

Journal of Contemporary European Research

Volume 16, Issue 2 (2020)

Research Article

The impact of Brexit on aid: EU and global development assistance under a realist UK scenario

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Citation

Olivié, I. and A. Perez (2020). 'The impact of Brexit on aid: EU and global development assistance under a realist UK scenario', *Journal of Contemporary European Research* 16 (2): 200-217.
<https://doi.org/10.30950/jcer.v16i2.1077>

First published at: www.jcer.net

Abstract

On 31 January 2020 the UK formally withdrew from the EU, with disengagement to become effective after a period of transition and uncertainty, aggravated by a global health crisis. By analysing the shifting profile of British aid since the Brexit vote and also the terms of the withdrawal, this article intends to shed light on its future course. Building on previous research, three scenarios on post-Brexit aid are considered in section 1: the nationalist; the realist; and the cosmopolitan. Considering the most recent changes in the UK's aid budgets and policy papers, it can be concluded that the country has a realist approach to development cooperation (see section 2). Finally, the paper assesses the impact these changes will be likely to have on European and global aid, *ceteris paribus* (section 3).

Our data show that the UK's volume of aid has remained stable since the Brexit vote in 2016. This has come hand in hand with a shifting pattern of aid allocation: aid provided for health research programmes in the UK, companies and universities has increased, while aid directed at LDCs and DFID programmes has decreased. Our main argument is that the changes match a realist scenario, rather than a cosmopolitan or even a nationalist approach, which would result in decreasing aid and weaker links with partner countries.

As a result, and despite the UK's new allocation pattern to countries, sectors and channels, there should be no major impact on aid at the European and global levels.

Keywords

Brexit; European Union; United Kingdom; development cooperation; aid.

INTRODUCTION

Brexit and its impact on the EU have become hot topics in academic literature, think-tank assessments and the media. Studies that started shortly after the 2016 referendum cover a wide range of issues: from security and defence (Duke 2018) to trade (Bilal and Woolfrey 2018). Development cooperation might not be the major concern in the exit negotiations and debates, but analyses on the impact of Brexit on aid have also proliferated and pointed towards a massive impact on the EU's development role.

The UK is the largest donor complying with the 0.7% international commitment and manages the fourth-largest aid budget according to OECD data. The EU is often presented as the world's largest donor, as Member States' aid budgets (including the UK's) plus aid channelled through EU Institutions currently account for more than 50% of global aid. Even considering only the volume of aid managed by its institutions, the EU is a highly relevant actor, having a slightly larger budget than the UK, and behind only Germany and the US.

As the UK is one of the biggest European donors, as well as (until now) a major contributor to the EU's budget due to its high GDP, Brexit may imply a huge setback for the EU as a global donor and actor, or, at least, a strong shift in EU aid, given the UK's very active role in shaping EU development cooperation in the past decades (Steingass 2019; Price 2019).

At the same time, the future post-Brexit EU-UK relation is still uncertain as regards a wide range of topics, including cooperation in global issues and, specifically, on development cooperation. The intensity and nature of such a post-Brexit relation may yet nuance the UK's withdrawal from EU aid budgets.

The aim of this paper is to shed light on the future course of UK aid allocations following the country's withdrawal from the EU. Based on ongoing changes in papers and budgets, the consequences of Brexit are explored at the national level (how Brexit will impact on British aid) and also at the global and EU levels (how EU and global aid will be transformed as a result of these changes in post-Brexit UK aid).

Different academic and think-tank inputs have dealt with this uncertainty in different ways. Some analyses are based on the authors' interpretations of the political situation at different post-referendum times, and/or on that of key stakeholders from the British and European aid community. Other academic inputs, such as those of Olivíe and Pérez (2017) and Henökl (2018) have proposed different scenarios for figuring out what the post-Brexit aid universe might look like.

