International HIV/AIDS Alliance submission to the International Development Committee inquiry

*Beyond Aid: The Future UK Approach to Development*

1. The International HIV/AIDS Alliance (the Alliance), established in 1993, is a global partnership of nationally-based linking organisations, working in over 40 countries to end AIDS through community action.

2. We welcome this opportunity to provide a submission to the International Development Committee (IDC) inquiry *Beyond Aid: The Future UK Approach to Development*. The geography of poverty and marginalisation has changed since DFID was first established in 1997, with the majority of people now living in poverty or living with HIV currently residing in middle-income countries (MICs), and the proportion is set to increase. The UK Department for International Development (DFID) is still needed as a key actor in international development and must remain autonomous from other government departments, but in order to maintain coherence between its aim to end extreme poverty and its policies, the Alliance recommends that its approach is targeted towards the poorest and most marginalised people whichever country they live in.

3. The Alliance also supports the submissions from the following organisations:
   a. Bond and the UK Aid Network.
   c. STOPAIDS, in particular the paragraphs on TRIPS.
   d. Jubilee Debt Campaign, in particular the paragraphs warning against the IDC’s recommendation to increase loans and tax avoidance and evasion.

A. The coherence of policies which affect development (including aid, security, prosperity, and climate)

*Middle-income countries*

4. The decision to create DFID in order to make international development a national priority is a move to be praised. As the landscape of poverty has changed since 1997, however, DFID should also look at inequality between and within countries to guide its investments.

5. In response to a recommendation from the International Development Committee for DFID to consider reallocating bilateral aid from middle-income countries (MICs) to low-income countries (LICs), the UK Government has stated that ‘we do not believe that the MIC/LIC categories on their own are an adequate guide for [the UK Government’s] allocations… the task of poverty-reducing aid [is] to support a country in establishing its own mechanisms for a timely, self-financed and secure (low risk) exit from poverty’. We support this principle but evidence shows (see below) that DFID is not currently applying it consistently or effectively in its funding decisions or its country support.

6. Following its Bilateral Aid Review, DFID decided to close programmes in a number of countries based on whether economic growth in the country reduced the need for aid programmes or if it felt that by continuing to fund they would not have a long term significant impact. This list included MICs such as Vietnam, which DFID said it would exit by 2016 after ensuring that its “impressive record on poverty reduction is sustainable”. However, an independent evaluation found that DFID decided to end the HIV/AIDS prevention programme in Vietnam without determining if and how domestic funding could fill the gap it was leaving. As far as the Alliance is aware, there have been no handover meetings between DFID and the
Foreign and Commonwealth Office (FCO) staff in Whitehall or transition plans developed with key country stakeholders in relation to the closure of bilateral programmes for HIV in any country, threatening the sustainability of HIV responses.

7. **DFID should only withdraw bilateral aid to countries after developing a clear and robust transition plan in coordination with national governments, the FCO and other key stakeholders to ensure sustainability of programmes until governments are fully able to fill the overseas development assistance (ODA) gap themselves.** This is essential if we are to avoid rolling back critical gains made so far in the HIV response. **DFID should also provide civil society funding and technical assistance after it withdraws bilateral aid from MICs to ensure that programmatic approaches support ongoing progress.**

8. In Alliance discussions with the Dutch Ministry of Foreign Affairs on MICs, they have expressed concern about donor decisions to reduce or end aid to MICs, arguing that not only could it hamper efforts to eradicate extreme poverty but that the persistent inequality present in many MICs could result in political instability or outbreaks of infectious diseases such as HIV. In the words of Els Klinkert, Senior Policy Officer at the Ministry of Foreign Affairs, “Donor countries have a responsibility to enable the most vulnerable and marginalised populations to demand for their rights and their access to services even if they are living in MICs.”

9. Rajesh Singh, Chief Operating Officer of MAMTA Health Institute for Mother and Child, one of our Alliance linking organisations in India, notes that: “DFID is closing their development program in India from the end of 2015. It seems that their decision is based on a political basis rather than need. DFID should change their decision based on our current Millennium Development Goal performance especially 3, 4 and 5 and continue to work in this direction.”

