Written evidence submitted by Action for Global Health

1. Action for Global Health (AfGH) UK is a coalition of over 50 NGOs seeking to achieve improved health outcomes globally. We welcome the opportunity to provide input to the Committee’s inquiry.

Executive Summary

2. The tendency for international development to be narrowly equated with aid, is diverting attention away from other UK policies which have a greater impact on global poverty and poor health. This has created a paradoxical situation in which the UK’s contribution to global poverty is far greater than that which it relieves through aid.¹

3. Under Article 208 of the Lisbon Treaty, Policy Coherence for Development (PCD) is a legal obligation for EU member states. The International Covenant on Economic, Social and Cultural Rights also bestows extraterritorial obligations (ETOs) to respect human rights in third countries.¹ The UK’s international legal obligations must underpin its policies that affect countries in the Global South.

4. Despite this, UK efforts to address global poverty often operate in a silo, whilst inconsistencies across a range of HMG policies including trade, tax, human rights, and debt undermine development objectives.

5. The necessary mechanisms to address this must be driven by explicit recognition of this paradox, and commitment to address it at the highest political level.

6. AfGH endorses the reasons outlined in the submission from Bond and the UK Aid Network for DFID remaining as a standalone department.

The coherence and impact of non-aid policies on development

7. There is a striking range of incoherencies both within DFID² and across HMG that impact on global health, either directly, or in terms of sustaining wider poverty and impeding development. Below we outline a number of examples, however there are many others³ that for reasons of brevity, we have been unable to include in this submission.

---

¹ We have not extracted the figures for the UK, however Africa has a net loss of $58 billion to the rest of the world each year. Of this $35.3 billion is a result of illicit financial outflows, and $36.6 billion as a result of the costs imposed by climate change, $17 billion in illegal logging and $6 billion as a result of skilled migration. The UK’s has 10 tax havens under its jurisdiction is ranked number 10 in a list of Global Greenhouse emitters by the US Energy Information Administration. It has historically been a key destination country for migrant health workers and illegal timber, suggesting losses linked to the UK far exceed the aid budget. See the report by Health Poverty Action and partners, Honest Accounts, The true story of Africa’s billion dollar losses, for further details.

² Policies within DFID include the extent to which health interacts with its key UK priority areas. For example, despite health workers and health systems being vital to the health of women and girls, and calls from the WHO for improved health care for survivors of sexual and gender based violence, there is little evidence that global health is seen as a priority within DFID initiatives for women and girls.

³ These include climate change referred to by the 2009 UCL-Lancet Commission on Climate Change “biggest global health threat of the 21st century” (US Energy Information Administration ranks the UK at number 10 in the list of top greenhouse gas emitters); corporate accountability (the UK is currently opposing measures within the UN to implement a binding international agreement on transnational corporations to protect human rights); illegal logging which costs Africa $17 billion each year (the UK has been a prime destination for illegal timber); and arms sales (In 2013 the Committees on Arms Export Controls reported that the UK had issued 3,000 export licenses for military and intelligence equipment -dual use and military - worth £12.3 billion to countries which are on its own official list for human rights abuses.)
Middle income countries

8. Whilst the UK considers a country’s income classification alone an insufficient criterion for making decisions on aid allocations, this principle has been applied inconsistently in DFID’s funding decisions. For example, DFID’s decision to withdraw bilateral aid from Vietnam was taken on the basis that its economic growth meant that it no longer needed aid programmes, without determining whether domestic or other external funding would fill the resulting gap. Without ODA, it is unlikely that the national HIV response will be sustained.

9. DFID has said that in countries where its “bilateral footprint is changing”, it will work with multilateral agencies such as the Global Fund to fight AIDS, Tuberculosis and Malaria. However, DFID is also pressing The Global Fund to withdraw or reduce its funding to MICs by basing its funding allocation decisions solely on a country’s economic status and level of disease burden, without taking into account the country’s ability or willingness to pay for their own responses to the three diseases. DFID should use its position on the board of the Global Fund to ensure that the Fund’s new funding model supports programmes in MICs. Furthermore, no withdrawal of funding from a MIC either by DFID or the Global Fund should take place in the absence of a robust transition mechanism to fill the remaining funding and service provision gaps.

