
Oxfam GB Public Submission

UK Multilateral Aid Review

Oxfam GB

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Executive Summary

- Renewed and robust support for the principle of multilateralism and multilateral institutions is absolutely essential, especially by a country as significant in international development as the UK. Oxfam supports multilateral aid remaining at around the current level of UK overall ODA.
- The UK should continue to use its influence within the multilateral development agencies to bring about improvements in their governance.
- The Global Fund for HIV, Tuberculosis and Malaria has a proven track record of results-oriented delivery, saving over 5 million lives since its inception. Oxfam believes strong continued UK support for the Global Fund is essential. As part of the replenishment process in 2010 the UK should contribute its share - £840m.
- Oxfam supports the UK's continued financing of the World Bank International Development Association (IDA). However, due to a lack of clarity as to its effectiveness and delivery of results, its failure to target the poorest, and particularly the continued failure to support progressive policies in areas such as health, we would not support the UK's financing to IDA increasing beyond the replenishment level of IDA 15 (in real terms).
- Within IDA, Oxfam supports comprehensive reform and rationalisation of the Country Policy Institutional Assessment (CPIA) to focus on fewer, and only poverty-focused, outcomes.
- Oxfam is calling for a Global Fund for Education - An Education For All Fast Track Initiative that is operationally and politically independent from the World Bank, with the Bank acting strictly as a trustee of FTI resources. The UK should meet its share of the education funding gap of US\$11 billion and agree to create a new instrument for disbursement, and a way to ensure funding for education to donor orphan countries and fragile states.
- Oxfam research has shown aid delivered by the European Commission (EC), and in particular its budget support, to represent some of the best multilateral aid in the world. We support continued and, where appropriate, increased commitments to EC aid by the UK, especially support for the expansion of MDG contracts to more countries.
- One vital part of the UK's humanitarian assistance should be substantial funding for the relevant UN organisations. Through that funding, the UK can leverage important improvements in UN performance.
- In order to facilitate rapid emergency response, DFID should allocate a proportion of its humanitarian/emergency funds directly to NGOs, who are well placed to implement emergency programmes including in remote locations.

1. Introduction

1.1 Oxfam welcomes the opportunity to contribute to DFID's Multilateral Aid Review. In this instance, we will confine our comments to aid delivered through the:

- Global Fund to fight AIDS, Tuberculosis, and Malaria;
- World Bank, and more particularly its International Development Association (IDA) funding arm;
- Education Fast Track Initiative;
- European Union (EU), specifically the European Development Fund (EDF), the Development Cooperation Instrument (DCI) and its humanitarian department, ECHO;
- UN humanitarian agencies, including the Office for the Coordination of Humanitarian Affairs (OCHA), United Nations Children's Fund (UNICEF), United Nations High Commission for Refugees (UNHCR) and World Food Programme (WFP); as well as pooled funding mechanisms such as CERF, and UNITAID
- UN Adaptation Fund.

We look forward to offering the experience of our staff in countries in Asia, Africa and Latin America at further points during the multilateral aid review process, and to help inform UK policy-making in the future.

2. The importance of multilateralism

2.1 Multilateralism is central to the fight against poverty and inequality. Its role remains critical for states to work together to protect and develop the rights and opportunities of citizens. The world community has come to a crossroads in trying to address interlinked crises involving food, fuel, climate change, the global financial and economic system, increasing insecurity, and ongoing problems of poverty and inequality. Despite its limitations, multilateralism remains the key avenue through which to deal with these crises. Renewed and robust support, by a country as significant internationally as the UK, for the principle of multilateralism and multilateral institutions in the 21st century is essential.

3. Preserving UK influence

3.1 The UK's international influence depends, to a significant extent, on being a leader in finding solutions to global problems including poverty, insecurity, climate change and humanitarian crises. The UK maintains a global leadership position on international development policy, sustained by the International Development Act 2002, its commitment to reach 0.7% GNI in ODA by 2013, and its respect for (and in some cases going beyond) OECD DAC Guidelines, and Paris and Accra commitments. The UK has an essential role to play in promoting this good practice in multilateral development agencies.

3.2 This requires a continued scaling up of the overall level of aid going through multilateral development agencies in line with a year-on-year increasing budget as we move towards 0.7%, recognising their important role in coordinating global development efforts and in delivering aid predictably to support country-led programs. Oxfam supports multilateral aid remaining at around the current level of UK overall ODA.

3.3 The focus of the UK's scaling-up of support to multilateral development agencies should be on those agencies that display the most effective, pro-poor approaches to aid effectiveness, promoting poverty reduction, accountability, transparency, ownership and results.