Although the UK has formally left the EU, the future of cooperation in aid matters between both parties still needs to be defined. Regardless of the scope and type of cooperation that will finally be agreed upon, several decisions have already been taken by the British government regarding aid (its general budget, its strategic orientation and its geographical, sector and channel distribution), showing a changing pattern for UK aid that responds to a political shift and that can provide us with solid ground for predicting the final destination of British aid currently channelled through EU institutions. Similarly to what occurred with EU aid, the British policy makers in charge of the aid budget started making 'anticipatory adjustments' (Price 2019: 80) after the Brexit referendum and long before the real Brexit materialised.

Indeed, as we will show in this paper, British aid's changing pattern since the Brexit referendum responds, in general terms, to the realist scenario identified in Olivíe and Pérez (2017). Contrary to what various different analyses predicted, the British aid budget has not been cut as a result of the more conservative turn in the administration. However, aid has been reshaped in different directions. For instance, there are increasing funds channelled through public-private partnerships (PPPs), crowding out multilateral aid.

This article is structured as follows. First, we go through previous analyses on Brexit and aid, including a European Parliament report setting the scenarios that are used further along in this paper to interpret our findings. Secondly, we detail the changing pattern of British aid after the Brexit referendum in 2016, based on 2018 data on aid commitments as well as on institutional documents released by the British authorities. The third section forecasts the impact of Brexit on EU and global aid on the basis of the changing pattern identified in section 2.

PREVIOUS ASSESSMENTS OF BREXIT

For obvious reasons, with the 2016 referendum, Brexit emerged as a highly significant topic in the European think-tank community; a community that produced a great number of assessments of what Brexit would mean for the EU (and for the UK itself) on different fronts, including development assistance. Also, although at a slower pace, academic literature is producing analyses on the implications of Brexit. All these analyses and information provide us with a strong basis for understanding the future prospects of the two main variables of this study, which are the volume of aid and its distribution.

Aid volume

Several analyses focused on the financial implications of the UK's departure from the EU, with early reactions concluding that Brexit would entail a decrease in UK aid. Several reasons were cited. First, Britain's GDP and Gross National Income (Zheng and Huang 2018) could decrease because of Brexit, and the British Pound could lose some of its value (Barder 2016; Chonghaile 2016; Green 2016; Nazeer 2016; Te Velde, Papadavid and Méndez-Parra 2016).

Secondly, the negative impact of Brexit could result in the need to re-route aid spending towards covering domestic needs (Barder 2016; Chonghaile 2016; Green 2016; Sow and Sy 2016; Mawdsley 2017). Moreover, according to some British think tanks and NGOs, the 0.7 per cent commitment was under attack from the same media that actively supported the Brexit campaign (Bush 2017). Thirdly, it could 'cause a crisis for Europe's approach to international development' that would have directly resulted from the UK's continued leadership in development issues at the EU Council (Nazeer 2016).

Conversely, according to some authors, Brexit could entail the UK being liberated from the European burden, which would reinforce Britain's commitments in global affairs, including development agendas. Aid budgets would, therefore, be maintained at the present levels (Chonghaile 2016; Green 2016; Sharma 2016). This idea was reinforced by the fact that the UK's aid effort is a legally binding commitment that can be modified only by a major political agreement, and no such modification is currently under discussion by the main political parties.

Aid allocation

There are two main questions regarding the pattern of allocation of British ODA. First, whether there will be some type of EU-UK post-Brexit cooperation and, secondly, how British aid previously channelled via EU institutions will be allocated if directly spent by the UK authorities.¹

Maintaining UK funds via EU institutions is defended by some UK policymakers and analysts as a way of perpetuating the UK's global influence. One easy way to do this would be to maintain its contributions to EU aid through extra-budgetary procedures, given that the UK has been very active in moulding EU development cooperation policy (Steingass 2019; Price 2019). However, it could also be managed through other multilateral channels, such as the World Bank or the UN system. Nevertheless, the latter option cannot be taken for

granted as some other EU Member States seem reluctant to continue cooperating with the UK in the post-Brexit phase (Olivé and Pérez 2018; Price 2019).

A specifically British allocation pattern seems more consistent with withdrawing from the EU and with gaining control over policy decisions. Nevertheless, decisions on aid allocation exclusively taken by the UK government might differ from those prior to Brexit, despite what was stated in the recent British review of bilateral aid (DFID 2016b).