Access to medicines and other trade polices

10. The latest targets for HIV in order to achieve the 'end of AIDS' by 2030 do not take into account the challenges of treatment access. Trade policies which the UK supports are putting an effective response at risk. The reduction in competition as a result of patents within the TRIPS agreement (an international agreement on intellectual property) have increased the price of pharmaceutical products, making them unaffordable to many of the poorest people. Certain ‘flexibilities’ within TRIPs enable countries to over-ride patents in certain circumstances. However these flexibilities are under threat from bi-lateral free trade agreements, such as the on-going EU-India and EU-Thailand Free Trade Agreements (FTA). Over 80% of people accessing ARVs in the Global South today are taking generic copies of the original drugs produced in India. The FTA threatens the production and export of generic medicines in a number of ways including: enabling companies to block the export of medicines if it claims infringement of intellectual property rights; impeding the ability of Indian courts to handle disputes; and provisions that would result in the State having to pay compensation for expropriation of property, where it has made use of legal ‘TRIPS flexibilities.’

11. Another threat comes from the Trans-Atlantic Trade and Investment Partnership (TTIP), led by The Department for Business Innovation and Skills (BIS). In addition to weakening regulation and giving even greater power to corporations across the board, the agreement is proposed to contain a much broader range of TRIPs plus terms - data exclusivity, patent term extension and others – that will affect our ability within the EU to access generic medicines, which save us around £19 billion annually. The UK should oppose TTIP unless they are successful in securing EU level commitments to withdraw these and other harmful terms from the agreement.

Health worker brain drain.

12. The world is facing a global health worker crisis. 83 countries have less than 22.8 health workers per 10,000 people. Five African countries (Sierra Leone, Tanzania, Mozambique, Angola and Liberia) have doctor emigration rates of over 50%, meaning that more than half the doctors trained in these countries have migrated to the OECD. Sierra Leone has only two doctors and Tanzania and Liberia only one for every 100,000 people.

13. Although health worker migration to the UK from outside the EU has reduced significantly in recent years, the UK continues to benefit from migrant health workers. In March 2013 27% of doctors
working in the UK had gained their PMQ outside the EEA and in 2012 13.3% of newly registered nurses were trained outside the EEA.  

14. There are also risks that the UK could once again begin to recruit significant numbers of health workers from countries with critical shortages. These risks include the UK’s historical boom and bust approach to international recruitment, shortages in registered nurses and the failure of the ban on active recruitment from crisis countries to cover the private health sector in the UK. Despite this, there appears to be little collaboration between DFID and the Department of Health on this issue.

Drugs policy

15. Investments by the FCO towards ending the drug trade are widely described as ineffective and undermine public health. Drug policy in the UK also has a profound, negative impact on the global South (including the health of people who use drugs, as well as the general population’s access to essential pain medicines such as morphine). On the other hand, the UK Government endorses a harm reduction response to drug use to prevent HIV transmission amongst people who inject drugs, which also reduces petty crime, restores family and community relations and is widely understood as cost effective and good value for money. DFID has historically been a leading funder of harm reduction programmes internationally, but this is being undermined by policy incoherence with drug control measures.

16. **DFID, FCO and the Department of Health should work together to develop responsible, evidence-based policy interventions to reduce harm and improve public health both in the UK and abroad.**

Human Rights

17. Coherence between the FCO and DFID could be improved in relation to human rights. The FCO has spoken out against 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. The UK can promote the human rights of key populations by combining DFID’s expertise in international development, capacity building of local organisations and governance issues with the human rights expertise of the FCO.

