Brexit: Overseas Development Assistance

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Summary

The UK Government is committed to spending 0.7 percent of the UK's gross national income (GNI) on overseas aid; the target is written into the International Development (Official Development Assistance Target) Act 2015. The Government uses the definition of overseas aid developed by the Organisation for Economic Cooperation and Development, who use the term Overseas Development Assistance (ODA).

In 2016, the UK spent £13.4 billion on ODA. The UK channelled approximately £1.5 billion of ODA through the European Development Fund (EDF) and the development section of the EU budget. This represents approximately 11 percent of all UK ODA.

Following speculation in the wake of the 2016 referendum the Prime Minister, Theresa May, confirmed in April 2017 that the target of 0.7 percent on ODA would remain, but argued that the Government would need to "look at how that money will be spent and make sure that we are able to spend that money in the most effective way". The Government will need to decide how to spend approximately £1.5 billion of ODA which is currently channelled through the EU. The implications for the EU, which faces a substantial drop in development resources post-Brexit are also the subject of some debate. Some commentators have suggested the UK could continue to play a role in EU development policy, for example through continued voluntary contributions to the EDF. The UK Government has stated that it would seek "a deep and special partnership with the EU that goes beyond existing third country arrangements" and would seek to collaborate on "a case-by-case basis […] [with aid] subject to UK's standards on full transparency, accountability, risk and assurance, results and value for money".

This Briefing examines current UK expenditure on aid and the mechanisms by which it is spent, including through the European Union institutions, and how these might be impacted post-Brexit. The paper examines the Government's proposals for the UK-EU relationship post Brexit and reviews what other commentators have suggested about the implications of Brexit for both UK and EU development assistance.

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1. UK Aid

1.1 Current Overseas Development Assistance Expenditure

In 2010, the Coalition Government committed to spending 0.7 percent of the UK's gross national income (GNI) on overseas aid by 2013; the target was later written into legislation in the International Development (Official Development Assistance Target) Act 2015.

Overseas Development Assistance (ODA), as defined by the Development Assistance Committee (DAC) of the Organisation for Economic Cooperation and Development (OECD), refers to:

> Those flows to countries and territories on the DAC List of ODA Recipients and to multilateral institutions which are:
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> - provided by official agencies, including state and local governments, or by their executive agencies; and
> - each transaction of which:
>   - is administered with the promotion of the economic development and welfare of developing countries as its main objective; and
>   - is concessional in character and conveys a grant element of at least 25 per cent (calculated at a rate of discount of 10 per cent.[1]

The 0.7 percent target was recognised by the UN General Assembly in 1970, although in 2016 only five other OECD DAC member countries, in addition to the UK, met this target: Norway, Luxembourg, Sweden, Denmark and Germany.[2] The world's biggest aid donor, the United States, has never met the target. In 2016 the largest spending donor remained the United States (£24.9 billion); representing 0.18 percent as an ODA:GNI ratio.[3]

In the same year, the UK spent £13.4 billion on ODA.[4] This represented 0.7 percent of its gross national income and made it the third largest DAC donor country in ODA spending terms, and the sixth largest DAC donor country in ODA:GNI ratio terms.[5]

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[1] Organisation of Economic Cooperation and Development, '<u>Official Development Assistance: Definition and Coverage</u>', accessed 24 January 2017.

[2] Department for International Development, *<u>Statistics on International Development 2017: Final 2016 UK ODA Spend Statistics</u>*, November 2017, p 16.

[3] ibid, p 15.

[4] ibid, p 7. As defined ODA does not include private spending or donations made by the general public and the voluntary sector; more information about private spending and donations can be found in other sources such as the Charities Aid Foundation, *<u>UK Giving Report 2017</u>* (April 2017).

[5] ibid, pp 15–16.

As in previous years, the money was spent primarily by the Department for International Development (DFID), although an increasing amount was channelled through other government departments. In 2016, £9.9 billion of ODA was spent by DFID, with a further £3.5 billion of ODA spent by departments and contributors other than DFID.[6]

The two main ways which ODA is delivered is through bilateral and multilateral aid.