3.4 The UK should continue to use its influence within the multilateral development agencies to ensure their governance becomes more democratic and their policies and practices better support poverty reduction, accountability, transparency and ownership, building on progressive approaches shown by agencies such as the European Commission.

3.5 The UK has a greater global reach because of its stake in multilateral agencies, encouraging multilateral development agencies to adopt those good practices employed by the UK in its own international development policy.

4. Global Fund for HIV, Tuberculosis and Malaria – preventing diseases, providing care and support and saving lives¹

4.1 The Global Fund is the greatest multilateral achievement of the last decade, and arguably the most profound step the G8 has made towards tackling poverty and meeting the MDGs. 'Every day, programmes supported by the Global Fund save at least 3,600 lives, prevent thousands of new infections and alleviate untold suffering'² (The Global Fund 2010: Innovation and Impact). The Global Fund is a multilateral development agency leader in the area of delivering results, and value for money. **The Global Fund has a proven track record of results-orientated delivery, saving over 5 million lives since its inception. Oxfam believes strong continued UK support for the Global Fund is essential. As part of the replenishment process in 2010, the UK should contribute £840m.**

4.2 The achievements of the Fund³ are clear: 2.3 million people receiving antiretroviral treatment; delivery of 88 million bed nets and 74 million malaria drug treatments; 5.4 million additional cases of TB detected and treated. Also important has been its commitment to the participation of civil society. More needs to be done to enable the Global Fund to take on health systems issues more broadly and function more as a Global Fund for Health.

4.3 On fighting malaria alone – a top DFID priority – by the end of 2009, Global Fund-supported programmes had distributed 104 million insecticide-treated nets (ITNs) to prevent malaria. They also supported indoor residual spraying of accordance with national treatment guidelines. Approved malaria proposals have totalled US\$ 5.3 billion covering 83 countries. In conjunction with re-energized national and international efforts to combat malaria, increased Global Fund financing is having a substantial impact on malaria morbidity and mortality worldwide, with an increasing number of countries reporting a reduction in malaria deaths of more than 50 percent.⁴

¹ For further see http://www.theglobalfund.org/documents/replenishment/2010/Global_Fund_2010_Innovation_and_Impact_en.pdf
Oxfam GB endorses the findings and recommendations of this report.

² op cit

³ For further see http://www.oxfam.org.uk/resources/policy/climate_change/downloads/bp_132_beyond_aid_150909_web.pdf

⁴ op cit

4.4 The Global Fund is a testament to the huge impact that donor co-ordination can have. Translating the aid commitments of many different donors into one system of grants makes action on health and on the three diseases in the last decade far more effective than a multiplicity of competing bilateral programmes. Whilst global fund processes are at times frustrating for the UK government, especially in comparison to UK government bilateral aid, the Global Fund performance should be seen in comparison to the lower quality of bilateral aid given by many other countries in comparison to their global fund contribution. Active involvement by the UK in the Global Fund effectively leverages far greater and better quality aid for health from other donors. In addition, the Global Fund has also significantly improved its processes in recent years, again with substantive UK engagement.

4.5 The Global Fund has also led the world in terms of transparency and taking a strong line on corruption. All grants are clearly transparent to all, and the fund has acted with speed and decisiveness in suspending grants when there has been evidence of misuse of funds. This was recognised in the Conservative Party's 2009 Green Paper "One World Conservatism: A Conservative Agenda for International Development", which praised the Global Fund as a model of transparency and donor accountability, speedily and readily reforming its policies and processes in response to concerns. Also important has been its commitment to the participation of civil society.

4.6 The Global Fund faces a shortfall and is requesting a replenishment of \$20 billion needed to scale up efforts to deliver the health MDGs from 2011-13. The UK's share of this amount is £840m. Oxfam believes strong continued UK support for the Global Fund is essential. As part of the replenishment process in 2010, the UK can lead by example by making a prompt payment of £840m and encouraging other donors to follow suit.

5. World Bank International Development Association (IDA)

5.1 IDA plays an important role in the development finance architecture, particularly in its role of financing countries that are not supported by bilateral donors. For that reason, **Oxfam supports the UK's continued financing of IDA. However, due to a lack of clarity as to its effectiveness and delivery of results, its failure to target the poorest, and particularly continued failure to support progressive policies in areas such as health, we would not support the UK's financing to IDA increasing beyond the replenishment level of IDA 15.**

5.2 Effectiveness and results: Currently it is very difficult to track the effectiveness of IDA in a comprehensive way. Although IDA has been in existence for 50 years it is still not clear what its funds are achieving in a systematic fashion, and still less their poverty impact. A recent report from the World Bank's Independent Evaluation Group (IEG) points to serious weaknesses in the Bank's monitoring and evaluation of the performance of its programmes.⁵

5.2.1 In the IDA 13 agreement, the Bank committed to a system to 'measure, monitor and manage for development results' and cited the MDGs as a point of reference. However this has not been delivered in a comprehensive way. This is unacceptable, particularly when the deadline for meeting the MDGs is so close.