As a consequence of a new political vision for the UK's global development role, the British administration could alter its current pattern of bilateral aid allocation. Funds might be redistributed, diverting aid from least developed countries (LDCs) with high rates of poverty, or countries with weak economic ties to the UK, while increasing aid to Commonwealth and African and Asian middle-income countries (MICs) with historic and/or economic ties with the UK (Te Velde, Papadavid and Méndez-Parra 2016; Lightfoot, Mawdsley and Szent-Iványi 2017; Price 2018; Kohnert 2018; Polonska-Kimunguyi and Kimunguyi 2017; Price 2019; Nwankwo 2018).²

Increasing the bilateral channel would be an option if the UK's priority were to set up new trade agreements across the world, while the priority currently given to the multilateral channel would be the best way to maintain its global commitment. Even if the UK discards EU instruments as a multilateral option, this budget could be channelled via other multilateral institutions where the UK might seek to have a stronger influence, such as the World Bank.

Post-Brexit scenarios

Other studies have dealt with the uncertainty implied in studying post-Brexit aid behaviour by building scenarios. This is the case of Henökl (2018), who deals mainly with the prospects for UK-EU cooperation after Brexit, and of Olivé and Pérez (2017), who built three scenarios upon broader international visions that result in concrete choices on development policy (see table 1). These three scenarios (nationalist, realist and cosmopolitan) are briefly described in the following paragraphs.³

The nationalist scenario would be the one described by Norris and Inglehart (2019) to explain the overall Brexit process, the election of Trump and the rise of national-populist or authoritarian-populist parties. According to these authors, such parties politicise a cultural backlash in Western democracies by emphasising the problems of the native and ordinary population ('us, our country') over foreign issues and global concerns ('them, foreigners'), and advocating strong leaders over institutions and professional elites. As a result, these parties not only reject European integration, but also any openness towards migrants, multicultural societies, international organisations and multilateral cooperation, and –of course– foreign aid. As Gómez-Reino (2020) puts it, 'our country first' is not only rhetoric but also a budget allocation criterion. From the point of view of Norris and Inglehart (2019), Brexit and the overall nationalist approach to international relations is a backlash against cosmopolitanism, the dominant set of values resulting from the cultural transformation of Western societies that came with economic development and democratisation. Cosmopolitan attitudes include openness towards migrants, refugees and multicultural diversity, as well as public support for international cooperation, humanitarian assistance and multilateralism.

According to IR theory, values are not the only driver of aid policies. From a realist point of view, the behaviour of countries in the international arena responds to their own national interest, which mostly depends on power and influence vis-à-vis other nation-states. International cooperation is possible but cooperative states will always seek to maximise their relative power and preserve their autonomy (Morgenthau 1962; Waltz 1979). The aid allocation literature has reinforced the realist perspective in aid studies. This literature

classifies the motives of aid into two general categories, donors' national interests and recipients' needs, and confirms with statistical regression the prevalence of the donors' self-interest in most cases.⁴

In the nationalist scenario, Brexit might lead British institutions to place greater emphasis on domestic issues. Following an 'our-country-first' logic (Gómez-Reino 2020), the UK's institutions would become more inward-oriented and the money collected from British taxpayers would prioritise domestic problems over foreign or global issues. That would affect the UK's involvement with the EU, of course, but also in international cooperation in more general terms. Under this scenario, aid formerly channelled via EU institutions would not be replaced by other development programmes and further cuts affecting other multilaterals would likely happen. Based on the average rate EU countries decided to reduce their aid effort in recent years, cuts in UK aid could be as high as 30 per cent.

Alternatively, in line with a realist approach, Brexit may lead to a strong individual role in the world for the UK as a better way of pursuing its own national interest. From this perspective, it would be in the UK's best interest to provide aid to other nations if that contributes to establishing new economic and political alliances between nation states, instead of supporting multilateral or supranational constructions. Aid can help to reactivate the Commonwealth for commercial purposes, to establish new trade agreements with emerging economies or both. Accordingly, the UK's diplomacy and international cooperation would be as important as in the past, and the government would send a signal to the world about its ambitions in international affairs by maintaining the present 0.7 per cent commitment. However, trade would shape the way external policies, including aid, are implemented. In other words, the patterns of British aid allocation would be altered. This would mean that UK contributions to European aid instruments would be reallocated to bilateral aid programmes.