- Bilateral ODA is an earmarked spend which the donor has control over, usually going to specific programmes, regions or countries. Within bilateral ODA spending, the amounts can be further subdivided into funding to multilateral organisations for specific programmes or in specific countries; this is known as 'bilateral ODA through a multilateral organisation'. In addition, earmarked funding spent through other delivery partners, such as research institutions and civil society organisations, are referred to as 'Other bilateral' ODA. Over 63 percent of UK's ODA, £8.5 billion, was delivered through bilateral aid; of this, £2.3 billion was 'bilateral through a multilateral organisation' aid.[7]
- Multilateral ODA describes funds which are from national governments, pooled with other donors' funding and disbursed as part of the core budget of the multilateral organisation (rather than earmarked for a specific purpose). In order for the donations to qualify as ODA, the organisations need to be recognised by the OECD. The list of recognised multilateral organisations includes the Central Emergency Response Fund, the United Nations and the European Commission. Multilateral aid represented 36.2 percent of ODA, with £4.5 billion spent in 2016.[8]

In 2016, Pakistan received the most bilateral aid from the UK with £463 million, followed by Syria which received £352 million (of which over 60 percent was humanitarian aid). ODA was also used to fund contributions to the core budgets of projects such as the World Food Programme, International Monetary Fund's Poverty Reduction and Growth Trust and the African Development Fund. The UK Government spent £1.3 billion of its ODA on humanitarian aid.[9]

An assessment of the UK Government's current spending on ODA, and the way it is managed by DFID, can be found in the National Audit Office report, *Managing the Official Development Assistance Target: A Report on Progress*.[10]

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[6] Department for International Development, *Statistics on International Development 2017: Final 2016 UK ODA Spend Statistics*, November 2017, pp 10–12.
[7] ibid, p 9.
[8] ibid.
[9] ibid, p 4.
[10] National Audit Office, *Managing the Official Development Assistance Target: A Report on Progress*, July 2017.

1.2 Strategy for Aid Spending

As noted above, the Government voluntarily adheres to the OECD's definition of ODA. In addition, in deciding its spending priorities for ODA spending the Department for International Development is bound by the International Development Act 2002 which stipulates that poverty reduction should be the main purpose of UK aid spending.[11]

The Government's strategy for the UK's spending on overseas aid, *UK Aid: Tackling Global Challenges in the National Interest*, was published in November 2015. The strategy was produced by DFID and HM Treasury and included four objectives:

- **Strengthening global peace, security and governance**: the government will invest more to tackle the causes of instability, insecurity and conflict, and to tackle crime and corruption. This is fundamental to poverty reduction overseas, and will also strengthen our own national security at home.
- **Strengthening resilience and response to crises**: this includes more support for ongoing crises including that in Syria and other countries in the Middle East and North Africa region, more science and technology spend on global public health risks such as antimicrobial resistance, and support for efforts to mitigate and adapt to climate change.
- **Promoting global prosperity**: the government will use Official Development Assistance (ODA) to promote economic development and prosperity in the developing world. This will contribute to the reduction of poverty and also strengthen UK trade and investment opportunities around the world; and
- **Tackling extreme poverty and helping the world's most vulnerable**: the government will strive to eliminate extreme poverty by 2030, and support the world's poorest people to ensure that every person has access to basic needs, including prioritising the rights of girls and women. This will build security, stability and opportunity that will benefit us all.[12]

While the House of Commons International Development Committee was critical of the strategy for relegating the issue of poverty reduction to the last of four objectives,[13] the Government argued that the strategy "makes clear how reducing poverty and serving Britain's national interest are

[11] While DFID spending is bound by this statute, spending by other government departments is not. For further information on UK aid spending see: House of Commons Library, *UK Aid: Frequently Asked Questions*, 16 June 2017.
[12] HM Treasury and Department for International Development, *UK Aid: Tackling Global Challenges in the National Interest*, November 2015, Cm 9163, pp 3–4.
[13] International Development Committee, *UK Aid: Allocation of Resources: Interim Report*, 22 March 2016, HC 927 of session 2015–16, p 3.