⁵ <http://www.worldbank.org/ieg/arde09/>

5.2.2 The IDA results management system includes very few indicators that correspond to the MDGs, and in any case, data on indicators and country coverage is very spotty. The latest IEG Development Effectiveness report singles out the ratio of boys to girls in secondary education - an MDG target - as one indicator for which there is little information.

5.2.3 The Bank should report how the money is being used in each country, MDG by MDG, and list what progress the country has made towards meeting that goal. The purpose is not to claim attribution but to provide a narrative that shows how the Bank is spending its money on the ground in the context of the MDGs, and to allow dialogue as to whether the in-country allocation choices are correct.

5.2.4 Moreover, the Bank is still failing to focus adequately on poverty. The IEG's report on the Bank's crisis response⁶ said that going forward, the Bank will need to pay more attention to poverty. And the IEG report on the Bank's health work found a failure to include objectives for reaching the poor in around 80 per cent of all health, nutrition and population (HNP) projects.⁷

5.2.5 The Bank is also failing to ensure that equity is a priority. This is very concerning as national statistics from countries such as Zambia have shown that the MDGs could be achieved without any significant impact on the current mortality rates of the poorest half of the population

5.2.6 Additionally, while there has been some improvement in harmonization of IDA with aid from other donors, the Bank continues to insist that its own procurement systems are used, rather than making use of countries' own systems. One bilateral donor interviewed in Burkina Faso said: "It took three years before bed nets were delivered, and using the Bank's [procurement] system accounted for seven months of that time".⁸

5.2.7 While there has been a welcome reduction in the number of conditions attached to World Bank loans, we continue to be concerned about the Country Policy Institutional Assessment (CPIA) which is de-facto conditionality. As a recent IEG evaluation has pointed out, there is little empirical basis for the CPIA criteria, and some may even perversely encourage behaviour that is detrimental to poverty reduction.⁹ It fails to take adequate account of the needs of the poorest countries, meaning that IDA is not reaching the poorest in the way that it should. It is, in effect, a hangover from an era of Bank micro-management of developing country governments which is not appropriate for an institution that is supposed to support country-ownership. Oxfam would support comprehensive reform and rationalisation of the CPIA to focus on fewer and only poverty-focused outcomes.

5.2.8 The Bank scores relatively highly on delivery of budget support (development policy lending), although we would like levels of budget support - where appropriate - to increase.

5.3 IDA and health: The Bank has been found to perform poorly on its health projects. Performance has worsened in recent years, with half of all health, nutrition and

⁶ <http://siteresources.worldbank.org/INTOED/Resources/EB8-web.pdf>

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<http://web.worldbank.org/WBSITE/EXTERNAL/EXTOED/EXTWBASSHEANUTPOP/0,,contentMDK:22163572-menuPK:6080533-pagePK:64829573-piPK:64829550-theSitePK:4422776,00.html>

⁸ http://www.oxfam.org/sites/www.oxfam.org/files/a_crisis_multiplied_Burkina_Faso_dp_220610.pdf

⁹ http://siteresources.worldbank.org/EXTCPIA/Resources/cpia_full.pdf.

population projects delivering unsatisfactory outcomes.¹⁰ According to the IEG's evaluation of the World Bank's health nutrition and population work¹¹ only 6 per cent of projects from 1997 to 2007 had specific objectives to deliver outcomes for the poor. Performance in Africa was worse with satisfactory outcomes achieved in only one in four of all HNP projects and just 18% of AIDS projects. The World Bank's record in measuring results is also unacceptable given the level of aid they administer. Project monitoring was found to be "weak" and evaluation "almost non-existent," leading to inappropriate project designs, unrealistic targets, and the inability to measure the effectiveness of the Bank's interventions. The World Bank's Independent Evaluation Group called this a "great concern." While steps have been taken to improve performance, Oxfam still has serious concerns as to the quality of the Bank's health work.

5.3.1 User fees and other forms of out of pocket expenditure for health continue to push more than 100 million people into poverty each year. Evidence suggests user fees lead to higher infant and maternal mortality rates. Figures from Nigeria showed that the numbers of women dying in childbirth doubled after fees were introduced for maternity services, and the number of babies delivered in hospitals declined by half.¹² Similar consequences of user fees have been observed in Tanzania and Zimbabwe.¹³ Countries require advice and support to remove user fees and introduce progressive taxation. The Bank, which is the obvious agency in the multilateral architecture to assist finance ministries in developing countries with this process, is failing to proactively champion the removal of user fees. Research commissioned by UNICEF in 2009 found that countries willing to remove user fees lacked advice from donor agencies, including the World Bank.¹⁴ The UK has led the world in demanding an end to user fees.

