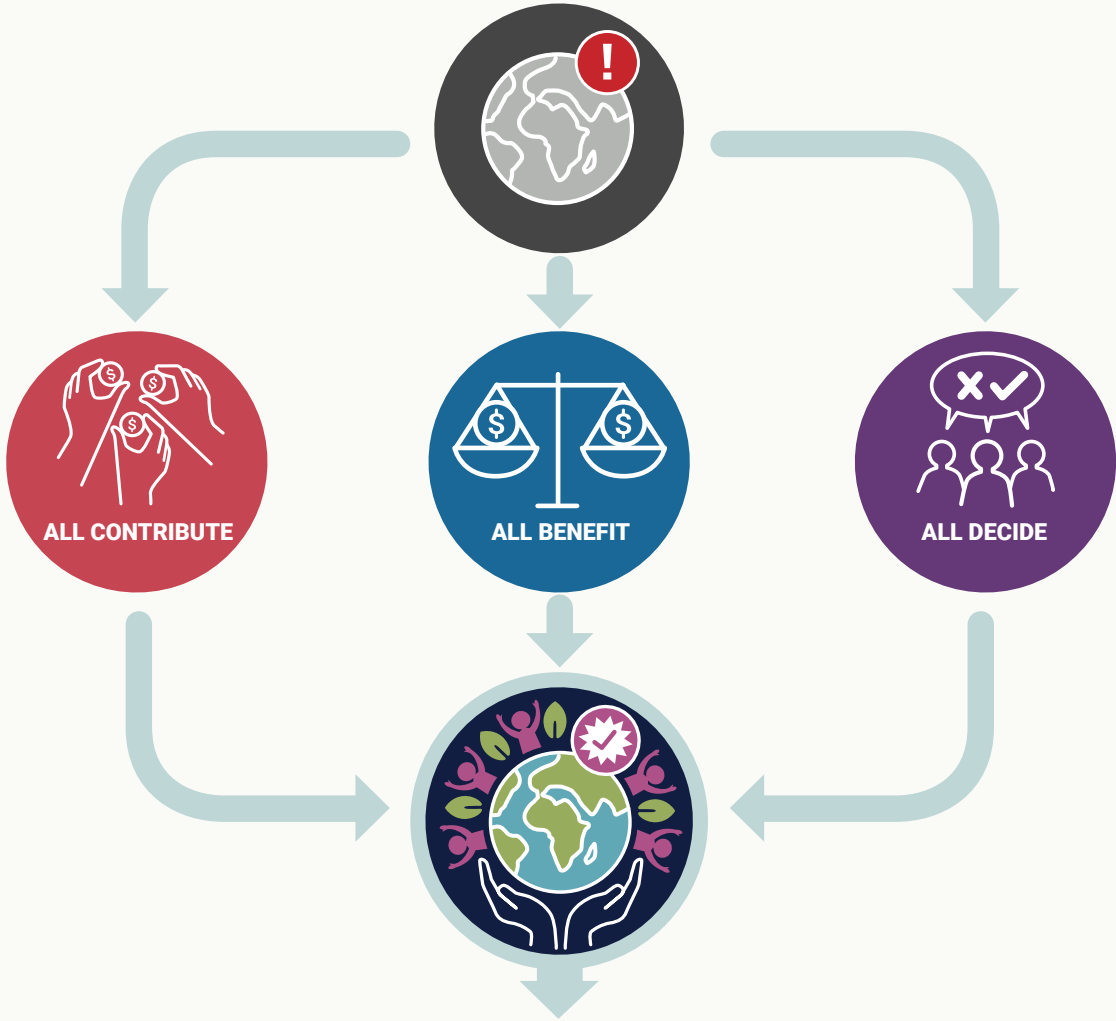


# Re-imagining UK Aid Through Global Public Investment

Briefing Paper

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Equal



*“The threat of pandemics to our collective security warrants a new and more sustainable global financing approach, beyond traditional aid, to invest in global public goods from which all nations benefit.”<sup>1</sup>*

*High Level Independent Panel on Financing the Global Commons for Pandemic Preparedness and Response*

*“From health epidemics to the displacement of people through conflict and climate-related disasters, these interconnected global challenges serve as a reminder that problems in one part of the world often have direct and indirect impacts in the UK. Now is our chance to help tackle the systemic issues that have left countries ill-equipped to withstand a global health emergency and are preventing progress towards the SDGs. This requires the UK government to set out a bold, ambitious and deliverable IDS.”<sup>2</sup>*

BOND

## KEY MESSAGES & RECOMMENDATIONS

The global response to COVID-19, the recovery efforts, and UK leadership on the climate crisis provide unique opportunities for the UK Government to drive global reform and secure tangible commitments from other nations.

