

# International Development Strategy: Call for Evidence form

## Call for Evidence questions

*You should read the full call for evidence and review the guidance for respondents (above in this document) before completing your response.*

### **1. How might progress on international development to 2030 be impacted by the trends identified in the Integrated Review? How should the UK respond?**

The Integrated Review correctly identifies climate change as a transnational threat, increasing the likelihood of climate-related weather events, food and water insecurity, while disproportionately impacting vulnerable communities in the global south. This will have a detrimental impact on international development by reversing the gains lower income countries have made on addressing poverty and inequality.

The UK Government has made a commitment to support lower income countries in responding to the effects of climate change through International Climate Finance (ICF)<sup>i</sup>, and announced increased funding for ICF over the next five years to £11.6 billion. However, the ability to meet this commitment has been thrown into question, given the reduction in ODA spending to 0.5% of GNI. Reduction in support for climate adaptation is proving counterproductive. Agricultural communities end up depending on international food aid instead of being supported to grow their own crops and become resilient to climate change impacts.

For example, South Sudan is vulnerable to climate extremes and prone to drought and flooding, which poses a threat to communities practicing agriculture. CAFOD has been supporting local partners in South Sudan to mitigate the risk of climate extremes by introducing climate resilient, sustainable farming practices that are adaptable to climatic variances.

Support through UK Aid Match (UKAM) was going to deepen this work and expand it to more communities, however UKAM II Round 4 Applications have received notification that there will be a delay in signing of contracts until April 2022. This has delayed project start dates and funding until April 2022, meaning as things stand, farmers will miss the critical farming season which starts in May 2022 for them to be able to acquire seeds to produce their own food.

In this case, UKAM funds would have supported thousands of people, farmers and their families, who have already lost their food productive capacity to floods and conflict, to acquire seeds and tools to rebuild their lives and produce their own food. It was expected that farmers could engage in climate resilient, agroecological farming practices from May 2022. Instead, they may be unable to harvest anything in 2022 and will have to rely on food relief assistance, which is already overstretched. Many areas of South Sudan are facing crisis and above levels of food insecurity, with some areas being projected to face “famine likely” conditions<sup>ii</sup> – delays to UKAM funding means delays to interventions to support communities facing such critical challenges.

As hosts of COP26, the UK Government needs to show how its climate finance is responding to the urgency of tackling climate change and responding to climate vulnerable people and communities.

- **Recommendation 1:** The UK Government must ensure that aid committed through ICF is prioritised at the start of the 2021-26 spending commitment to respond to the urgency of supporting climate vulnerable communities respond to the reality they already face, to develop resilience for the future and tackle climate change.
- **Recommendation 2:** The Government must not jeopardise the work of existing programmes to meet the additional commitments it has made to financing climate mitigation and adaptation programmes. As outlined in recommendation 5 below, this can be done by the UK Government using the boost to its reserves from Special Drawing Rights received in August 2021 to make grants to tackle climate change via global initiatives such as the UN’s Green Climate Fund.

## **2. What could success in 2030 look like in terms of meeting the needs of the poorest and most marginalised and increasing opportunities for countries to become self-sustaining?**

Overcoming the pandemic and its economic consequences is the priority for countries in the global south to become more self-sustaining. This would allow countries to pursue initiatives to meet the needs of the poorest and most marginalised communities, and therefore contribute to the Sustainable Development Goals.

Domestic resource mobilisation has been difficult as successive lockdowns and disruption to trade activity has reduced national government revenue. Countries have often had to prioritise making debt payments to private creditors rather than increasing vaccine coverage and strengthening health systems. This is evident in Ghana, where 39.1% of its government revenue is spent on debt servicing, 10.8% is spent on healthcare.<sup>iii</sup> Therefore, the cancellation of debt payments and re-structuring of total debt is key as it allows countries the fiscal space to recover more quickly from the pandemic.

The IMF reported that bringing the pandemic to a faster end could “inject the equivalent of \$9 trillion into the global economy by 2025 due to a faster resumption of economic activity”.<sup>iv</sup> However, until populations in the global south are vaccinated it will be impossible for economies to start recovering. The debt crisis also reduces the fiscal space for developing countries to invest in adaptation and mitigation initiatives during a climate crisis, which further impacts vulnerable communities. Therefore, debt relief will be critical to the UK’s objectives in the Integrated Review as a wave of economic and political stability, underpinned by the increasing number of developing countries in debt distress, is likely to damage trade and investment.

The UK is in a unique position to facilitate debt relief as a G20 member and a key jurisdiction governing sovereign debt. An estimated 90% of bonds from the world’s poorest 77 countries are governed under English law meaning the UK Government could enable swifter debt restructurings.<sup>v</sup> However, many private creditors are avoiding participating in debt restructurings<sup>vi</sup>. One recommendation which is actively considered by the IMF<sup>vii</sup> is to tighten up national legislation on private creditors, ensuring they cannot scupper a debt restructuring process which delays economic recovery and hurts creditors who have already agreed to restructure.