Health and poverty

18. Poverty and poor health are inextricably linked. Health is determined by a wide range of social and structural factors, yet these issues which challenge the global status quo of power and resources are sometimes overlooked in favour of a narrow focus on disease prevention. UK policies and practices both directly contribute to global poverty, as well as draining vital funds that could be used for public health.

Debt

19. Despite the cancellation of some debts, African countries still spend $21 billion on debt repayments every year. Since the global financial crisis began, lending to African governments has boomed,

---

4 Except in instances where they provide subcontracted services to the NHS.
5 For example, The UK’s reporting on the WHO Code of Practice led by the Department of Health was very limited and DFID did not have any input into this process. See also http://www.theyworkforyou.com/wrans/?id=2013-11-18a.144.0
increasing from $9.9 billion in 2006 to $23.4 billion in 2012. The full consequences of this boom will only be seen in years to come. Currently, more money is being lent to Africa than is being lost in debt repayments. But this is building up a debt bubble for the future. Several countries in Africa may soon be spending as much on debt payments as they were before some of their debts were cancelled.

20. Despite calls for all loans contracts to be made publicly available before they are signed, and to require ratification by national parliaments, many lenders refuse to disclose information. UK Export Finance refuses to disclose loans it is guaranteeing for up-to a year after they have been signed.

21. The UK government gives $1.3 billion of aid a year as loans, via contributions to multilateral institutions such as the World Bank as well as direct loans given as aid to countries to help them adapt to climate change. This includes loans to the government of Grenada, which has stopped paying some of its debts because they are already unaffordable.

22. In February 2014, the International Development Select Committee recommended that the UK government give significantly more of its aid as loans. We oppose this proposal which may further contribute to the debt crisis. DFID should stop giving aid as loans. In addition the UK should show international leadership in pushing for an end to reckless investment, greater control of capital flows, greater transparency and a fair, transparent and independent arbitration mechanism to resolve debt crises.

Illicit financial flows.

23. It is estimated that the practice of trade mispricing costs countries in the Global South US $160 billion in lost revenues every year. Boyce and Ndikumana studied capital flight from 33 African counties and found between 1970 and 2010 their total capital flight amounted to $814.2 billion. In one example, over the period capital flight from Sierra Leone amounted to 523.6 % of its 2010 GDP. This is in a country that despite a wealth of natural resources has some of the worst health indicators in the world. It ranks 183 of 187 countries on the Human Development Index, has an infant mortality rate of 117 per 1000 live births, two doctors for every 100,000 people, and is currently battling the Ebola crisis.

24. The tax haven structure is fundamental to illicit financial flows. This network not only enables commercial tax evasion (estimated to account for 60-65% of illicit flows) but its secrecy and lack of accountability facilitates other forms of illicit flows, from the proceeds of corruption, to drug trafficking, trade in arms and terrorism. A World Bank analyses of 213 cases of large-scale corruption between 1980 and 2010 and found that 70% of cases used anonymous shell companies. Companies registered in the UK and its Crown Dependencies and Overseas Territories were the second biggest offenders.

25. DFID provides resources to support countries to strengthen their national tax collection capacity, to enable greater spending on public services including health, but strengthening domestic capacity is undermined when the tax haven structure enables revenue to be channelled offshore.

26. UK polices underpin this in a number of ways. UK Crown Dependencies and Overseas Territories form the largest network of tax havens across the world. Some also consider the UK itself to

---

6 The part of the UK government which backs loans for other countries to buy British exports.
7 A form of tax evasion. Commercial tax evasion is estimated to constitute 60-65% of illicit financial flows.
8 In constant 2010 dollars.
9 ActionAid counts 10 tax havens under UK jurisdiction. ActionAid, 2013, How Tax Havens Plunder the Poor. This figure rises to 11 if the City of London is included.
constitute a tax haven.\textsuperscript{10} Whilst the UK is currently acting on beneficial ownership, so far it has only ‘encouraged’ its overseas territories to do the same. xxxiii.\textsuperscript{11}