Lastly, the UK's external role could take a more cosmopolitan approach. If, as in the Lancaster House speech, Brexit implies the mere rejection of the EU's integration process and, therefore, departure from the Union, the UK might place a stronger emphasis on preserving or even reinforcing its global commitments. Accordingly, it would seem reasonable not to put in danger strategic partnerships and the UK could, therefore, opt for Europe as its number-one ally. In this case, the lack of alternatives in current world politics might be the determining factor. In this cosmopolitan scenario, the UK would not revisit its legal commitment to the 0.7 per cent target. The current patterns of British aid distribution, which are aligned to internationally-agreed agendas on development and aid effectiveness, would also remain the same, consistent with the country's global commitment. This could lead the UK to preserve its commitments with European aid programmes, but would very likely lead to diverting funds away from EU institutions towards other multilateral organisations, consequently revising sector and geographical allocations. This reallocation could affect up to 50 per cent of the British aid currently channelled via EU institutions, while cooperation between the UK and the EU with funds under such an agreement would follow the European pattern of aid allocation.

Table 1. Three scenarios for post-Brexit UK aid

	Scenario 1 Nationalist UK	Scenario 2 Realist UK	Scenario 3 Cosmopolitan UK
1. UK aid budget	-30%	Same	Same
2. British aid allocation	Aid cuts would affect the EU channel in the first place and other multilateral channels	Realist pattern Channel distribution following British pattern of bilateral aid Geographical distribution, accordingly Sector distribution, economic infrastructures only	European-like pattern (50% of aid) Same channel distribution Same geographical distribution Same sector distribution Globalist pattern (50% of aid) Channel distribution following British pattern of multilateral aid (except EU institutions) Geographical distribution, accordingly Sector distribution, accordingly
3. British willingness to cooperate with the EU in development	No cooperation	No cooperation	Cooperation (50% of aid formerly channelled via EU institutions channelled via EU institutions in the post-Brexit phase)

Source: Olivie and Pérez (2017).

UK AID AFTER THE BREXIT VOTE

In this section the allocation of UK bilateral aid before and after the Brexit referendum is analysed by using the most recent data available from the OECD creditor reporting system (CRS). The CRS database is based on donor reports to the DAC on an activity basis and therefore presents information in great detail, allowing the disaggregation of UK aid in terms of sectors, channels and countries (among other variables), and provides microdata with qualitative information on the specific programmes behind the main variations in each of the three variables. Additionally, the CRS covers the aid budgets of all the members of the DAC including EU institutions, which will facilitate an estimation of the impact of Brexit on EU and global aid in section 3.

The purpose of this section is to identify anticipatory adjustments as in Price's (2019) work. These are changes in aid budgets made by policymakers that can anticipate if UK aid after Brexit will evolve according to a nationalist, a realist or a cosmopolitan pattern of behaviour, following Olivie and Pérez's (2017) scenarios. As shown on table 4, the latest data available at the CRS refer to 2018. By using data on commitments, instead of disbursements, the analysis can already capture policy decisions made after the vote of 23

June 2016. By comparing such commitments with the average data on the previous 5 years, patterns of change or, at least anticipatory adjustments, can be highlighted. This analysis is also supported by the review of declarations and strategic papers issued by the UK Government in the same period, and organised around the variables considered in the scenarios summarised in table 2.

Total aid budget

According to OECD figures, UK bilateral ODA after the Brexit referendum amounted to USD 7,298 million in 2017 and USD 8,008 million in 2018. This was 8 per cent above the average commitments of the 5-year period prior to the referendum. This increase was aligned with the UK's economic growth as the overall budget is stipulated by law at 0.7 per cent of the UK's GNI, as explained in section 1. No indication has been found in oral and written declarations by current UK government representatives about a possible modification of the commitment, which would require a major political agreement. On the contrary, Theresa May's declarations confirmed Britain's commitment to global development (Green 2016; Sharma 2016), and such commitment would be consistent with the Truly Global Britain slogan in which she framed the overall Brexit strategy in her Lancaster House Speech (UK-Government 2017).⁵ Moreover, we found no evidence that the current Johnson Administration is planning significant aid cuts.