The UK also pushed for the creation of Special Drawing Rights (SDRs) in early 2021, which would enable IMF member countries to access new funds during a time of crisis. The Chancellor has

committed to exploring how the Government could use their SDRs to support low-income countries. To fulfil its commitment, CAFOD has explored the options available to the Government to use the \$27 billion SDR boost to its national reserves to enable grant donations to COVAX and the UN's Green Climate Fund.<sup>viii</sup> For developing countries to address the social and economic impacts of COVID-19 and the climate crisis, contributions must be primarily in the form of grants, not loans, to avoid further exacerbating the debt crisis many countries are experiencing.

To increase the ability of developing countries to become more self-sustaining and to have the fiscal space to meet the needs of the poorest and marginalised, CAFOD recommends:

- **Recommendation 3:** The UK Government should pass new legislation that prevents developing countries from being sued in the UK by private creditors, as it did in 2010.<sup>ix</sup>
- **Recommendation 4:** The UK Government should pass new legislation to force private creditors to participate in debt relief and restructuring, where such restructuring is requested.
- **Recommendation 5:** The UK Government must utilise the boost to its reserves from Special Drawing Rights to make large grant contributions to tackle Covid and climate via global initiatives such as COVAX and the UN's Green Climate Fund.

### **3. How and where can wider UK government international policy and activity best support long term international development outcomes?**

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### **4. How and where can Government work on development best support the UK's wider strategic objectives set out in the Integrated Review?**

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### **5. In what area of international development does the UK have comparative advantage, particular interests, or is best placed to deliver?**

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### **6. How should the UK's approach evolve to build partnerships with new actors and strengthen existing ones?**

Most people in the global south engage in some form of religious and faith-based practice on a regular basis. This places faith and religion in the centre of a country's development, with religious institutions being trusted by the majority.<sup>x</sup> CAFOD research shows that the church in local communities has a competitive advantage as mediators and peace-brokers, such as in Myanmar, leading in humanitarian responses by changing social norms, such as during the Ebola outbreaks in the Democratic Republic of the Congo (DRC), and overcoming social stigmas and taboos, such as tackling child marriage in Malawi or challenging human trafficking in Mozambique.<sup>xi</sup>

Often, the church and faith actors have an impact in areas that other organisations cannot reach. During the Ebola crisis in the DRC, there was poor vaccine uptake in the population and a general feeling of distrust towards the international response teams who locals perceived to be ignoring local customs, such as burial practises. Only after the UN, government and other international actors struggled to engage the population effectively, did they call on the Church and other faith groups to help and progress was made. The church and other faith leaders were critical to help stem the spread of Ebola as they led by example in getting vaccinated and by teaching how the newly required safer burial practices were compatible with religious traditions and beliefs.<sup>xii</sup>

This case study also highlights why the church and other local actors must be seen as both a strategic and implementation partner. Local church and faith leaders are authoritative figures in communities, aware of the local context, religious beliefs and behaviours that could support or hinder any intervention. Taking the DRC as an example, more than 90% of the population belong to faith groups which explains the reach the local church had in communicating health messages to the people. Therefore, the FCDO and other government departments must establish a cross-departmental strategic approach to working with faith actors. Meaningful partnerships must be formed with faith groups across Whitehall and faith advisory councils should be established as they can be consulted on appropriate approaches, using their knowledge of the local context.

However, not enough is being done to understand, engage with and prioritise faith-based and other global south NGOs in UK diplomacy, development and humanitarian work. Recent years have seen welcome, but modest, steps by FCDO on both localisation and addressing faith. For example, new FCDO Humanitarian Funding Guidelines for NGOs outline important requirements to incentivise localisation (on providing overheads and tracking funding to local partners), but they are not yet being applied by Embassies and there are no such requirements in UK funding to UN agencies. Even though UK Aid Direct Impact Grants are open to global south NGOs, 2020 figures show that only 2 out of 21 successful applicants in Round 2 were based outside the UK.<sup>xiii</sup> The UK Government's current processes for accessing its international funding are inconsistent and costly, which are off-putting for most national and local actors, made worse by differing requirements from different departments.

A positive move has been towards increased FCDO funding and decision-making at country level, but this has not yet led to a more contextualised approach to understanding and engaging with local actors, including faith groups. Local actors have struggled to engage due to the lack of clarity on processes and have remained trapped as sub-contractors to international agencies as opposed to leading engagement and implementation. On wider engagement, the UK Government already supports country-level funding and partnership mechanisms taking steps towards leadership by local actors and support for local-to-local capacity-strengthening (for example the Start Network country hubs, LIFT Fund and HARP-F in Myanmar) and we encourage the further roll out of these mechanisms.