27. DFID’s own tax practices are also wholly incongruous with its development objectives. A recent report revealed that CDC itself used tax havens for almost 50% of its aid investments.\textsuperscript{xxxiv}

28. Furthermore, the Chancellor’s 2013 changes to the Controlled Foreign Company (CFC) regulations removed the requirement for UK companies repatriating overseas profits via tax havens to pay the difference between the UK rate and the tax haven rate. Therefore, a UK based company with subsidiaries in the South can shift money out of these countries via tax havens and pay no extra tax when its profits return to the UK. ActionAid estimated this would cost countries in the Global South an extra $4 billion per year.\textsuperscript{xxxv} The UK must address this inconsistency through ensuring the UK Crown Dependencies and Overseas Territories force companies to publicly register true ownership of trusts and shell companies.

The underlying mechanisms needed to support any changes

29. According to the NGO CONCORD, three elements are key to establishing a PCD strategy: high level political commitment; mechanisms for coordination; and monitoring and assessment. At the EU level and in other member states, mechanisms that have the potential to improve coherence have often failed. Reasons include lack of political will, resources, limited staff expertise and seniority, and an absence of clear indicators to monitor progress.\textsuperscript{xxxvi} These issues will need to be addressed in any UK strategy.

30. It is also essential that any mechanism(s) to improve policy coherence include ex-ante and ex-post assessments; independent monitoring; and input from civil society- in particular by people in the Global South affected by UK polices.

31. A report by IPPR for World Vision in 2010 suggested that a number of mechanisms for policy coherence across HMG already exist, however are impeded by a lack of political will and accountability.\textsuperscript{xxxvii} Whilst the most effective mechanisms to support coherence will most likely need to be explored in depth with government officials, we suggest the IDC may wish to consider some of the following as ways in which policy coherence for development across HMG could potentially be improved.

Political will

32. The Cabinet Office could be given a particular remit for global poverty and addressing issues of coherence across polices. It could be mandated to oversee a cross departmental international development strategy for the whole of government, including clear indictors to monitor progress, with public reporting by all government departments. UK NGOs as well as civil society in the Global South should have input into this process\textsuperscript{12}, including consultation on the monitoring process.

\textsuperscript{11} Whilst the relationship between the UK and its overseas territories is complex, the UK has in the past intervened and even imposed direct rule in its overseas territories. For example, to outlaw the death penalty (1991) decriminalise homosexual acts (2000) and impose three years of direct rule on the Turks and Caicos Islands (2009). See The Guardian, 7 November 2013, Britain rules the world of tax havens, Queen is warned http://www.theguardian.com/business/2013/nov/07/britain-tax-havens-queen-secrecy-justice-network
\textsuperscript{12} For example through working groups co-chaired by NGOs, as in Sweden
33. An annual Ministerial Statement by the Secretaries of State for all relevant departments setting out any upcoming legislation that will have implications for the Global South and how they will address this.

Mechanisms

34. The FCO and DFID Country Offices could play an important role in consulting with civil society in the Global South, in both ex-ante assessment and in terms of monitoring and accountability.

35. The UK could develop strategies for individual countries that include input from FCO, DFID, DEFRA, BIS and DoH. The FCO and DFID Country Offices could be required to conduct public consultation with civil society. The strategies should include clear indicators to measure progress against which they are required to report.

36. Whilst DFID is required to report on coherence for development across government policies\textsuperscript{xxxviii}, its own remit of ‘development assistance’ established in the 2002 Act is very narrow. The IDC could consider whether in the long-term, the legal remit of DFID could be amended to expand its aim beyond development assistance and give it a specific requirement to address the underlying causes of global poverty across HMG polices.

37. DFID, a Select Committee, The Independent Commission for Aid Impact (ICAI) or another independent body could provide an impact assessment or audit, perhaps similar to that currently undertaken at EU level, of any policy proposed by other departments that will have an impact in the Global South.