10. One recommendation supported by a number of stakeholders particularly applicable to India is that DFID and other donors focus their work on particular states within large MICs where the poorest and most marginalized are living. In some countries DFID is already taking this approach. For example, Dr Amzad Ali, Executive Director of Alliance linking organization HASAB in Bangladesh notes that: “DFID has special support for the Sylhet region [north eastern part] for development issues in general and health in particular. Supporting sexual and reproductive health and rights along with nutrition can be specially considered by DFID where there are immense unmet needs. There is ample scope for further developmental in this region in particular.”

11. **Another recommendation is that DFID continues direct funding for regional initiatives – either regional programme partnership arrangement (PPA) funding through UK-based INGOs or directly to civil society organisations in the region.** Dereck Springer, Director of PANCAP in the Caribbean, says that PANCAP: “Has had a good experience with direct funding for regional initiatives such as the Champions for Change. DFID’s new approach has been to channel its funding to the global financing institution – the Global Fund to Fight AIDS TB and Malaria. We would like to recommend that DFID also re-establishes direct funding stream to the region.”

**Role of multilaterals such as the Global Fund to Fight AIDS TB and Malaria**

12. DFID’s recent contribution of up to £1 billion to the Global Fund will save a life every 3 minutes for the next three years. However, due to pressure from many donors (including DFID), the Fund is currently

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* The evaluation found that, “the infrastructure and capacity built by the DFID/World Bank programmes may dissipate without a transference and long term sustainability plan. This is one the largest current problems for the HIV response in Vietnam”. Without a phased withdrawal of ODA, it is unlikely that the national HIV response will be sustained.
withdraw or reducing its funding to MICs. It is doing so by basing its funding allocation decisions within the New Funding Model solely on a country’s economic status and level of disease burden, without taking into account a country’s ability or willingness to pay for their own responses to the three diseases, especially services for key populations such as men who have sex with men, sex workers or people who use drugs. In countries where the national government is not willing or able to step up to fill the funding gap, cuts in both bilateral ODA and support from the Global Fund are being made too quickly without a meaningful transition plan in place. This could have devastating consequences for the poorest and most marginalised.

The UK government should use its position on the board to ensure that if the Global Fund does reduce or withdraw funding from a MIC, it does so over a phased period with a robust transition mechanism in place to support government and civil society to fill the funding and service provision gaps left. The UK government should also support the Global Fund to explore providing a continued funding mechanism for specific groups such as key populations in MICs building off the success of the most-at-risk-populations (MARP) channel.

Promotion of human rights for lesbian, gay, bisexual and transgender (LGBT) people globally

The Alliance is pleased that DFID is committed to human rights, particularly those of marginalised people. Key populations in the HIV response are criminalised in many countries. For example, more than 70 countries criminalise homosexuality. The FCO has spoken out against new anti-LGBT legislation in Uganda and Nigeria but long-term strategies are needed to support decriminalisation and realisation of the human rights of LGBTI people, necessitating a cross-Whitehall response. The UK Government can promote the human rights of key populations by combining DFID’s expertise in international development, capacity building of local organisations and governance strengthening with the human rights expertise of the FCO. Funding for civil society organisations working with key populations that can hold their governments to account is even more important when bilateral aid is withdrawn from settings where such populations are neglected, including in MICs.

DFID staff reductions influencing funding and policy decisions

We welcome DFID’s emphasis on achieving long-term development results. However, under the auspices of a drive for value for money and effectiveness, there has been a steady reduction of staff at DFID. We believe this has been a key influence on financing and policy decisions across DFID. For example, the reduction in staffing has severely limited DFID’s capacity to manage bilateral funding relationships and appears to have been an underlying driver for the decision to substantially reduce the number of countries supported bilaterally by DFID. Conversely, staff reductions also logically lead DFID to increase its outsourcing to external actors – whether multilaterals such as the Global Fund or funds such as the Robert Carr Networks Fund. This is not to say that these decisions are intrinsically problematic but it is not always clear that the decisions have been made in a way that ensures that funding for DFID policy priorities are maintained.

For example, in Ukraine the Global Fund is reducing its HIV funding by 62% ($US68mn to $US28mn) from 2014 to 2015 at the same time as there being a 71% drop (from $US100mn to $US28mn) in the national HIV budget due to the country’s current economic and political fragility. Such sudden drastic cuts will have devastating effects on services for the HIV response in Ukraine.