5.3.2 No developing country has managed to significantly and successfully scale up health services without investing in increased and improved public provision of services. Effective and equitable public provision of services, including government clinics, health workers and medicines have played a pivotal role in those countries such as Sri Lanka that have achieved first world health outcomes despite being low income countries. In spite of clear evidence that publicly-delivered (as well as financed) health systems are the most effective (and therefore also cost-effective: For an extensive examination of the evidence on this point see Oxfam's report 'Blind Optimism')¹⁵ in providing universal access, the Bank continues to fail to proactively support and promote the expansion of free, publicly provided services in low income countries.

5.4 Education: World Bank support for basic education is urgently needed in Fast Track Initiative (FTI) countries to enable them to increase their resource envelope for the sector and meet the education MDGs. However, we are seeing worrying trends in Bank education lending as the Bank fails to target the poorest countries (detailed in new Results report: "World Bank Financing for Education: Less or More for the Poor in IDA 16").¹⁶

¹⁰ http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2009/03/25/000334955_20090325043030/Rendered/PDF/478800BR0SecM2101OfficialUseOnly1.pdf

¹¹ op cit

¹² Nanda, P. (2002) 'Gender dimensions of user fees: implications for women's utilisation of health care', *Reproductive Health Matters*, 10: 127-134.

¹³ <http://www.thecornerhouse.org.uk/item.shtml?x=62140>

¹⁴ Meessen, B., Hercot, D., Noirhomme, M., Ridde, A. Tibouti, V., Bicaba, A., Tashobya, C. K. & Gilson, L. 2009, *Removing user fees in the health sector in low-income countries: a multicountry review*, UNICEF, New-York.

¹⁵ <http://www.oxfam.org/en/policy/bp125-blind-optimism>

¹⁶ <http://www.results.org/uploads/files/EFA%20Report.pdf>

5.4.1 The Bank is not prioritising support for LICs with the greatest educational needs, particularly in Africa. Over half of IDA education funding in the last decade has gone to just three countries: India, Pakistan and Bangladesh. Meanwhile, sub-Saharan Africa has been neglected although it is the region with the largest share of out-of-school children and 66 per cent of the global EFA financing gap. The entire region received just \$200m per year on average for education over past decade.

5.4.2 Fast Track Initiative (FTI) recipient countries have experienced a 40 per cent decline in IDA support over past decade (with exception of Ethiopia) and the trend is worsening. Oxfam is concerned that FTI grants are being allowed to “crowd out” IDA support in the sector, and we fear this trend signals a move away from Bank support for basic education. FTI funding is meant to provide additional resources to enable scaling up to universal basic education in the poorest countries, but the decrease in IDA cancels out the benefits of FTI support. FTI does not have a suitably predictable or sizable funding stream to replace IDA funds for basic education.

5.4 Food and agriculture

5.4.1 Oxfam welcomes the Bank’s renewed emphasis on the agricultural agenda, and its increase in lending to this sector. We welcome indications that the Bank is now supportive of input subsidies, although we would still urge the Bank to set out a positive agenda for an effective role of the state in agriculture that delivers for poverty reduction.

5.4.2 The Bank was among the first institutions to sound the alarm bell on the global food crisis in 2008. We support the establishment of the Global Agriculture and Food Security Program (GAFSP) Trust Fund. The \$224m so far committed for five countries (Haiti, Bangladesh, Togo, Sierra Leone and Rwanda) is an important first step in what will need to be a long-term commitment to addressing the root causes of hunger: chronic underinvestment in agriculture. We want to ensure that the GAFSP coordinates better with the UN Committee on Food Security to avoid a situation whereby developing countries are bombarded with a plethora of uncoordinated projects from multiple sources.

6. The Education for All- Fast Track Initiative (FTI)

6.1 Recent reforms to the FTI are moving the initiative in a promising direction – these include improvements to the global board structure to strengthen the voice of developing countries and civil society, an expansion to support conflict-affected and fragile states, and a move toward improved results and accountability frameworks. We believe that these reforms warrant continued UK contributions to the FTI, and that these resources are urgently needed by recipient countries. However, further reform is still needed and support should be made conditional on increasing the ambition of reforms.

6.2 The World Bank continues to play a dominant role in the initiative, both at the global level and the country level. This has led to confusion about the identity of the FTI, a lack of buy-in from other donors, and potential conflicts of interest. World Bank co-management of FTI and IDA funds at the country level may lead to IDA migration to other sectors (see paragraph 7.4.1).