inextricably linked—our ODA will achieve both goals together".[14] In March 2017, the International Development Committee reiterated its concern regarding the "national interest narrative" stating:

> ODA allocation should not be based primarily upon the national interest—instead it should be based primarily upon poverty reduction—but this is the impression being created […] It is a particular risk with increased spending by other government departments which might extrapolate the national interest further than addressing the causes of extreme poverty like fragility and instability. We strongly reiterate our recommendation that poverty reduction should always be the primary purpose of any UK aid spending, and that this should be made explicit in all ODA programming.[15]

In January 2017, DFID published its *Economic Development Strategy*. Amongst its key messages the strategy argued:

> Advancing economic development in the poorest countries is a hallmark of building Global Britain. It is an essential part of how Britain is helping make globalisation work for all and furthering our national interests by playing a leading role on the international stage.[16]

Commenting on the strategy, the House of Commons International Development Committee stated:

> Following the EU referendum, DFID has changed its tone on the relationship between the aid budget and trade. We welcome a strong focus on economic development from DFID, which is an important aspect of a comprehensive approach to poverty reduction, but it is important that UK aid continues to be completely untied, whether explicitly or implicitly.[17]

In its response the Government commented:

> We welcome the Committee's emphasis on poverty reduction, which is at the heart of everything DFID does […] We welcome the Committee's support for the economic development agenda. UK aid is untied, and we do not foresee any risks of it becoming "implicitly tied".[18]

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[14] International Development Committee, *UK Aid: Allocation of Resource: Interim Report: Government Response*, 14 June 2016, HC 256 of session 2016–17, p 2.
[15] House of Commons International Development Committee, *UK Aid: Allocation of Resources*, 28 March 2017, HC 100 of session 2016–17, p 37.
[16] Department for International Development, *Economic Development Strategy: Prosperity, Poverty and Meeting Global Challenges*, January 2017, p 4.
[17] House of Commons International Development Committee, *UK Aid: Allocation of Resources*, 28 March 2017, HC 100 of session 2016–17 p 6.
[18] House of Commons International Development Committee, *UK Aid: Allocation of Resources—Government Response*, 20 September 2017, HC 323 of session 2017–19, p 11.

2. Aid through the European Union

In 2016, the EU institutions provided US$15.7 billion of ODA, making them the fourth largest donor globally.[19] In contrast, the UK spent around US$18 billion on ODA.[20] A proportion of UK ODA is channelled through EU institutions. In 2016, it is estimated that US$1.9 billion, approximately 12 percent, of EU institutions ODA came from the UK.[21]

The two main sources of European Union ODA funding are the EU budget and the European Development Fund. In 2016, the UK provided £1 billion core funding towards the development share of the European Commission Budget. In addition, £473 million core funding went to the European Development Fund.[22] Funding through the European Union therefore represented approximately 11 percent of the UK's £13.4 billion spend on ODA.

2.1 European Union Budget: Global Europe

EU development policy is set down in Articles 208 to 211 of the Treaty on the Functioning of the European Union. As a 'shared parallel competence', EU member states have their own development policies, with the EU managing a common development policy and acting as an additional donor.

Member states have a legal obligation to contribute to the EU budget, of which a heading 4, entitled 'Global Europe' is dedicated to foreign policy. This section of the EU budget includes funding instruments which are most relevant for ODA, such as EU's pre-accession assistance, the European Development Cooperation Instrument, the European Neighbourhood Instrument and humanitarian assistance.[23]

In 2017, 6 percent, or €9.5 billion, of the budget was set aside under the heading 'Global Europe'.[24]

The recipients of ODA provided by the EU budget vary according to the instrument through which it is provided, with a large share of funding going to middle income countries neighbouring Europe through the pre-accession assistance and the European Neighbourhood Instrument.[25] The key strategic aim of the Development Cooperation Instrument, (€19.6 billion, or