The forthcoming UN Climate Change Conference – COP26 – should serve as a springboard for a global and common agreement on tackling climate change that includes significant public investment in green technology and infrastructure that can be shared in an equitable way among all countries.

1. The UK Government’s new International Development Strategy is an opportunity to re-imagine aid, building on the strengths of the Foreign Commonwealth and Development Office (FCDO), combining soft power, international development credibility and technical expertise. The Strategy provides an opening to set out a new agenda to address collective challenges as one world – through collaborative and fair partnerships, and could be underpinned by the principles of **Global Public Investment (GPI)**: a) universal contributions; b) ongoing commitments; c) co-responsibility; d) co-creation.
2. The UK could consider hosting a cross-agency meeting to bring together engaged governments from the North and South to explore opportunities to pilot the GPI principles for climate finance.

## Equal International

Equal International is a leading inclusive development consultancy focused on addressing the needs of marginalised communities through research, strategy and programme support. Over the past five years, Equal International has facilitated thought leadership on the future of international development assistance. Taking a co-creation approach, we support engagement with and between civil society, government ministries, UN agencies, community groups and the corporate sector. We have partnered with Wilton Park on a series of meetings that have explored the future of Overseas Development Assistance. Equal International helped to convene and acts as Secretariat to an Expert Working Group on Global Public Investment and is currently overseeing the global consultation on the Report on Progress of the GPI Expert Working Group. We are committed to promoting and helping to facilitate the ongoing co-creation of a Global Public Investment approach to financing the major global challenges such as health, climate and inequality.

For more information on Equal International please visit <https://www.equalinternational.org>

# Introduction

The United Kingdom is at a crossroads. A combination of internal and external factors over the past 18 months have radically changed the role, vision and priorities of the Government.

## Internally:

- In September 2020, the merger of the Department for International Development (DFID) and Foreign and Commonwealth Office brought together diplomacy and development, but raised concerns over its implications for DFID's long-standing international leadership, its prioritisation of the world's poorest, and its world-leading technical expertise.
- In March 2021, the Integrated Review included Government pledges to remain a world-leading international development donor that is committed to leaving no one behind. Yet, the recent and drastic budget cuts on some of the most vital UK aid programmes and the reduction of the 0.7% Gross National Income to 0.5% has led to numerous programme closures. These include closures in key areas, such as in health and humanitarian work, affecting maternal, newborn and child health, family planning, education, peace-building and water, sanitation and hygiene projects in the world's poorest and most fragile countries. In June 2021, Devex reported that the UK has ended direct bilateral aid to more than 100 countries and territories.<sup>3</sup>

## Externally:

- COVID-19 has brought the world to a standstill and has unearthed a broken funding system that lacks global cooperation and resilience, and which continues to fail the poorest and most vulnerable.
  - High-income countries have reserved more than half of the world's COVID-19 vaccine doses despite representing just 14% of the world's population. They have received enough doses to vaccinate their populations four times over.
  - More than 80% of the doses have gone to people in high-income and upper-middle-income countries.
  - Only 1.1% of people in low-income countries have received at least one dose.<sup>4</sup> Vaccines are only expected to reach low-income countries in 2023, despite dose-sharing pledges.<sup>5</sup>
  - Some populations, who are at high risk of infection, such as forcibly displaced people, are left behind.<sup>6</sup>
- The UK has been an important player in the global response to COVID-19; it contributed £548 million to the COVAX Advanced Market Commitment. However, the UK's action on vaccine dose-sharing remains insufficient. Despite its commitment to disburse 100 million doses in 2021, it is only expected to disburse 30 million doses.

Following worldwide criticisms of its aid cuts, all eyes are on how the UK Government will translate its vision of 'Global Britain' through its new IDS, and how it will re-position itself within the international development arena. Against this background, the new IDS provides a unique opportunity for the UK to stand out as a re-energised global influencer and the driver of a re-imagined and fit-for-purpose global public financing system.