6.3 The FTI’s country-level structures are weak and lack meaningful stakeholder participation. This means that decision-making on education sector plans is still led by

donors and ministries of education, with no mechanisms to ensure national civil society and stakeholder dialogue on education sector priorities.

6.4 The quality of aid from the Catalytic Fund remains poor. It has been plagued by disbursement delays since 2007, when a decision by the Bank's board imposed time-consuming bureaucratic procedures. This has resulted in poor short-term predictability of its aid. In addition, overall transparency about the operations of the Catalytic Fund is weak. While recent reforms allow donors other than the Bank to play the role of country-level "Supervising Entity" to avoid Bank procedures, it is not clear that donor agencies have the capacity to do this in many countries.¹⁷

6.5 For these reasons, Oxfam is calling for an FTI that is independent – both operationally and politically – from the World Bank, with the Bank acting strictly as a trustee of FTI resources. The Bank should agree to a shift in status of the FTI Catalytic Fund to a Financial Intermediary Fund (FIF) – similar to the Global Fund model.

6.6 The UK must meet its share of the education funding gap of US\$11 billion and agree to create a new instrument for disbursement, and a way to ensure funding for education to donor orphan countries and fragile states.

7. The European Commission (EC)

7.1 EC aid for the large part is significantly more effective than it was a decade ago. **Oxfam research has shown EC aid, and in particular budget support, to be some of the best multilateral aid in the world.** The UK has supported this process at every stage, both through its budget and European Development Fund (EDF) commitments, and through the provision of Additional Voluntary Contributions to reward particularly progressive moves by the EC, notably the implementation of MDG contracts. **Oxfam supports continued and, where appropriate, increased commitments to EC aid by the UK, especially support for the expansion of MDG contracts to more countries by providing further Additional Voluntary Contributions or co-financing.**

7.2 The added value of EC aid: EC aid has a number of unique characteristics that bring an added value or comparative advantage to the EU, its Member States, as well as the wider donor community, and importantly recipient governments. Such characteristics include its global presence, its promotion of policy coherence for development,¹⁸ its specific competence and expertise, its right of initiative at community level, its facilitation of coordination and harmonisation, and its supranational character. The EC is the world's biggest multilateral donor (bigger than the World Bank) with an aid budget in 2010 of around €12 billion. This size and the presence of the 136 delegations – recently upgraded to represent the whole of the EU – around the world. This allows the EC to implement development programmes on a scale bilateral donors cannot match, and in places they cannot reach. For the UK for example, aid channelled through the EC is supporting countries across West Africa, some of the poorest in the world and currently experiencing a critical food crisis, where DFID does not have significant bilateral programming.

7.2.1 EC Humanitarian Aid: The EC is also the second largest provider of humanitarian assistance and the (relative) independence of DG ECHO and its extensive presence on the ground has enabled it to build a solid reputation for its in-depth involvement in humanitarian response and clear focus on core humanitarian principles including

¹⁷ <http://www.oxfam.org/sites/www.oxfam.org/files/resourcing-global-education.pdf>

¹⁸ Note EC Policy Coherence in Development (PCD) Communication, 2009, and PCD reports.

humanity, neutrality and impartiality. It also takes a leading role in advocating for respect for humanitarian law and the preservation of humanitarian space by all parties.

7.3 Significant improvements in effectiveness: The EC has made very significant improvements in its effective delivery of aid since the reforms of 2001 instigated by former Commissioner for External Relations, Chris Patten. In 2007, the DAC OECD peer review recorded that [the Commission] *“has shown significant improvement in financial management, contracting and processing of Commission paper work in the last decade”*¹⁹. The Commission has undertaken significant reforms in the last ten years to significantly improve its reputation as an efficient, transparent, results-based and accountable agency. For example, a 2006 reform consolidated the previously confusing 35 financial instruments (ODA and non ODA funds) into a more manageable set of ten instruments.

7.4 Poverty focus: The Treaty of Lisbon and the European Consensus on Development clearly state that the reduction and the eradication of poverty is the primary objective of the Union’s development cooperation policy. Under the Development Cooperation Instrument (DCI), 100 per cent of the EC’s geographical aid for development cooperation in Latin America, Asia and South Africa, must be used for recognised development purposes. This poverty focus must be maintained in the new financial perspectives and when the EC aid instruments are revised.

7.5 Geographical allocation of aid: The European Consensus also underlined the priority of assistance to low-income countries (LICs)²⁰. However, it is of considerable concern that neighbourhood and enlargement policies are disproportionately prioritised above the fight against poverty and inequality in the poorest countries (for example, Turkey is the largest recipient of EC aid, with Serbia and Croatia also featuring among the top ten recipients). Through the two instruments (EDF and DCI), low-income countries received only 44 per cent of the almost €10 billion the EC aid budget in 2007 (The DAC average for all donors is 63 per cent, while the average for the EU is 65 per cent). The EC is not responsible for decisions on aid allocations as such decisions lie with the EU Member States. Robust action should be taken by Member States to ensure the EC respects its commitments to LICs.