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[19] Seek Development, 'Donor Tracker: EU', accessed 25 January 2018.
[20] Organisation of Economic Cooperation and Development, *Development Co-operation Report*, October 2017, pp 189 and 278.
[21] Seek Development, 'Donor Tracker: EU', accessed 25 January 2018.
[22] Department for International Development, *Statistics on International Development 2017: Final 2016 UK ODA Spend Statistics*, November 2017, p 37.
[23] European Commission, *European Budget at a Glance*, June 2015, p 25.
[24] European Union, How is the EU Budget Spent?, accessed 24 January 2018.
[25] Seek Development, 'Donor Tracker: EU' accessed 25 January 2018.
[25] ibid.

US$21.8 billion, for 2014 to 2020), is the reduction of poverty.[26] Countries in South, Central and Far East Asia received the largest share, 50 percent, of total funding in 2015. All of the top ten recipient countries were middle income countries, with the exception of Afghanistan.[27]

2.2 European Development Fund

The UK also contributes to the European Development Fund (EDF), an EU funding instrument which sits outside the EU budget. The fund has a geographic focus on a number of overseas territories and third countries, some of which have special historical ties to member states, for example former colonies. African, Caribbean and Pacific States (ACP) receive funding from the EDF and are signatories to the Cotonou Agreement, "a comprehensive agreement setting out the wider framework for their relations with the EU and its member states until 2020".[28]

The current fund, the 11th EDF, started in 2014 and is due to expire in 2020; from this date signing parties will no longer be bound by its provisions. In recent years, approximately 30 percent of EU spending on external assistance, including spending on both development and other categories, has been channelled through the EDF.[29] The total financial resources of the 11th EDF amount to €30.5 billion for the period 2014 to 2020.[30] The UK is the third largest donor to the EDF, and provides approximately 15 percent of the total EDF funding.[31]

The majority of EDF funding in 2015, around 82 percent, was allocated to countries in sub-Saharan Africa. While nine out of the top ten recipient countries of EDF aid were low income countries.[32]

The 2016 DFID review, *Raising the Standard: The Multilateral Development Review*, rated the European Union (both the EDF and the Development Cooperation Instrument) as being a 'very good' match to the UK priorities index, and 'good' in its organisational strengths. The European Commission Humanitarian Aid and Civil Protection Department (ECHO) received the same ratings.[33]

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[26] Seek Development, 'Donor Tracker: EU', accessed 25 January 2018.
[27] ibid.
[28] European Parliamentary Research Service, *European Development Fund*, November 2014, p 4.
[29] ibid, p 1.
[30] European Commission, 'European Development Fund', accessed 24 January 2018.
[31] Sophie Price, 'Where will the UK's Aid Budget go when it Stops Contributing to the EU', LSE Brexit Blog, 3 November 2017.
[32] Seek Development, 'Donor Tracker: EU', accessed 25 January 2018.
[33] Department for International Development, *MDR Assessment Summaries: European Commission Development Cooperation Instrument and Development Fund*; and *MDR Assessment Summaries: EC Humanitarian Aid and Civil Protection Department (ECHO)*, December 2016.

3. Brexit

Several commentators have sought to establish what impact the end to the UK's membership of the EU will have on overseas development assistance spending.[34]

Following the results of the 2016 Brexit referendum there was some debate about whether the UK's current ODA target of 0.7 percent of gross national income would remain. After some speculation, the Prime Minister, Theresa May, confirmed in April 2017 that the target of 0.7 percent would stay, [35] but argued that the Government would need to "look at how that money will be spent and make sure that we are able to spend that money in the most effective way".[36]

The Government would therefore need to decide how to spend approximately £1.5 billion ODA which is currently channelled through the EU. The implications for the EU, which faces a substantial drop in development resources post-Brexit are also the subject of some debate.[37] To a large extent the answer to this may be found in the form Brexit takes and how much the UK remains involved in voluntary EU-level arrangements.

