

Rt Hon Rory Stewart OBE MP
House of Commons
London
SW1A 0AA



14 May 2019

Dear Secretary of State,

Don't privatise aid: protect UK aid spending to eradicate global inequalities, not boost profits for British businesses

We write to you as members of the UK Fight Inequality Alliance to congratulate you on your appointment, and to set out how we would like to work with you. We are a collective of civil society organisations, trade unions and campaigners who are deeply concerned about the impact of shocking levels of inequality both here in the UK and across the globe, and the current lack of progress towards the Sustainable Development Goals (SDGs).

Firstly, we would like to take the opportunity to thank you for declaring your commitment to the UK's 0.7% spend on overseas aid, as well as for identifying climate change as one of DfID's most important challenges.

Nonetheless, the narrative that emerged from your predecessor and a number of other senior politicians continues to cause concern for those of us committed to reducing global inequality. Namely, this is the narrative that promotes "redefining" what is meant by aid in order to allow British businesses to profit from Overseas Development Assistance (ODA). Following the National Audit Office's report into PFI and PF2, Philip Hammond used this year's Spring Statement to once again decry the legacy of the Private Finance Initiative and launch a review into the private financing of public services and infrastructure here in the UK. Meanwhile, the Department for International Development (DfID) continues to promote private sector financing as a primary means to achieve the Sustainable Development Goals in the global south. As Parliamentary Under-Secretary Baroness Sugg noted, the Government believes that 'It is ultimately...the private sector - in partnership with both the public and the third sector that will deliver the Goal Goals [sic].' This is a fundamentally flawed approach.

Following the catastrophic failures of Carillion, Interserve and G4S, it is clear that public-private partnerships (PPPs) are not good enough for the UK, so why does our government want to export this same model across the world and call it "aid"?

The impact of private financing

The recent history of privately financed projects across the world has shown us that when private companies are involved in the construction and delivery of public services (through PPPs and other arrangements), access to healthcare, education and sanitation by the poorest and most marginalised in a society is restricted and inequalities tend to increase.

This type of financing has been shown to often result in:

- High levels of debt that consume huge proportions of the budgets of low-income countries
- The diversion of government funding from public healthcare and education
- Dangerous cuts to the budgets and resources of schools and hospitals
- Extortionate user fees and tariffs that restrict access for the poorest and most marginalised
- Poorer conditions and a loss of rights for workers
- Corruption, a lack of transparency and a lack of accountability in service delivery
- Environmental damage caused by deforestation, pollution, reduction in biodiversity and through contributing to climate change
- The displacement of indigenous populations
- Threats to women's rights and gender equality due to the disproportionate impact of user fees and tariffs on women

The profit-oriented objectives of private companies are simply at odds with our understanding of essential, public services as free and universal.

With more than 780 million people still living below the international poverty line, and progress on the SDGs still hugely uneven between women and men, urban and rural communities and within and between different regions, we need urgent action that accelerates - rather than impedes - progress towards the SDGs.

What are we calling for?

We are calling for effective overseas aid spending that is driven by the needs of the world's poorest, not used to guarantee a profit for bosses and shareholders in the UK.

The UK's international development programmes must focus on supporting nations in the global south to build free, universal and high-quality public services, as a means of eradicating poverty and inequality.

As the new Secretary of State for International Development, we call on you to commit to the following:

- to continue your public support for the 0.7% aid target and to take action to safeguard this spending commitment;

- to protect the Department for International Development as a standalone department, separate from the Foreign Office;
- to protect international development projects from further corporate capture, and resist the linking of “national interest” or a “financial return for the UK” to the international development agenda;
- to halt the excessive use of PPPs through DfID and the multilateral organisations it supports, publicly recognise the risks of PPPs for inequality and support states’ public financing of essential public services;
- to ensure all financing options are considered on equal footing with a robust cost-benefit analysis based on fiscal and human rights impact assessments before supporting PPPs;
- to explore alternative approaches to maximise the impact of the UK’s aid spending to benefit the world’s poorest and most marginalised, for example, by instead promoting Public-Public Partnerships (PUPs), which have successfully used the knowledge from countries with established public service systems to build capacity in other countries.

We also ask that you arrange to meet with the UK Fight Inequality Alliance and like-minded organisations to discuss the above concerns and identify alternatives to deliver fairer, more sustainable aid, in line with the UK’s international human rights obligations.

The Department for International Development must put people before profit, citizens before shareholders and development before dividends.

We look forward to working with you to ensure that the UK plays its vital role in achieving a more equal, sustainable and fairer future for everyone.

Yours sincerely,

Dr Wanda Wyporska, Executive Director, The Equality Trust
Dr Mary Bousted and Kevin Courtney, General Secretaries, National Education Union
Martin Drewry, Director, Health Poverty Action
Luiz Vieira, Coordinator, Bretton Woods Project
Ed Lewis, Policy and Campaigns Manager, Global Justice Now

Please direct any reply to:
Dr Wanda Wyporska
The Equality Trust, Resource for London
356 Holloway Road
London
N7 6PA

wanda.wyporska@equalitytrust.org.uk