7.6 A leader on budget support - aid effectiveness and results-based approach: Oxfam believes that to promote sustainable development, developing country governments need long-term and predictable support that becomes part of their annual budget. The EC is a leader in providing budget support to recipient governments. It is its preferred mechanism for aid delivery, in line with the principles of increased local ownership, promoting capacity development in partner countries, ensuring alignment of aid with national policy, and reducing the transactions of aid delivery. The EC gives about a third of its aid through budget support (35 per cent General Budget Support, 65 per cent Sectoral Budget Support). The EC added value in the area of budget support is clearly recognised by other providers of aid. The OECD DAC²¹ peer review of EC aid, for example, states that the Commission should be *“commended for embracing what is a difficult but potentially high impact instrument”*.

EC budget support is generally in line with good quality criteria - long-term and predictable, tied to clear outcomes on health, education, gender equality, and other targets contained in the MDGs. The EC has recognised that it needs to improve mechanisms for engaging civil society and local parliaments in the budget support

¹⁹ OECD DAC Peer Review of European Commission Aid

²⁰ ‘The EU will continue to prioritise support to the least-developed and other low-income countries (LICs) to achieve more balanced global development.

²¹ OECD DAC 2007 p.56

agreement process, and has launched a consultation on involving non-state actors in new aid modalities that should lead to new guidelines for EC delegations.

7.6.1 Unlike the World Bank, EC budget support agreements are not linked to invasive economic policy conditions, instead linking support to achievement of mutually agreed results in health and education. This has impacted positively on health outcomes. Oxfam research shows that of the top ten recipients of EC budget support, seven increased their public health expenditure by on average 46 per cent between 2001 and 2004. In all seven of these countries there has been an increase in life expectancy. In five of them there has also been a fall in maternal mortality rates²². These agreements also have a good record on gender, for example 40 per cent of these health and education indicators are gender specific.²³ Moreover, EC geographic evaluations finalised in 2009 show that in nearly all countries and regions the shift towards budget support had a positive impact for instance on dialogue with partner countries, donor coordination, Public Financial Management (PFM) and policy reforms in the beneficiary countries.

7.6.2 The EC has in effect been a leader in “cash on delivery” supported by the UK government. In 2008, the European Commission launched ‘MDG contracts’ in eight ACP countries, which are a clear example of what can be done to link delivery of aid to results, in a way which helps developing countries reach the MDGs. MDG contracts are agreed for six years with a mid-term review, improving predictability and planning, and are delivered as direct budget support. At least 15 per cent of financing is linked to and delivered based on performance in achieving the MDGs. The amount of the ‘variable tranche’ depends on whether the recipient has met targets for public finance, health, and education, for example number of children completing primary school. Governments can choose preferred policy options for achieving the targets, provided they achieve results.

MDG contracts now represent 60 per cent of EC general budget support to ACP countries: US\$1.8 billion. Given their positive impact, MDG contracts need greater backing from EU Member States to enable this approach to be used in a greater number of eligible countries. The UK has led in its support of this innovative and effective instrument, already committing to one Additional Voluntary Contribution. Oxfam supports the UK government in considering further co-financing of MDG contracts, or providing additional voluntary contributions to the EDF.

7.7 EC’s role in encouraging EU Member States to meet EU aid volume targets: The annual Monterrey report led by the EC is central in ensuring the transparency and accountability of EU in meeting its ODA promises. The common EU aid target allows the EC (and Member States) to put peer pressure on laggard Member States to respect their commitments. The Heads of States commitment, in the European Council conclusions of 17 June 2010 to achieve development aid targets, and return to this annually on the basis of a report by the Council, will also support accountability on meeting aid promises. Continued and strong engagement with the EU dialogue on aid quantity is critical to translating UK leadership on 0.7% into other EU nations also meeting their promises.