3.1 Government Position

In its September 2017 publication, *Foreign Policy, Defence and Development: A Future Partnership Paper*, the UK Government suggested that it would seek to develop "a deep and special partnership with the EU that goes beyond existing third country arrangements".[38] The UK would, it argued, seek to collaborate on "a case-by-case basis and be subject to UK's standards on full transparency, accountability, risk and assurance, results and value for money".[39]

Responding to the September 2017 Partnership Paper, Mikaela Gavas, head of programme for Development Strategy and Finance at the Overseas Development Institute, was critical and called for more clarity on the UK Government's position. She commented:

> [T]there is no indication as to whether the UK will continue to support the European Development Fund, work with the EU on joint

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[34] See, for example: European Parliament, *Possible Impacts of Brexit on EU Development and Humanitarian Policies*, April 2017; and Sophie Price, 'Where will the UK's Aid Budget go when it Stops Contributing to the EU', LSE Brexit Blog, 3 November 2017.
[35] Jessica Elgot, 'Foreign Aid 0.7% Pledge will Remain, says Theresa May', *Guardian*, 21 April 2017.
[36] ibid.
[37] Michael Anderson and Ian Mitchell, 'Beyond Brexit: How Will EU Overseas Development Assistance Be Affected', Centre for Global Development Blog, 28 October 2016.
[38] HM Government, *Foreign Policy, Defence and Development: A Future Partnership Paper*, September 2017, p 2.
[39] ibid, p 21.

> strategies and programs in developing countries in a long-term systematic way or the future of aid to Commonwealth countries.[40]

A recent letter from Lord Bates, the Minister of State at the Department for International Development, to the House of Lords European Union Committee, confirmed that the UK would honour commitments to the EU budget made during the UK's membership of the EU; this would include commitments to the current and previous European Development Funds. Lord Bates reiterated that the UK would seek:

> To achieve flexibility to participate in programmes across the EU's external action instruments, on a case by case basis, where it is in our mutual interest to do so. The Government looks forward to discussing the future relationship with the EU as part of Phase 2 of the exit negotiations.[41]

A letter in the same month from Lord Bates to the House of Commons European Scrutiny Committee, noted:

> The specific arrangements for our future partnership with the EU will be discussed in the Phase 2 of the exit negotiations with the EU, however they are also subject to the outcome of parallel negotiations between the 28 EU Member States on the successor to the Cotonou Partnership Agreement and the EU's development financing instruments from 2021. If the UK were to participate financially in EU funding instruments after we leave the EU, then these would first need to be opened up to non-member States.[42]

3.2 Implications for Overseas Development Assistance

Writing for *Political Quarterly*, Simon Lightfoot, Emma Mawdsley and Balázs Szent-Iványi argue that the immediate impact of the 2016 referendum on UK development aid was the fall in the value of the pound, which led to "considerable pressure on overseas budgets in other currencies".[43] The longer term implications of Brexit for both the UK and the EU are not yet clear, and rely in large part on the future relationship between the EU and UK.

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[40] Molly Anders, 'UK Hopes to Maintain EU Aid Collaboration After Brexit', Inside Development, 13 September 2017.
[41] House of Lords European Union Committee, 'Letter from the Rt Hon the Lord Bates, Minister of State, Department for International Development', 19 December 2017.
[42] House of Commons European Scrutiny Committee, 'Letter from the Rt Hon the Lord Bates, Minister of State, Department for International Development', 7 December 2017, accessed 25 January 2018.
[43] S Lightfoot et al, 'Brexit and UK International Development Policy', *Political Quarterly*, July–September 2017, vol 88 no 3, p 519.

Post Brexit ODA through the EU?

Some commentators have suggested that the UK could continue to play a role in delivering ODA through the EU even after Brexit.

In April 2017, the European Parliament paper, *Possible Impacts of Brexit on EU Development and Humanitarian Policies* examined the different scenarios for a future working relationship between the UK and EU, dependent on what both ODA role both countries decide to take.