Aid allocation by sector, channel and country

However, based on political declarations, changes in aid allocation could occur after Brexit. Priti Patel, former Development Secretary and first post-Brexit referendum head of the Department for International Development (DFID), said on several occasions that the aid rationale should be more closely linked to the pursuit of national interests (and, more specifically, to international trade opportunities); an idea that might culminate with the recent merger of DFID and the Foreign Office (UK-Government 2020).⁶ This idea of pursuing one's interests was formally stated in the previous UK Aid Strategy (HM-Treasury and DFID, 2015) and re-emphasised in the current plan (DFID 2017). Table 2 provides mixed evidence on the possible reorientation of UK aid. While the social sector still receives the largest amount of UK bilateral aid and even increases its funding, the production sectors are experiencing the highest increase of all sectors with a +109 per cent variation.

Table 2. The UK's ODA allocation by sector before and after the Brexit referendum. Bilateral ODA commitments in USD million (2018 constant prices)

	2012-16 average	2017-18 average	% change
III. Production sectors	383	798	109
IX. Refugees in donor countries	251	411	64
IX. Unallocated/unspecified	155	196	26
I. Social infrastructure & services	2,811	3,349	19
IV. Multi-sector/cross-cutting	973	1,070	10
II. Economic infrastructure & services	742	611	-18
IX. Administrative costs of donors	570	447	-22
VIII. Humanitarian aid	1,073	751	-30
VII. Action relating to debt	22	4	-81
VI. Commodity aid/general programme assistance	93	15	-84
Total	7,069	7,653	8

Source: Creditor Reporting System (OECD 2020).

According to the CRS microdata, the main increases in production sectors relate to SME development programmes framed under the industry and agriculture subsector, as well as support to trade policies and regulations. The assistance provided to refugees in the UK also saw a large increase (64 per cent), while programmes under the unallocated and social headings also experienced some growth. The 19 per cent increase of the social sector

was mainly due to a 580 per cent increase of the aid allocated to the health subsector. This increase was strongly related to research programmes run by institutions like the UK National Institute for Health Research. Within the social sector, the funding for conflict, peace and security, and governance and higher education also increased by 90 per cent, while the funding for more traditional subsectors like water and sanitation, basic education and basic health decreased.

From a channel perspective, the most significant change in British aid in 2017 was the emergence of companies as a new channel for direct implementation of UK aid. This type of aid amounted to USD 1,105 million after the referendum but was inexistent in previous years, and, although it was scattered across many sectors, its main driver was related to the priority given to the health sector and research capacities,⁷ showing how aid can be used to strengthen national capacities and interests.

Similarly, aid channelled through public-private partnerships almost trebled and that of universities doubled. The latter was also closely related to the growth of the health sector, while the former also benefitted from the increased allocation of aid to the financial, business and education sectors.

Table 3. The UK's ODA allocation by channel before and after the Brexit referendum. Bilateral ODA commitments in USD million (2018 constant prices)

	2012-16 average	2017-18 average	% change
Private sector institution	0	1,105	-
Public-private partnerships (PPP)	62	166	167
Academia	407	878	116
Public Sector Institutions	2,029	2,463	21
Non-governmental organisations (NGOs) and civil society	1,270	1,375	8
Multilateral institutions	2,275	1,508	-34
Unspecified	92	24	-73
Others	953	134	-86
Total	7,069	7,653	8

Source: Creditor Reporting System (OECD 2020).

In line with some of the changes described above, the budget of the Department of Health has increased by 555 per cent, and that of the Department for Business, Innovation and Skills by 125 per cent. The latter also participates in research and innovation grant programmes often related to the health sector, as well as in private sector support programmes in the field of industry and agriculture. This department is getting closer to departments with a longer involvement in development cooperation, like the Department of Health and the Foreign & Commonwealth Office.