²² Oxfam International, Fast Forward, May 2008
http://www.oxfam.org/sites/www.oxfam.org/files/bp111_ec_aid_fast_forward_0805.pdf

²³ Oxfam International, Fast Forward, May 2008
http://www.oxfam.org/sites/www.oxfam.org/files/bp111_ec_aid_fast_forward_0805.pdf

8. UN Humanitarian Agencies

8.1 Overview: vital UK support for UN agencies must leverage greater improvements in performance. One vital part of the UK's humanitarian assistance should be substantial funding for the relevant UN organisations. Through that funding, it can help to leverage much-needed improvements in UN performance. Since 2005, the 'cluster approach' and other reforms have seen some improvement in UN humanitarian response and leadership, but there are still no effective means to challenge poor UN performance in real time either at field or global level.²⁴ The enormous range between excellent and poor UN performance in different crises still depends, in large part, on the frequent failure to appoint competent and experienced UN Humanitarian Coordinators (HCs) and cluster coordinators. In-fighting between UN agencies and political jockeying in New York, combined with the need to ensure that the appointee is approved by the host government, has meant that UN humanitarian leadership has suffered, particularly in Integrated Missions. This is particularly apparent in Afghanistan, but also in Sri Lanka, the occupied Palestinian territories, Sudan and DRC.²⁵ Robust, independent and dedicated leadership by individual UN agencies of the clusters is also critically important to ensure that the cluster system operates as effectively as possible. The UK should work with the new UN Emergency Relief Coordinator, Baroness Amos, and others to demand and deliver systematic improvements.

8.2 In the absence of strong and experienced leadership, the reformed humanitarian system is not sufficiently well coordinated and cost-effective. Particularly striking in this regard are, on the one hand, the positive experience of humanitarian leadership in the Democratic Republic of Congo, where a strong Humanitarian Coordinator provided principled leadership, very much in line with the Principles of Partnership, and, on the other hand, the experience of NGOs in Zimbabwe, where NGOs were forced to raise issues of concern to donors and the Emergency Relief Coordinator.²⁶

8.3 OCHA, UNICEF, UNHCR and WFP continue to need financial *and* strategic support. An effective strategy requires using appropriate pressure to ensure transparency and accountability, while ensuring that funds get to people on time.

8.4 Recent evaluations of humanitarian reform have found that they have marginally improved the quality of emergency response.²⁷ In Oxfam's experience, the UK's push for appropriate humanitarian reform can lead to much better value for money. However, it is important to note that channelling funds meant for *rapid response* through multilateral institutions is not effective. In Pakistan in 2009, channelling funds through the clusters led to slow decision-making, delayed funding and, ultimately to fewer people being supported.²⁸

²⁴ Schuemer-Cross, Tanja and Ben Heaven Taylor, *The Right to Survive: The humanitarian challenge for the twenty-first century*. Oxfam, April, 2009. <http://www.oxfam.org.uk/resources/papers/right-to-survive.html>

²⁵ The UN Humanitarian Response Review noted in 2005 that (page 51), "when Integrated Missions are established, it is essential that the DSRSG for Humanitarian Affairs and Development be empowered to ensure that humanitarian space is preserved and the humanitarian principles of independence, impartiality and neutrality are consistently upheld. For the humanitarians, the challenges revolve around creating and protecting the necessary humanitarian space and preserving the principles of humanitarian imperatives in a politically charged environment."

²⁶ NGOs and Humanitarian Reform Project, "Synthesis Report: Review of NGO Engagement with the Humanitarian Reform Process", October, 2009. <http://www.icva.ch/doc00003914.pdf>

²⁷ See Cluster Approach Evaluation Phase 2, April, 2010, <http://www.humanitarianinfo.org/iasc/pageloader.aspx?page=content-products-common&tempid=99> and Ansari, Aimee and Bethan Montague-Brown, "The WASH Factor: Oxfam's Experience with the WASH Cluster," Oxfam Research Report, January, 2010.

²⁸ Bennett, Nicki, "Missing Pieces: Assessing the Impact of Humanitarian Reform in Pakistan." Oxfam Briefing Note, October, 2009.

8.5 UN-managed and pooled funds: Continued support for the Central Emergency Response Fund (CERF) in the years ahead is an important way to ensure that UN agencies and their partners can be in the right place at the right time with the right level of resources. Other pooled funding mechanisms, often led by the UK (such as the DFID-established Basic Services Fund in southern Sudan) are also important mechanisms for mobilising humanitarian and transitional funding. UK support for these funds has often been maximised by encouraging other donors to follow suit. In Haiti, the Emergency Response Fund had a record number of contributors, particularly from non-traditional donors who did not know how to give funds otherwise and felt they could trust the pooled funding because of its support from the UK and others.

8.6 The pooled funds however are far from perfect, and the UK and others have not done enough to leverage improvements in their performance. Pooled funds have been rolled out around the world before fundamental problems have been adequately addressed: problems of fund management, performance, and monitoring, evaluation and assessment. DFID should be increasingly careful to ensure that UN pooled funds provide the highest possible value for money by, for example, providing funds directly to NGOs as well as ensuring that all pooled fund recipients, in particular UN agencies, effectively monitor and evaluate their funds and that UN agencies transparently explain and minimise administrative costs when sub-contracting to NGO partners.²⁹

8.7 The UK should use its position as the leading donor to the CERF and other pooled funding mechanisms to promote more appropriate and transparent monitoring and use of funds. More funds should go directly to national and international NGOs, and all pooled fund recipients, and in particular UN agencies, should be encouraged to track and evaluate the spending of funds. Currently, UNICEF, UNHCR and WFP cannot adequately track CERF funding and hence have no full sense of the overall impact of these funds.