## A window of opportunity to fix a broken and outdated system

COVID-19 has been a catalyst for world leaders to reflect and commit to addressing the shortfalls of a systemic lack of global cooperation and resilience “through stronger international institutions to act on the most pressing shared challenges.”<sup>7</sup> However, so far the ambition falls short of what is required to address common global problems, not only future pandemics, but also ever-pressing global crises, including climate change. Furthermore, discussions tend to be driven by the ‘usual suspects’ (i.e. G7) and do not include countries like India, Indonesia, Brazil, Mexico and Nigeria – let alone smaller countries – that are critical actors in climate mitigation and pandemic prevention.

The most concrete proposals to date envisage a ‘Pandemic Treaty’ that would address gaps in the global governance for global health security and increase financing for pandemic preparedness. Whilst the current pandemic has highlighted how badly prepared the global community is to prevent and mitigate the impacts of a global health crisis – in particular the consequences of a chronic lack of investment in health systems strengthening – it has also put the spotlight on the need to rethink our global financing system, which is fragmented, unfair, and built around an old paradigm that does not account for how the world has changed.

The truism that ‘nobody is safe until everyone is safe’ means focusing on the provision of global goods and services to serve the needs of all people, all over the world.

One of FCDO’s priorities is “to shape the international order and ensure the UK is a force for good in the world by: supporting sustainable development and humanitarian needs; promoting human rights and democracy; and establishing common international standards”. Only by re-thinking global public finance will the UK be able to be that “force for good” that can deliver an agenda for a healthier, fairer, and more sustainable world.

## Using Global Public Investment principles for the new international development strategy

Global Public Investment is a new approach to international cooperation for the 21st Century. It has the potential to bring more and better money, and to build an unprecedented global cooperation system that offers a more effective and equitable way of structuring how we prioritise international public needs. The fact is: Official Development Assistance is wholly inadequate and ill-adapted, including in terms of scale, inclusiveness, and political influence, to meet the massive costs of addressing climate change, pandemic risks and growing inequality.

The G20 High Level Independent Panel on Financing the Global Commons for Pandemic Preparedness and Response estimates that governments must collectively commit to increasing international financing for pandemic prevention and preparedness to a minimum of US\$15 billion per year over the next 5 years, followed by sustained investments in subsequent years to meet the costs of global public goods, services and commons that are at the core of effective pandemic prevention and preparedness. Not only is this estimate based on conservative assumptions, it also excludes other<sup>8</sup> critical investments. Without a drastic shift in global funding governance, we will not be able to prevent avoidable future catastrophes.

By broadening the actors' base and diversifying decision-making structures, GPI makes it less likely we will hold back from acting on the next crisis until it is too late. GPI will not solve everything, but it would provide an ambitious set of principles for addressing a wide range of issues. Many reform proposals are floating around at present, such as surge funding for climate change, pandemic response financing, global social protection funds and more. Many of these could come under the banner of GPI as a broad narrative for a paradigm shift in how we finance international public needs more generally. This approach is very much in line with the UK Government's long-term approach to 2030 and its 2025 Strategic Framework.

## The Four Pillars of Global Public Investment



### 1. Universal Contributions

Global Public Investment moves us beyond the current international order of 'donor' and 'recipient' countries. **Global Public Investment means all countries contribute according to their ability, and all countries receive according to their needs.**



### 2. Ongoing Commitments

Global Public Investment moves us away from the assumption that countries 'graduate' after achieving a relatively low level of income per capita and thereafter should receive no further concessional international finance. It is more akin to a global micro-tax for essential items. **Global Public Investment means an ongoing commitment to investing in public returns.**



### 3. Co-Responsibility

To ensure (1) and (2), GPI moves us away from the entrenched – and for poor countries – unjust power relations, and the often-unwanted burden of responsibility for rich countries. **Global Public Investment means a more democratic and accountable approach to the way that international public finance is governed.**



### 4. Co-Creation

Global Public Investment moves us beyond a fixed and ready-made financing process to a more organic and dynamic process where rich and poor countries co-design, consult and co-produce impactful solutions relevant to their needs. locally as well as globally. **Global Public Investment truly means that all contribute, all benefit and all have a say.**

**These four pillars – the 'Four Cs': universal contributions, ongoing commitments, co-responsibility and co-creation – offer a blueprint for international public finance in the twenty-first century.**

# Resetting the UK's global reputation

GPI provides the UK with an opportunity to re-affirm its global reputation, in particular through driving fair global partnerships to tackle current and future common challenges. The new International Development Strategy should use GPI principles to capitalise on key global moments, such as COP26, to demonstrate leadership in rethinking a global system that truly leaves no one behind and delivers on the world's ambitions.