That said, the Department with the most dramatic increase of ODA is Culture, Media and Sports (1,469 per cent). This institution manages a relatively small programme which has recently grown due to the increasing needs of cultural heritage restoration in Middle Eastern countries recently affected by war.

All the departments other than the DFID still manage a small share of ODA, but together they have constantly increased their participation in development cooperation since 2014 (DFID 2019b). For this reason, it is remarkable that an additional cut of -25 per cent was made to the DFID's budget after the Brexit referendum. Such a redistribution of funding among departments, along with the existence and growing importance of a cross-government fund, the Conflict, Stability and Security Pool Fund, managed by the security council, confirms the idea that the DFID might cede the leadership on aid to the FCO after the merger, so that aid can be managed from a whole-of-government approach. The importance of working more closely across the UK government and the relevance of aid

for national interests such as business opportunities and security are also emphasised in the recently published new strategy on governance (DFID 2019a). Moreover, this approach is consistent with Boris Johnson's decision to merge the DFID with the Foreign Office, in an attempt to closely link development foreign action with national interests (Willis 2019).

Table 4. UK ODA allocation by agency before and after the Brexit referendum. Bilateral ODA commitments in USD million (2018 constant prices)

	2012-16 average	2017-18 average	% change
Department for Culture, Media and Sports	2	25	1,496
Department of Health	146	957	555
Department for Work and Pensions	11	26	137
Department for Business, Innovation and Skills	327	733	125
Miscellaneous	526	855	63
Home Office	227	363	60
Foreign & Commonwealth Office	468	740	58
Department of Energy and Climate Change	201	311	55
Scottish Government	15	16	6
Department for International Development	4,788	3,583	-25
Department for Environment Food and Rural Affairs	62	39	-37
Export Credit Guarantee Department	57	4	-93
Welsh Assembly Government	2	0	-100
Ministry of Defence	7	0	-100
CDC Capital Partners PLC	420	0	-100
Total	7,069	7,653	8

Source: Creditor Reporting System (OECD 2020).

From a geographical standpoint, Africa continues to be the region receiving the largest amount of UK bilateral ODA, although its budget decreased by -8 per cent, mainly affecting the least developed countries (LDC) with a variation of -14 per cent along with that of Oceania. On the contrary, the highest relative increases benefitted America, Europe and Asia.

Table 5. UK ODA allocation by region before and after the Brexit referendum. Bilateral ODA commitments in USD million (2018 constant prices)

	2012-16 average	2017-18 average	% change
America	223	346	55
Europe	79	136	73
Asia	1,805	1,996	11
Developing countries (unspecified)	2,537	3,082	21
Africa	2,416	2,088	-14
Oceania	9	5	-40
Total	7,069	7,653	8
<i>Of which LDCs</i>	<i>1,991</i>	<i>1,735</i>	<i>-14</i>

Source: Creditor Reporting System (OECD 2020).

In summary, when comparing UK aid before and after the Brexit referendum, the possibility of this policy being more closely linked to national interests is confirmed. The increase of the funding managed by the Department for Business, Energy and Skills channelled by companies and public-private partnerships, and allocated to productive sectors like industry, can contribute to increase the opportunities of UK businesses abroad while pursuing development goals. Similarly, the increase of funding of the Department of Health, when allocated to global research institutions based in the UK, increases the innovation capacities of domestic actors. This shift goes back to an Aid Strategy issued in 2015, but has been reemphasised in official papers and declarations following the Brexit referendum (HM-Treasury and DFID 2015). In other words, the most recent data indicate that the UK will follow a realist approach in which a strong budget of bilateral ODA is required to sustain the Truly Global Britain (where the UK aims to strengthen its historical

ties with non-EU partners, such as Commonwealth members both in the North and in the Global South), as opposed to a cosmopolitan scenario in which previous contributions to the EU can be either maintained or channelled through other multilateral actors, and to a nationalist scenario, in which the withdrawal of the UK contributions to EU aid programmes could be taken as an opportunity to decrease ODA budget and increase domestic expenditure.