8.8 OCHA: OCHA, as the coordinator of humanitarian response, should continue to be actively supported financially and also supported to push through changes in the UN system to ensure that they can implement their mandate. Blockages in recruitment of OCHA staff and in the appointment of qualified humanitarian coordinators decrease OCHA's effectiveness, as well as the effectiveness of the UK's support. Only 50% of OCHA positions in Afghanistan are currently filled (45 posts filled of 92 total posts).³⁰ In addition, the UK should encourage OCHA to implement the new strategic framework, streamline processes, and rationalise functions to ensure that OCHA is fit for purpose.

8.9 Other UN agencies: UNICEF, UNHCR, and WFP have committed to undertake reforms in the way they do business. These processes need to be encouraged by the UK, but also embedded into the legal and administrative parts of the respective organisations in headquarters and country offices. The UK must push through comprehensive culture change in order for these agencies to respond to change in the external environment. Changes in UNICEF's granting arrangements, which hamper quick dispersing of funds for emergency response, have been halted due to internal legal and administrative hurdles.

8.10 The UK government should further support UN agencies to make decisions more transparent and accountable on funding and leadership. This will help to stop using funding and pressure from member states as excuses for poor performance. Oxfam has

²⁹ See Schuemer-Cross, Tanja, "Making Pooled Funding Work", Oxfam Briefing Note, May, 2009. http://publications.oxfam.org.uk/download.asp?dl=http://www.oxfam.org.uk/resources/policy/conflict_disasters/downloads/bn_making_pooled_funding_work.pdf

³⁰ See also, NGOs and Humanitarian Reform Project in Afghanistan, "Call for Strengthened Humanitarian Coordination in Afghanistan", June, 2010. <http://www.icva.ch/doc00004388.pdf>

found that when the UN works together with donors and NGOs, credible arguments can be made based on strong needs assessment for support to a sector. Research in Ethiopia, Sri Lanka and Pakistan shows that a greater commitment to the Principles of Partnership is needed in order to improve the situation for people and to support humanitarian action.

9. UN Adaptation Fund

9.1 The UK should follow Spain and Germany's example by investing a portion of its £1.5 billion Fast Start Finance in the UN's Adaptation Fund (AF), rather than only through conventional channels such as the Climate Investment Funds (CIFs). The AF offers a fresh approach to fund management, which ensures that those most affected by climate change impacts can participate more fully in decision making. This principle of country ownership is core to effective governance of climate finance and therefore the UK should support the fund as a model for the future.

9.1.1 The UK's £1.5 billion Fast Start Finance is being counted as ODA. Oxfam does not support climate finance being counted as aid, and the UK government should ensure that all long-term climate finance from 2013 is additional to the commitment to spend 0.7% of GNI on ODA by 2013.

10. UNITAID

10.1 The UK government was one of the founder members of UNITAID and continues to play a key role in making UNITAID a cost-effective institution that delivers life-saving medicines to fight HIV, TB and malaria for poor people. Continued support from the UK government is vital to the continued success of UNITAID.

10.2 UNITAID has a unique role in the global health market to make vital medicines available, affordable and of assured quality. The benefit of UNITAID market interventions extends beyond the organisation's projects. Price reduction of medicines means that all bilateral, multilateral and domestic funders can save money when they buy those medicines. For example, the price of a second line Antiretroviral (ARV) treatment for HIV has been reduced from US\$ 1,000-1,500 to US\$579 in just two years. The price of ARVs for children was reduced from US\$ 200 to US\$ 66 in 2009. Moreover, 3 out of 4 children who receive treatment for HIV, do so thanks to UNITAID.

10.3 Malaria, a key priority for the government, also benefits enormously from UNITAID interventions. Nearly 19 million treatments and 20 million bednets for high burden countries were purchased from 2007-2009.

10.4 UNITAID is pioneering a creative initiative to overcome some of the barriers to developing countries through the patent pool to produce Fixed Dose Combinations of ARV medicines for adults and children. The patent pool will act as a 'one-stop shop' for HIV medicines, where producers and researchers have access to the patents to develop the drugs, in exchange for a fair royalty payment to the patent-holder from sale in countries where patent is upheld. This will enable competition in the market, bringing down prices and enabling child-friendly formulations - meaning millions of people will have access to cheaper, quality HIV medicines.

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