To strengthen partnerships with faith-based and other local actors in the global south, CAFOD recommends:

- **Recommendation 6:** The UK Government must establish a cross-departmental strategic approach to engaging with the church and other faith groups. This should include the creation of a faith advisory council in the UK and at country level, which can seek overall strategic input, as well as systematic, regular input on issues where faith groups often have

significant contextualised experience, such as peacebuilding, governance, humanitarian response and influencing social norms.

- **Recommendation 7:** The UK Government should streamline its multiple and differing funding pipelines into one system thereby increasing transparency and accessibility. It would also create equal direct and indirect access to local actors, cutting down onerous requirements, using a more proportional approach to compliance and due diligence (including through developing a ‘due diligence passporting’ system with other donors), adopting consistent usage and approach to non-project attributable costs (linking in with other donors), and promoting long term multi-year programming and flexible core funding.
- **Recommendation 8:** The UK Government should scale-up support to country-level funding mechanisms and platforms for partnership that model a transformative approach to leadership by local actors. Across resilience, anticipatory action and other UK priorities, locally led capacity-strengthening and leadership by local civil society and community networks are key; and the UK’s funding models should enable these.
- **Recommendation 9:** The UK Government should hold international ‘intermediaries’ – UN, international NGOs, and the private sector – accountable for meaningful partnerships and local leadership. For example, the localisation requirements in FCDO’s NGO Humanitarian Funding Guidelines should be implemented by Embassies and extended to all UK funding streams, and to UN and private sector partners as well as international NGOs. Beyond such basic measures, FCDO should also establish more requirements and metrics to incentivise involving local actors, including faith groups, as equal partners and leaders across the design, implementation and governance of programmes and consortia; and to adopting a partnership-based approach to risk management.

### ***Optional Bibliography***

In endnotes below

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<sup>i</sup> UK Government, 2018. Guidance on International Climate Finance.

<https://www.gov.uk/guidance/international-climate-finance#history>

<sup>ii</sup> Integrated Food Security Phase Classification, 2020. South Sudan: IPC Results October 2020 – July 2021. <http://www.ipcinfo.org/ipcinfo-website/alerts-archive/issue-31/en/>

<sup>iii</sup> Jubilee Debt Campaign, 2020. G20 must cancel debt to stop coronavirus “third wave” devastating developing countries. [https://jubileedebt.org.uk/wp-content/uploads/2020/04/Media-briefing\\_14.04.20.pdf](https://jubileedebt.org.uk/wp-content/uploads/2020/04/Media-briefing_14.04.20.pdf)

<sup>iv</sup> IMF, 2021. A Proposal to End the COVID-19 Pandemic. <https://blogs.imf.org/2021/05/21/a-proposal-to-end-the-covid-19-pandemic/>

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<sup>v</sup>CAFOD, Christian Aid, Oxfam, Jubilee Debt Campaign and Global Justice Now, 2020. Under the radar: Private sector debt and coronavirus in developing countries.

<https://cafod.org.uk/content/download/53625/750153/version/1/file/Under%20the%20Radar.pdf>

<sup>vi</sup> Jose Antonio Ocampo, 2021. The New-Old Sovereign-Debt Challenge. <https://www.project-syndicate.org/commentary/developing-countries-sovereign-debt-distress-two-responses-by-jose-antonio-ocampo-2021-08>

<sup>vii</sup> IMF, 2020. Current Sovereign Debt Challenges and Priorities in the Period Ahead.

<https://www.imf.org/en/News/Articles/2020/11/16/vc111620-current-sovereign-debt-challenges-and-priorities-in-the-period-ahead>

<sup>viii</sup> CAFOD, 2021. Using the United Kingdom's SDRs to tackle Covid-19 and climate change.

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<sup>ix</sup> Debt Relief (Developing Countries) Act, 2010.

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<sup>x</sup> World Bank, 2000. Voices of the poor.

<https://documents1.worldbank.org/curated/en/131441468779067441/pdf/multi0page.pdf>

<sup>xi</sup> CAFOD, 2021. The distinctive role of the Catholic Church in development and humanitarian response.

<https://cafod.org.uk/content/download/55112/763191/version/2/file/The%20distinctive%20role%20of%20the%20Catholic%20Church%20in%20development%20and%20humanitarian%20response%20-%20full%20report.pdf>

<sup>xii</sup> Bernard Balibuno, Emanuel Mbuna Badjonga and Howard Mollett, ODI Humanitarian Exchange, 2020. Lessons not learnt? Faith leaders and faith-based organisations in the DRC Ebola response.

<https://odihpn.org/magazine/lessons-not-learnt-faith-leaders-and-faith-based-organisations-in-the-drc-ebola-response/>

<sup>xiii</sup> FCDO, 2019. Annual Review of UK Aid Direct.

[https://iati.fcdo.gov.uk/iati\\_documents/51543143.odt](https://iati.fcdo.gov.uk/iati_documents/51543143.odt)