Making UK aid work: why scrutiny is key – and how to achieve it

9/6/2016

*The effectiveness of UK aid spending is reliant on the government's ability to exercise meaningful oversight over spending decisions. This oversight is currently lacking, explain **Ambreena Manji** and **Daniel Cullen**, putting the effectiveness of aid spending at risk.*

We are currently witnessing significant changes to the UK aid landscape. By 2020, it is expected that more than a quarter of the UK's aid budget will be spent by government departments other than the Department for International Development. At the same time, there has been a large increase in public spending on aid following a recent change in law, through which the UK committed itself to spending 0.7 per cent of Gross National Income on Official Development Assistance (ODA). Such spending is forecast to rise from a record high of £12.2 billion in 2015 to £15.8 billion in 2020.

The 'known unknowns' of UK aid

These changes raise a number of questions about the future governance of UK aid, both because the existing legal framework governing it is outmoded and inadequate, and because parliamentary scrutiny of aid as an element of public spending will have to adapt to these new realities. The decision to leave the EU and the resulting cabinet reshuffle has also increased uncertainty, and has created a number of 'known unknowns' in relation to the future of UK aid commitments.

DFID

The first of these is the intentions of Theresa May's government in relation to the Department for International Development (DfID). The appointment of Priti Patel as the Department's Secretary of State caused concern among some in the development sector. She has in the past spoken of abolishing DfID and replacing it with a trade body. Further disquiet was caused when Robert Oxley, who was a vocal critic of the UK's aid target law at the Taxpayers' Alliance, was appointed Patel's special adviser.

The second, related, uncertainty is the likely relationship between aid and trade, a question recently raised by Patel when she proposed that aid could be used 'to leverage existing [aid] relationships to strike trade deals' as the UK leaves the EU. Patel has described developing countries as 'our trading partners of the future'. This proposal will be closely followed. It has already met with concern. *Global Justice Now* have raised the possibility of making a legal challenge to the use of aid money to promote UK trade deals.

The third concern is the future of the ODA Target Act. When, in 2015, the UK became the first OECD country to enshrine a commitment to aid spending, supporters of UK aid argued that this sent an important message to the world about the UK's determination to play a key role in international development. In the past, both May and Patel have been critical of an aid target, although on becoming Prime Minister, May confirmed that the aid target would be retained. Nonetheless, some still doubt the new government's willingness to 'sell' aid the UK's commitments to its critics.

The fourth uncertainty is the possibility of post-Brexit economic instability, and the effect this would have on public spending – including on aid. The assumption that aid spending would increase in the future as GNI increased is now in doubt following the referendum result. A recession would mean that projections that aid spending will rise to £15.8 billion by 2020 may have to be revised downwards.

Added to this is the uncertainty stemming from the prospect of Brexit itself. EU development contributions currently account for around 10 per cent of ODA spending . Prior to the referendum, the executive director of the Overseas Development Institute wrote that 'if Britain wants to leverage the assets of the EU development club it needs to retain club membership'. Brexit has created uncertainty for UK NGOs who have previously relied on funding from EU institutions.

The fifth consideration is the changing role of the Treasury. It has been argued that as Chancellor of the Exchequer George Osborne, like Gordon Brown, pursued an approach of active intervention in the affairs of other government departments. When the new UK Aid Strategy was published in November 2015, it was released as a joint Treasury-DFID document – with the Treasury appearing to have played a leading role in its development. The Treasury allocated the aid budget across Whitehall in the 2016 funding settlement, including to non-DfID departments such as the then Department for Business, Innovation and Skills (now BEIS) and to the Foreign and Commonwealth Office. It is not yet known how the new Chancellor, Philip Hammond, will handle aid policy and spending.

The changing political landscape

This political uncertainty is matched by the rapidly changing nature of aid itself, with the most important change being the rise of non-DfID aid. In recent years, departments not traditionally associated with disbursing ODA have found themselves in charge of substantial aid funds. In addition, the creation of cross-government funds has added to the complexity of the UK's ODA. This includes the creation of 'cross government aid instruments' such as the Global Challenges Research Fund and the Ross Fund for medical research.

In a recent report to the International Development Committee, the Independent Commission for Aid Impact (ICAI) – which scrutinizes ODA – noted that rapid changes in aid spending mean that it is critical that 'scrutiny arrangements keep pace to hold government to account'. It acknowledged that the accountability arrangements that will govern non-DfID funds are as yet unclear, and that these require urgent attention.

There are considerable risks for effectiveness and value for money as non-DfID aid grows. DfID itself has recently faced questions about the effectiveness of its spending. In 2015, in preparation for the new aid target, the National Audit office warned that DfID needed to guard against 'pushing money out the door'. If a government department whose sole purpose is to disburse aid might sometimes have struggled to do so strategically and with sufficient planning, this clearly raises difficult issues for non-traditional ODA departments.

As the UK's ODA spending becomes increasingly complex, questions of governance and accountability will need to be addressed. Two matters require immediate attention.

Firstly, what is the role of the House of Commons International Development Committee (IDC) created to monitor DfID? What is the IDC's mandate now that a range of departments are disbursing aid? There is currently ' no simple line of parliamentary accountability for the aid strategy' and at present no agreed way for all departments to report on their aid spending. The IDC argues that it must have an overview of *all* ODA spending, not just that spent by DFID, although it struggled to maintain this position in the face of Osborne's wide-ranging Treasury policymaking.

Secondly, what is the role of the ICAI as the delivery and architecture of aid changes? The ICAI's Framework Agreement was drawn up to govern the relationship between the ICAI and DfID at a time when DfID was the main aid dispensing department. The agreement is widely drawn – the ICAI is responsible for scrutiny no matter which Department is doing the spending. This requires the ICAI to have oversight of all ODA. This should assist the ICAI in making a strong case for its own continuing relevance and mandate.

Amid political uncertainty and in a rapidly changing aid landscape, scrutiny of aid has become more important than ever. The IDC and ICAI, along with others, have until now been key to scrutiny and accountability. Their roles must now be clarified to ensure this continues. Failure to do so risks aid spending becoming ineffective and wasteful, or worse.

About the Authors

Ambreena Manji is Professor of Land Law and Development at Cardiff Law School. In July 2016, she published a paper on the UK's Aid Target Law in the *Modern Law Review*. She tweets from @AmbreenaManji.

Daniel Cullen is a Geneva-based researcher working in human rights. He is a former graduate attaché of the British Institute in Eastern Africa (BIEA), Nairobi. He tweets from @DanJCullen.

Image credit: **DFID CC BY**