This behaviour responds to a series of political decisions linked to both a more conservative turn in the UK Administration and also to a new definition of the UK's role in the world (and therefore in the international aid community) in light of its withdrawal from the EU.

EU AID AFTER BREXIT

In this section, 2017-18 data on UK aid commitments are taken as the best estimation of UK aid once Brexit materialises. Not only were such commitments made after the Brexit referendum, but their allocation of UK aid across sectors, channels and countries was consistent with the most recent policy statements, which reinforce a previous trend consisting of improving the connection between development cooperation and other policies.

Assuming that The British Pound and other currencies remain stable, along with the allocation pattern of the rest of the donor community,⁸ the impact of Brexit on EU and global aid is estimated here by drawing on the aid committed by the UK and other donors in 2017-18 and by reallocating the British multilateral aid channelled through the EU institutions to the UK (approximately EUR 2 billion). Considering that the UK is anticipating a realist trend that will prioritise stronger bilateral relations, and in line with the results shown in the previous section, it is foreseen that the aid budget will be maintained, complying with the 0.7 per cent ring-fenced commitment.

The possibility of the UK retaining part of its contribution to EU aid programmes, as some non-EU European countries like Norway or Switzerland do, is ruled out. On the one hand, the British authorities have expressed their will to extend cooperation on aid matters with the EU after Brexit. In a British review of multilateral aid, the EU was assessed like any other multilateral channel and received a very good score (DFID 2016a). More recently, the UK has shared this view with its European partners: 'The EU will remain one of the largest development actors in the world, and the UK wants to retain a close partnership with the EU in the future'. This view was expressed in a non-paper shared with the other Member States at an EU Foreign Affairs Council on Development. In 'The EU beyond 2020, future development instruments: a UK perspective', the UK calls for flexibility on the part of the EU when designing the post-2020 development cooperation financial tools so that non-Member States can join and play a proactive role (De Groof 2018). A similar request is also made in a UK Government paper on the future UK-EU partnership (HM-Government 2018). However, on the other hand, the EU-27 is now reluctant to open the door to this sort of cooperation. Also, this is consistent with the latest Brexit agreement (EU and UK 2019), which includes a heading on global cooperation that refers only to future EU-UK cooperation in the framework of the G20, the G7 and the United Nations Conventions on Climate Change, but does not mention any possible joint action in the field of development finance.

As a result of a realist choice by the UK and the assumptions above, Brexit should not impact on the amount of aid globally but it will obviously have a significant and negative impact in the share of global aid managed by the EU as a whole, and an increase in the ODA budget under the exclusive control of the UK government. These effects are shown in table 6, where the DAC countries have been grouped as the UK, EU institutions, other EU Member States and other donors.

Table 6. Overall impact of Brexit on bilateral aid. Estimates based on 2017-18 bilateral ODA commitments in USD million (2018 constant prices)

	Before Brexit		After Brexit		% change
	USD million	%	USD million	%	
UK	7,653	5	9,449	6	23
All EU	90,436	61	80,987	54	-10
- Member States	67,576	45	59,923	40	-11
- EU institutions	22,860	15	21,064	14	-8
Other donors	59,043	39	59,043	39	0
Total DAC	149,479	100	149,479	100	0

Source: Creditor Reporting System (OECD 2020).

Note: Aid recorded in the CRS, including bilateral aid of donor countries and that of the EU, which is at the same time a multilateral channel and a member of the DAC. Including bilateral UK aid before Brexit.

Unless additional contributions are agreed upon in the framework of the EU27, aid programmes run by the EU institutions will decrease by almost USD 2 billion as a result of the withdrawal of the UK, also meaning that the volume of bilateral aid associated to the EU as a whole will decrease by approximately USD 2 billion. Still, EU27 aid will account for more than half of global bilateral aid.

Table 7 shows how an increase of 23 per cent in UK aid and a reduction of 10 per cent in EU aid will impact on the geographic distribution of global aid. Europe will be the most affected recipient region because of the priority given to the EU's Eastern Neighbourhood and Turkey by the EU institutions. The reallocation might slightly increase aid allocated to Oceania and unspecified regions as a result of the UK's propensity to promote and fund programmes related to global goods without specific geographical targets, as in the case of health research and innovation.