The report offered three scenarios for the UK's international role after Brexit, with only one, where the UK took a more "cosmopolitan" approach to its external role, maintaining its aid budget, being seen as leading to possible collaboration with the EU.[44] In this scenario some of the aid previously channelled through the EU would be "re-internalised" and some would follow the European pattern of aid allocation.[45]

In addition, the paper offered two different options for the EU's future international role, depending on how it reacted to Brexit. One role entailed the EU becoming a stronger global player, while the other was a retrenchment to a more "regional power" role. In the former, the EU would increase aid in order to compensate for the British aid loss, stick to its current aid allocation and seek a collaborative relationship with the UK.[46] The paper discussed the possible challenges and opportunities of the different scenarios, and offered potential policy options where, for example, the EU adopted a "regional power" approach and development work with the UK was dealt with on a case-by-case basis. In the situation where the EU opts to become a stronger global player and the UK is more "cosmopolitan" in its approach, the paper argues for the need for clear regulations on how to channel UK funding and work together with UK government officers, stating:

> The EU has the legal mechanisms for doing so and is in fact already channelling resources from EFTA countries such as Norway and Switzerland. However, the EC might consider reviewing these mechanisms in preparation for the Multiannual Financial Framework covering 2021–2027. By doing so, it would leave a door open for future UK collaboration in EU development policy. In any case, legal development in this respect would have to build upon the existing tools, which are mostly of three kinds:

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[44] In the "nationalist" scenario the UK would cut its aid budget and concentrate on domestic policy issues, leading to little opportunity for post-Brexit collaboration with the EU. In a "realist" approach the UK would maintain its aid budget with the UK playing a leading role in the world—but with little possibility of EU/UK collaboration.

[45] European Parliament, *Possible Impacts of Brexit on EU Development and Humanitarian Policies*, April 2017, p 6.

[46] ibid, p 8.

- Firstly, an extra-budgetary fund based upon an international agreement among EU institutions and [member states]. This is the case with the EDF, based upon the Cotonou Agreement (that expires in 2020). Allowing the UK to stay as a signatory party to this agreement would be the easiest way of maintaining 'business as usual'.
- Secondly, recently developed EU trust funds allow [member states] and other countries to contribute financially to thematic-based or country-based large initiatives, joining boards that will make decisions on aid programmes specifically supported by those funds.
- Thirdly, delegated cooperation allows [member states], EFTA countries and EU institutions to fund programmes jointly in partner countries by channelling funds through a single agency and thereby increasing overall effectiveness.[47]

The possibility of the UK continuing to be involved with the EU development policy was also raised by Simon Lightfoot et al, who noted that the UK will need to weigh the costs and benefits of creating new administrative structures to administer aid. They point to the examples of Switzerland and Norway who contribute to the Emergency Fund for Africa:

> The fact that non-EU countries, realising the common European interest have opted to take part in these, implies there is a case for the UK to make a similar decision once it would no longer be a member of the EU.[48]

UK Influence in the EU

As noted earlier, the Department for International Development's most recent review, *Raising the Standard: The Multilateral Development Review*, rated the European Union as being a 'very good' match to the UK priorities index, and 'good' in its organisational strengths.

Sophia Price, from Leeds Beckett University, argues that membership of the EU has allowed the UK to magnify the impact of its aid, and influence EU development policy to align with its own objectives.[49] One potential impact of the UK leaving the EU, would therefore be a consequent reduction in the global impact of the UK's ODA, and a reduction in the UK's ability to influence EU development policy.

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[47] European Parliament, *Possible Impacts of Brexit on EU Development and Humanitarian Policies*, April 2017, p 8.

[48] S Lightfoot et al, 'Brexit and UK International Development Policy', *Political Quarterly*, July–September 2017, vol 88 no 3, p 522.

[49] Sophie Price, 'Where Will the UK's Aid Budget go when it Stops Contributing to the EU', LSE Brexit Blog, 3 November 2017.

