

Mind the Gap!

Our campaign for sustainable transition from donor support, to protect vital health systems.

Significant progress has been made on global poverty. The period of the Millennium Development Goals (MDGs) saw the number of people living in extreme poverty fall by over 50%, the number of Low Income Countries (LICs) reduce, and the number of Middle Income Countries (MICs) increase.

But economic growth can hide increasing inequality, particularly in access to health services. Currently, over 70% of people living in extreme poverty reside in MICs. As countries achieve middle-income status, they can start to lose eligibility for financial support from international donors, meaning that donor support may stop, decline or the nature of the relationship may change – a process known as ‘transition’. Effective aid has helped reduce poverty in recent years. But if international institutions and donors such as the UK withdraw their support too quickly, and if the transition is not planned well, many countries will be unable to fill the sudden big funding gaps in their health budgets. Lives will be at risk; the poorest and most vulnerable people could be left behind; and much of the progress that has been made in recent years could be reversed. To achieve the Global Goals by 2030, policies must focus on effective and sustainable transition, to help manage these changing aid relationships in a responsible and gradual way. This month, we are asking you to write a letter about this important risk to the effectiveness of UK aid to the Department for International Development (DFID).

A changing pattern of growth and inequality

Since the millennium, significant progress has been made in tackling global poverty. Between 2000 and 2015, the period of the Millennium Development Goals (MDGs), the number of people living in extreme poverty (those living on less than \$1.90 per day) [reduced by over 50%](#). The number of Low Income Countries (LICs) reduced from 63 in 2000 to 31 in 2016, while the number of [Middle Income Countries](#) (MICs) increased, as countries like Vietnam, Sri Lanka, Nigeria and India moved up the income classification.

But economic growth can hide significant and increasing inequality, particularly in access to health services. Now, more people live in poverty in MICs than in any other income classification, with over 70% of people living in extreme poverty residing in MICs. Despite being the largest economy in Africa, Nigeria still faces significant health inequity, and political and economic instability. India, one of the world’s largest economies, has the highest global rate of malnutrition.

How are international donors responding?

As countries move from low to middle-income status, donors start to reconsider the need for continued financial support, and may change their relationships with them, moving away from a focus on providing aid, or ‘Official Development Assistance’ (ODA). This whole process is known as ‘transition’.

A new danger to global health

Too early or unexpected withdrawal, decline or changes to donor funding can pose a huge risk to global health, as many countries will increasingly have to fund health services from scarce domestic resources. Countries should not expect to rely on aid forever; however, aid has been instrumental in improving health outcomes in many countries, and it continues to be vital. If donors withdraw too quickly – and in some cases, simultaneously – and if the transition to domestic funding is not planned well, the economic and human development gains which have been unlocked by aid could be lost, and investments wasted. Lives will be put at risk, with the poorest and most vulnerable people being left behind.

Transition from support from individual donors (so-called ‘bilateral’ or country-to-country aid) and from ‘multilateral’ institutions (which pool aid from a number of donors) is likely to happen in over 20 countries around the world in the next 5 years, sometimes simultaneously. This is despite big existing gaps in health coverage in many countries, often caused by weak health systems, low capacity, and insufficient financing. For example, many people can’t get vital the TB diagnostics and treatment they need; and many children still don’t receive all the recommended vaccines that they should. Changes in donor financing could make this situation worse if they

don't happen in a joined-up and sustainable way, or if they happen too fast without giving countries time to prepare. This could mean that more people will be unable to get the life-saving services they need, reversing progress on the Global Goals.

Multilateral funding withdrawal

The UK Government has important seats on the boards and committees of significant multilateral donor organisations. These include the [Global Fund to Fight AIDS, TB and Malaria](#), [Gavi the Vaccine Alliance](#), and the [Global Polio Eradication Initiative](#) (GPEI). In recent years, the UK has used its influence to push for transition policies requiring funding to be withdrawn from countries as soon as an arbitrary income threshold is reached. Each of these policies is developed and implemented in a silo, with limited or no coordination at either global or country level between multilateral and bilateral donors.

The impact of donor withdrawal is already being felt in some countries with high TB burdens in Eastern Europe and Central Asia, and will be felt by countries in Africa which have been receiving support from GPEI, as polio funding ends. Both these funding streams provide significant support to health systems and disease-control, and transition could leave countries vulnerable to epidemics and outbreaks of diseases.

Bilateral funding withdrawal

The UK provides [63%](#) of its overseas aid via 'bilateral' support. [A review in 2016](#) found that DFID's bilateral transition processes had not always been planned well or specified clear objectives for its new development partnerships, or communicated them well either with recipient countries or to the UK public. There is a need for a single, central person with responsibility for overseeing strategic and country transition policies, and ensure consistency between bilateral and multilateral approaches.

Withdrawal of DFID's bilateral funding has only occurred in a few countries in recent years. However, in some of these instances, for example, India and

China, while DFID's bilateral funding ceased, the relationship changed to a new footing. This has included the continued provision of some aid through other Government departments.

Another risk is that of transition between types of aid, and the prioritisation of particular sectors. This could lead to decline or withdrawal of support to the health sector, even if total ODA funding to a country remains unchanged. We have seen a decrease in bilateral spending on health in recent years, from £1,244 million in 2014 to £1,017 million in 2015. And there is an ongoing trend of more UK aid being spent by other Government departments that are unlikely to use this money for health programmes.

What should the UK do?

At present, Government and parliamentary awareness of the problems arising from transition is very low. Also, UK aid is highly controversial, particularly whether we should spend it in Middle Income Countries. And as media attacks on the UK's overseas spending erode the traditionally cross-party support for aid, poor transition from donor support could reverse the progress achieved by aid so far which will further undermine the credibility of UK aid, and could damage public and political support.

In order to achieve the Global Goals by 2030, DFID policies must focus on effective and sustainable transition, to help manage these changing aid relationships in a responsible and gradual way. At RESULTS, we are asking the UK Government to prioritise sustainable transition; to publish a framework for this process; and to have a named high-level person in the Department responsible for transition.

This month, please write a letter to the [newly-appointed DFID Permanent Secretary](#), Matthew Rycroft. He is DFID's most senior civil servant, and will need to understand our concerns. Later in the year, we will ask you to talk to your MP about the issue, to start to build the political support needed to change DFID's policies in the medium term.

Take action

- 1. Please write to Matthew Rycroft, DFID Permanent Secretary**, 22 Whitehall, London SW1A 2EG, or email him at DFIDCorrespondence@dfid.gov.uk, explaining the risk that unmanaged transitions pose to countries' health outcomes. Welcome him to his new role, and explain why you support the provision of life-saving health services through effective UK aid. See [Background Sheet 1](#) for talking points.
- 2. Please note this 'heads up' on the March advocacy action.** We'll be asking you to take action on TB, the world's most deadly infectious disease, in the run-up to World TB Day (24 March). This will ideally need preparation at the very start of the month – [Background Sheet 2](#) explains!