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DFID profiling its approach and influence

16. DFID has had many achievements but experiences challenges in conveying its value to the British public in an often toxic political and media environment. DFID could do much more to proactively convey its value domestically, emphasising not just its commitment to ending poverty but crucially also its role as a key tool of soft power for the UK government abroad. M&C Saatchi World Services write to us: “Low public awareness of DFID and its role as part of the UK government’s multi-pronged approach to tackling trans-national priorities will be an obstacle in the public’s appreciation of its value. Further, many of the issues that DFID has championed – ending female genital mutilation/cutting, violence against women and girls and child, early and forced marriage – have higher awareness among the UK public than DFID itself. It is imperative therefore, that DFID achieves a higher profile in the UK public imagination in order to increase citizens’ knowledge of its contribution to an “all of government” response to ongoing security challenges and to humanitarian crises in developing countries and thereby garner UK public support for its legitimacy now and in the future.”

17. The reductions in staffing outlined above have also had a major impact on DFID’s ability to give effective profile to its development work domestically as well as leverage influence with other key stakeholders and share its best practice globally.

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

Drug policy

18. DFID has historically been a leading funder of harm reduction programmes for people who use drugs and a defender of harm reduction in international HIV policy processes, but this is being undermined by policy incoherence with drug control measures.

19. The UK Government endorses a harm reduction response to drug use to prevent HIV transmission amongst people who inject drugs, which improves access to health services, reduces petty crime, restores family and community relations and is widely understood as cost effective and good value for money. However, the FCO is investing in ending the drug trade, which has been widely described as ineffective in reducing the production and supply of illicit drugs, poor value for money and damaging. This incoherence undermines progress on global AIDS, violates the human rights of people who use drugs and undermines public health. Furthermore, the UK Government’s investment in harm reduction programmes is reducing, despite overwhelming evidence of their effectiveness.

20. For a more coherent and consistent policy on drug use, HIV and development, the UKG should be investing in interventions that are effective and that improve rather than undermine public health – including in expanding, rather than reducing, its investment in harm reduction programmes. Investing in international drug control programmes is wasteful and harmful and should be ended.

§ As demonstrated by the recent report by the House of Lords Committee on Soft Power and the UK’s Influence, “Persuasion and Power in the Modern World”.
C. The underlying government mechanisms needed to support any changes, including:

C1. The role of DFID in facilitating other UK Government departments and other UK organisations to assist developing countries

**Funding to UK organisations**

21. DFID’s funding of CSOs is key to extending the reach of UK aid. According to the Independent Commission for Aid Impact (ICAI) the knowledge, influence and expertise of civil society organisations (CSOs) add value to DFID’s work. ICAI has also found that DFID’s Programme Partnership Arrangements (PPAs) have improved performance management and thought it likely that they would result in better outcomes for beneficiaries. ICAI suggested that PPAs could be further improved by “refocusing on the added value they can provide as a strategic instrument, in particular when contrasted with the other CSO funding mechanisms”

25. The effectiveness of CSOs in assisting developing countries is improved by funding modalities that support a long-term focus on results and provide core institutional support.

**Working with other government departments to support countries to raise domestic revenue**

22. As MICs are increasingly expected to finance their own HIV responses, the issue of domestic taxation becomes more critical. In addition, it has been estimated that illicit outflows from the developing world totalled US$946.7 billion in 2011 and that these flows are increasing. Tax reform is crucial in mobilizing domestic resources and, more specifically, mandatory prepaid pooled funds.

23. **DFID has a strong role to play to promote an environment in which developing countries are able to pursue tax policies that can sufficiently finance their social sectors, including health and welfare.** This means increased and sustained effort by DFID to help developing countries increase innovative taxation schemes such as ‘sin taxes’, improve tax compliance, eliminate illicit financial flows and the use of tax havens and to avoid harmful tax competition. DFID could work with the Treasury and wider UK government since the government has prioritised domestic tax avoidance under the general anti-avoidance rule and other tax reforms, and has access to world leading bodies such as the Chartered Institute of Taxation to assist.