This potential realignment may be demonstrated in the short term as the EU examines the prospects for a future a future EU-ACP partnership, once the 11th EDF comes to an end in 2020. The European Parliamentary Research Service has concluded that Brexit could "affect the balance of powers and the level of funding, not least since many of the ACP states' historical ties with Europe were closest with the UK".[50]

Brexit could therefore mean that EU aid refocuses away from Caribbean and Pacific members of the ACP as UK influence on development policy wanes. In this scenario, the UK may need to increase funding to Commonwealth countries to compensate.[51]

The potential realignment of aid priorities was identified during committee stage of the European Union (Withdrawal) Bill in the House of Commons. Mike Gapes (Labour MP for Ilford South) sought to insert a new clause into the Bill "to mitigate the impact of Brexit on the British territory of Anguilla which is dependent on frictionless movement between Anguilla and adjacent French and Dutch possessions of St Martin/Sint Maarten that are EU territories".[52] Speaking to the amendment, Mike Gapes, commented:

> […] what will happen to the continued assistance that goes to Anguilla once we leave the EU. That assistance accounts for about 36 percent of the capital expenditure of the Anguillan Government. That huge amount comes as a result of assistance from the European Union, and it goes to Anguilla by virtue of UK membership of the EU, but once we stop paying into EU development assistance, does anybody think that the EU will continue to finance a British overseas territory when there is no longer any relationship between the UK and the European Union?[53]

The proposed new clause was not moved to a division and subsequently withdrawn.

Impact upon UK and EU Civil Society Organisations

The international development network, Bond, has examined the impact which Brexit might have on both EU and UK Civil Society Organisations (CSO).

On a practical level the network estimates leaving the EU could mean that UK CSOs face an annual funding shortfall of over €356.9 million in 2016, as UK CSOs are unable to access EU funding.

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[50] European Parliamentary Research Service, *ACP-EU After 2020: The End of an Era*, December 2016, p 9.
[51] S Lightfoot et al, 'Brexit and UK International Development Policy', *Political Quarterly*, July–September 2017, vol 88 no 3, p 521.
[52] HC *Hansard*, 16 January 2018, col 731.
[53] ibid, col 763.

Within this estimate humanitarian funding is the sector with the largest amount of funding at risk.[54]

In its report, *Options for Maximising UK-European Civil Society Collaboration in a Brexit Context,* Bond argues that, like the UK Government, UK CSOs will see a reduction in their ability to influence EU development policy. European CSOs will also be impacted, with a reduced UK CSO 'voice' leading to a gap in capacity and resource in research and policy development.[55]

In addition, the network states that the potential loss of UK involvement in EU development, could have a substantial effect on the sector as a whole, noting:

> The departure of one of the biggest and most influential EU donors will reduce the size, relevance and impact of development policy and spending within EU external policy and beyond.[56]

The report examines actions which might be taken to mitigate some of the potential impacts of Brexit, for example through training exchanges, building a European activists network and establishing a European CSO Erasmus programme.[57]

Development Policy: Trade

The primary focus on much discussion in this Briefing has been on the impact of Brexit upon the UK's ODA spending, and the way in which is channelled through the European Union. However, the issue of development policy more widely, and particularly its interface with trade as a way to aid development, has also attracted the interest of commentators.

As noted above, the narrative of aid and development being in the "national interest" and the increasing role of trade when considering aid has been something the International Development Committee has previously commented upon. In October 2017, the then Secretary of State of International Development, Priti Patel, suggested that money channelled to the EU could instead be used for trade and economic development, as well as humanitarian work.[58]

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[54] Bond, *The Impact of Brexit on EU Funding for UK CSOs*, July 2017, p 4.
[55] Bond, *Options for Maximising UK-European Civil Society Collaboration in a Brexit Context*, January 2018, pp 6–7.
[56] ibid, p 6.
[57] ibid, pp 9–11.
[58] Rob Merrick, 'Foreign Aid to be Spent on Helping to Secure Post-Brexit Trade Deals, Priti Patel Says', *Independent*, 24 October 2017.