38. HMG should implement Global Health Impact Assessments of its domestic and foreign policies as outlined in the cross-government strategy, \textit{Health is Global}.\textsuperscript{xxix}

39. There is a need to ensure that cross-departmental working becomes part of the culture of HMG. Measures to do so may include its clear incorporation within the job descriptions of civil servants.

Monitoring and accountability

40. The IDC remit to monitor the policy, administration and spending of the Department for International Development is too narrow. One option to strengthen monitoring could be a Committee with a broader remit to scrutinise the impact of all UK polices on global poverty. The remit could extend to the scrutiny of all new legislation to assess its impact on international development, similar to the role currently undertaken by the Joint Committee on Human Rights. This could be through collaboration between committees\textsuperscript{13}; the creation of a new Committee; or expanding the remit of the IDC. Direction to establish such a Committee should be given at Ministerial level.

41. The mandate of The Independent Commission for Aid Impact (ICAI) could be extended to act as a watchdog for the range of government policies on development, reporting specifically on inconsistencies.

42. The IDC could consider the establishment of a complaints or recourse mechanism for people in the Global South who are negatively affected by UK polices.

\textsuperscript{13} The Committees on Arms Export controls provides a precedent for such joint working
43. The UK parliament could appoint an independent expert to assess the impact of its policies on the South, with a remit similar to the Standing Rapporteur on PCD appointed by the European Parliament.

Conclusion

44. The need for a clear and unambiguous direction from a government department and Cabinet minister which ensures that development is not a fig leaf for extending UK commercial interests will remain essential. However, it is clear that tackling global poverty requires much more than aid, and focusing poverty reduction efforts within the limits of DFID – whilst failing to tackle the broader structural drivers of poverty - is insufficient and ineffective. There must be clear and unambiguous acknowledgment that a range of UK polices impact on poverty overseas and that this paradox requires coordinated action across all government departments. This inquiry provides an important opportunity to bring this to light and an impetus to address this issue across HMG.

This submission has been endorsed by the following organisations:

---

1 CONCORD, 2013, Spotlight on Policy Coherence for Development
http://www.concordeurope.org/publications/item/259-spotlight-on-eu-policy-coherence-for-development


5 International HIV/AIDS Alliance, "Fulfilling the promise to ‘make AIDS history’: Why the UK Government should continue to support the HIV response in middle-income countries," August 2014.

6 WHO and Global Health Workforce Alliance 2013, A Universal Truth: No Health Without a Workforce.


9 ibid

xv Royal College or Nursing, 2013, *Running the Red Light*  

http://eprints.lse.ac.uk/56706/1/Ending_the%20_drug_wars.pdf


http://issuu.com/gcdp/docs/gcdp_hiv-aids_2012_reference/1?e=0


xxi UNAIDS *Harm reduction works* (2014). Available at  

http://www.ihra.net/files/2014/07/20/Funding_report_%C6%92_WEB_%282%29.pdf


xxvi World Bank. World Development Indicators database


xxix UNDP Human Development Indicators, 2014, Sierra Leone,  

xxx WHO Country Health Profiles 2012, Sierra Leone http://www.who.int/gho/countries/sle.pdf?ua=1, Liberia http://www.who.int/gho/countries/lbr.pdf?ua=1 and Tanzania  
http://www.who.int/gho/countries/tza.pdf?ua=1 (accessed 03/07/14)


http://www.nytimes.com/2012/05/06/opinion/sunday/these-islands-arent-just-a-shelter-from-taxes.html?_r=0 (accessed 13 June 2014)


xxxiv Prime Minister’s letter to the Overseas Territories on beneficial ownership, 25 April 2014  

xxxv The Guardian, 14 August 2013, CDC used tax havens for almost 50% of aid investments, data reveals  

xxxvi ibid
CONCORD, 2013, *Spotlight on Policy Coherence for Development*

IPPR, 2010, *Policy Coherence and the Future of the UK’s International Development Agenda*

International Development (Reporting and Transparency) Act 2006