The climate crisis provides an ideal opportunity for the UK to lead and galvanise support and action from countries at all income levels to deliver a financing initiative that applies the GPI principles. As echoed by BOND, “[t]o have the intended impact, climate finance must be prioritised for catalysing transformational actions to address climate change, and not as a tool for donors to mainstream climate change in their development assistance budgets.”<sup>9</sup>

With an undisputed track record in global financial innovation, the UK is well placed to champion a new financing initiative. The International Finance Facility (IFF), provides an example of the kind of innovative financing approach and leadership that is needed. The Government proposed the IFF in 2003 to provide upfront funding to address critical needs in less developed nations and work towards UN's Millennium Development Goals by 2015; its principles have been applied to the immunisation sector through the International Finance Facility for Immunisation (IFFIm).

## CASE STUDY: GLOBAL PUBLIC INVESTMENT APPROACH TO CLIMATE CHANGE

The need for sustainable and ‘green’ growth is of practical and political concern for countries at all income levels, including the UK, which states in its Integrated Review that “[o]ur second goal is to tackle climate change and biodiversity loss, which require immediate and concerted action worldwide. This will be the UK's foremost international priority, building on our domestic commitment to reach net zero by 2050. We will work to accelerate the transition to a zero-carbon global economy, protect and restore biodiversity, and support adaptation and resilience – particularly for the most vulnerable worldwide.”

Discussions are ongoing at different levels – nationally, regionally and globally – each discussing some variant of a global green ‘new deal’, and *all of them* require public investment in green technology and infrastructure that can be shared in an equitable way among all countries.

This would be easier to achieve with a GPI system in place, since the additional spending could be harnessed more effectively through global concerted action, which could in turn help to address widening inequalities between countries.

For example, GPI could provide a new approach to fund the provision of hard and soft infrastructure to support the transition towards a low-carbon economy, addressing energy poverty and the widening inequalities underpinned by the digital, technological, infrastructural and, above all, capability divides across the world. The role of governments in this process will need to be coordinated according to the principle of ‘common but differentiated responsibilities’, which lies at the core of the United Nations Framework Convention on Climate Change, and in light of entrenched power asymmetries.

This understanding is reinforced if, for example, the call for a global green new deal is read in conjunction with the United Nations Conference on Trade and Development critique of the prevailing aid architecture in Least Developed Countries (LDCs), and its quest for (i) greater ownership of development strategies and greater representation for LDCs in international fora; (ii) stronger transparency in both traditional Official Development Assistance and South-South cooperation decision-making and resource allocation; and (iii) greater agency for LDC governments and citizens, including in relation to alignment, additionality and appropriate impact evaluation frameworks.

COP 26 presents a timely opportunity for the UK Government to drive a much-needed shift in high income countries' approach to climate change, using a GPI model to promote and implement a global and equitable response to the climate emergency. By bringing together the UK's climate and economic diplomacy, the UK is uniquely placed to take forward a GPI approach to the climate financing crisis, bringing together a coalition of the ‘willing’.

## KEY MESSAGES & RECOMMENDATIONS

The global response to COVID-19, the recovery efforts, and UK leadership on the climate crisis provide unique opportunities for the UK Government to drive global reform and secure tangible commitments from other nations.

The forthcoming UN Climate Change Conference – COP26 – should serve as a springboard for a global and common agreement on tackling climate change that includes significant public investment in green technology and infrastructure that can be shared in an equitable way among all countries.

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## RESOURCES

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- Expert Working Group on Global Public Investment, July 2021. *GPI in Numbers*.
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## Endnotes

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- 7 FCDO, Integrated Review.
- 8 Supra, note i, page 6.
- 9 Supra, note viii, page 21.

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