The issue of the UK's future trade relationships with both the EU and with other countries, and consequentially its impact on UK development policy, has attracted the interest of several commentators.[59] In October 2017, the Department for International Trade published *Preparing for our Future UK Trade Policy*. The white paper outlined the Government's approach to establishing an independent international trade policy and sought views on its ambitions and priorities. The paper identified "Supporting developing countries to reduce poverty" as one of the key components of its trade policy.[60]

The paper reiterates the Government's desire for a time-limited transition period with the EU, during which access to each other's markets should continue on current terms. In addition, the paper suggests that the Government "will seek to transition all existing EU trade agreements and other EU preferential arrangements".[61] It is not clear whether transition of EU trade arrangements and preferential arrangements with third countries will automatically apply to the UK when it leaves the EU. Both the House of Lords European Union Committee and House of Commons International Trade Committee have urged the Government to seek clarification on the issue.[62]

In relation to developing countries, the paper seeks views on a unilateral trade preference scheme, which would put in place a preference scheme for developing countries which, as a minimum, provides the same level of access as the current EU trade preference scheme for developing countries.[63]

Responding to the white paper, Ian Mitchell, for the Centre for Global Development, argued that the paper was a "once in a lifetime opportunity" to improve on current EU trade with developing countries, for example in the use of European Partnership Agreements.[64] More broadly, Simon Lightfoot et al, writing in *Political Quarterly*, have argued that Brexit will see a continuation of the trend of utilising aid to secure trade deals.[65]

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[59] For example see: R Baldwin et al, 'Post-Brexit Trade and Development Policy, Centre for Economic Policy Research', March 2017; and O Barder and I Mitchell, 'A New UK Policy on Trade and Development Post-Brexit: A Good First Step', Centre for Global Development Blog, 24 June 2017.
[60] Department for International Trade, *Preparing for our Future UK Trade Policy*, October 2017, Cm 9470, p 8.
[61] ibid, p 29.
[62] House of Lords European Union Committee, *Brexit: The Options for Trade*, 13 December 2016, HL Paper 72 of session 2016–17, p 50, para 168; and House of Commons International Trade Committee, *UK Trade Options Beyond 2019*, 7 March 2017, HC 817 of session 2016–17, pp 59–60, para 202.
[63] Department for International Trade, *Preparing for our Future UK Trade Policy*, October 2017, Cm 9470, p 31.
[64] Ian Mitchell, 'UK Trade White Paper: A Once in a Lifetime Opportunity for Development', Center for Global Development Blog, 11 October 2017.
[65] S Lightfoot et al, 'Brexit and UK International Development Policy', *Political Quarterly*, July–September 2017, vol 88 no 3, p 521.

The Government published its Trade Bill on 7 November 2017. The Bill seeks to implement measures to build a future trade policy for the UK once it has left the EU, as outlined in the white paper.[66] In addition, on 5 January 2018, the Government published its response to the feedback it received about the white paper. In relation to the UK's relationship with developing countries it noted:

> As we leave the EU, a smooth transition is needed not only for the UK but also for developing countries. We will continue to engage closely with stakeholders on trade and development policy over the coming months and are looking [to] address the issues raised in response to the White Paper as part of that engagement. On EPAs, we have taken into account our partners' wishes for continuity and will seek to replicate the effects of these agreements as the UK leaves the EU. Our approach also takes into consideration the long-term benefits offered by EPAs, recognising the need for more mature bilateral partnerships as countries move towards middle-income status and providing a strong continuity message to business. Once we have left the EU, we plan to work with partners to further build and expand these trading relationships for the future.
>
> As set out in the white paper, we will also build on our track-record as a champion of trade and development by offering a fully integrated trade and development package which strengthens support to developing countries […] The Department for International Trade will continue to work closely with the Department for International Development on our future trade and development policy.[67]

For more discussion regarding the UK's future trade relationship with both EU and non-EU countries please see the House of Commons Library Briefing *Brexit: Trade Aspects* (9 October 2017).

[66] For more discussion regarding the proposals of the Bill see: House of Commons Library, *The Trade Bill*, 8 January 2018.

[67] Department for International Trade, *Trade White Paper: Preparing for our Future UK Trade Policy—Government Response*, 5 January 2018.