24. Indonesia’s efforts to simplify its tax system and to enforce collection more effectively, as reported in the World Health Report of 2010, resulted in tax revenues increasing from 9.9% to 11.1% of non-oil GDP over 4 years. Health spending benefited disproportionally from the increased government revenues. Similar examples can be found in other settings.

**Applying DFID expertise to other government departments**

25. **We would like to see DFID become a leader in Whitehall in the use of evidence.** Following its creation as a stand-alone department, DFID developed its much-praised in-house research and analysis capacity to study policy issues itself rather than follow the thinking of others such as the World Bank. DFID has been commended for working effectively with other government departments to use innovative ways of generating evidence and for its links with academia and for the rigour required in DFID-funded research.

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**Footnotes:**

1 The Government of Sierra Leone has been implementing a series of reforms of tax mechanisms and structures that included the introduction of a Goods and Services Tax (GST) in January 2010. During the first year of implementation, government revenues rose from 11.7% to 13.3% of GDP, with revenue from the GST representing 3.2% of GDP.
DFID has also been praised as a “trailblazer” for embedding research and evidence into its programmes, and has influenced the approach of other research funders, research organisations and its grantees.\footnote{32 33}

26. **DFID’s experience in theories of change and programme management could also be of benefit to other government departments.** For example, although ICAI found that there was good collaboration between DFID, FCO and other UK Government organisations in the Arab Partnership, it could be improved by using theories of change in its country strategies. ICAI also found that FCO’s systems were not designed for programme management and that the FCO needed to adapt is procedures according to the capacity of its grantees.\footnote{34} These are all areas in which DFID could support through application of its expertise. The resources and expertise already provided by DFID to the Partnership were judged to have “proved an effective way of extending the reach of UK aid into places where DFID has no country presence.”\footnote{35}

**C2. The role of DFID in influencing the policies of other Whitehall departments**

27. The USAID 2010 Quadrennial Diplomacy and Development Review offers a number of lessons from which the UK could draw. **The UK Government could follow the example of the US Government and give DFID “a more prominent role in international foreign policy deliberations and decisions and be able to shape global development conversations”**.\footnote{36} This would help ensure DFID’s influence within the FCO and ensure that development perspectives are always considered. Also following the US example, the UK government could commit more of the time of senior diplomats to advancing development issues, which in turn would strengthen collaboration between the UK and countries. Diplomats could be offered training on development issues and guidance on best practice. DFID could also work more closely with UK embassies “to advance development objectives and integrate development throughout our policies in country.”\footnote{37}

**C3. Whether a stand-alone Department for International Development has a long-term future**

28. DFID was created as a separate department in order to focus on ending poverty (rather than economic development) and make international development a national priority. This has helped to improve relationships between DFID and recipient countries, detach development aid from the UK’s commercial interests, boost transparency, increase its research capacity and adopt a more long-term results-oriented perspective.\footnote{38} DFID has also become viewed as a thought leader by many other donor government agencies, including USAID\footnote{39} and BUZA.\footnote{40} Amongst the reasons for this is DFID’s autonomy from other government departments\footnote{41 42 43}.

29. **We would strongly recommend that in order to maintain the progress and achievements outlined above, the mandate and operations of DFID are best not directed by another government department.** It is also hard to see what other department would undertake capacity building, necessary to achieve long-term development outcomes.

30. **Specifically, subsuming DFID to FCO would risk reversing the progress it has made in international development and a return to focusing on economic development at the expense of poverty and human development, since they do not necessarily correlate.**\footnote{44 45} DFID still has a role to play in MICs, on human rights and with marginalised groups and should do this in collaboration with, rather than as part of, the FCO.\footnote{††}††

\footnote{†† In the words of Rob Lake of the Australian Federation of AIDS Organisations, “While economic development is critical, there is no trickle down effect for those people and communities most impacted by HIV in Asia. To truly meet the global targets on HIV, key populations, the protection of the sexual and human rights of key populations is central. DFID and the UK government must maintain its leadership and action in this area.”\footnote{49}}
31. DFID's role is still relevant. It should remain a strong, independent department and build on its successful track record to continue to improve the lives of millions of people, wherever they live.

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