FCO, DFID, BIS, and the Cabinet Office and there is potential for a more co-ordinated approach to these issues.

Specific measures that could have a big impact would include:

- HMT committing to action to tackle secrecy in trusts.
- FCO using its influence to press for public registers of company ownership as well as trust transparency in the UK’s Overseas Territories and Crown Dependencies so that action is co-ordinated and has the biggest impact.
- BIS ensuring that the regulations to transpose the 4th EU Anti-Money Laundering Directive are fully consistent with the Directive and enable citizens, NGOs and other stakeholders to make complaints about companies who do not comply with the requirements without political interference; and
- HMT, HMRC, FCO and other departments working together to enable tax collectors from developing countries to access information about off-shore bank accounts.

ONE endorses the comments in the joint submission by BOND and the UK Aid Network that a stand-alone department for International Development has been critical in contributing to the UK government’s global leadership on development issues and particularly in meeting the target to spend 0.7% of gross national income on overseas aid.