Table 7. The impact of Brexit on EU and global ODA: geographical allocation. Estimates based on 2017-18 bilateral ODA commitments in USD million (2018 constant prices)

	UK	Other EU Member States	EU institutions	All EU		Other DAC	All DAC	
				USD million	% change		USD million	% change
<i>Before Brexit:</i>								
Africa	2,088	15,916	7,860	25,865		16,324	42,188	
America	346	4,505	1,459	6,310		3,921	10,232	
Asia	1,996	14,368	3,960	20,324		25,772	46,096	
Europe	136	2,550	5,463	8,150		1,034	9,183	
Oceania	5	116	177	298,155 928		1,668	1,966	
Unspecified	3,082	22,029	3,941	29,051		10,763	39,814	
Total	7,653	59,485	22,860	89,998		59,481	149,479	
<i>After Brexit:</i>								
Africa	2,578	15,916	7,243	23,159	-10	16,324	42,061	0
America	427	4,505	1,345	5,850	-7	3,921	10,198	0
Asia	2,464	14,368	3,649	18,017	-11	25,772	46,253	0
Europe	168	2,550	5,034	7,584	-7	1,034	8,786	-4
Oceania	6	116	163	279	-6	1,668	1,953	-1
Unspecified	3,805	22,029	3,631	25,660	-12	10,763	40,228	1
Total	9,449	59,485	21,064	80,549	-10	59,481	149,479	0

Source: Creditor Reporting System (OECD 2020).

Note: Aid recorded in the CRS, including bilateral aid of donor countries and that of the EU, which is at the same time a multilateral channel and a member of the DAC. Including bilateral UK aid before Brexit.

Despite recent trends in the allocation of UK aid by sector, Brexit would entail an increase in the budget allocated to traditional aid sectors such as humanitarian aid or social sectors.

EU institutions, compared with the UK, tend to provide more funding to economic sectors, and Brexit could therefore impact negatively on the funding allocated to basic infrastructures, productive activities and commodity aid.

Table 8. The impact of Brexit on EU and global ODA: sector allocation. Estimates based on 2017-18 bilateral ODA commitments in USD million (2018 constant prices)

	UK	Other EU Member States	EU institutions	All EU		All DAC		
				USD million	% change	Other DAC	USD million	% change
<i>Before Brexit:</i>								
I. Social infrastructure & services	3,349	19,755	8,255	31,360		21,639	52,999	
II. Economic infrastructure & services	611	8,035	5,770	14,416		13,216	27,632	
III. Production sectors	798	3,858	2,489	7,145		4,077	11,222	
IV. Multi-sector/cross-cutting	1,070	5,810	2,549	9,429		3,371	12,800	
VI. Commodity aid/programme assistance	15	1,335	849	2,199		1,918	4,117	
VII. Action relating to debt	4	405	0	409		28	437	
VIII. Humanitarian aid	751	5,736	1,955	8,442		9,273	17,715	
IX. Administrative costs of donors	447	3,011	790	4,248		4,120	8,367	
Refugees in donor countries	411	9,966	0	10,377		2,214	12,591	
Unallocated/unspecified	196	1,574	203	1,973		-375	1,599	
Total	7,653	59,485	22,860	89,998	0	59,481	149,479	
<i>After Brexit:</i>								
I. Social infrastructure & services	4,135	19,755	7,607	27,362	-13	21,639	53,136	0
II. Economic infrastructure & services	754	8,035	5,317	13,351	-7	13,216	27,322	-1
III. Production sectors	986	3,858	2,293	6,151	-14	4,077	11,214	0
IV. Multi-sector/cross-cutting	1,321	5,810	2,349	8,159	-13	3,371	12,851	0
VI. Commodity aid/programme assistance	19	1,335	782	2,117	-4	1,918	4,054	-2
VII. Action relating to debt	5	405	0	405	-1	28	438	0
VIII. Humanitarian aid	928	5,736	1,802	7,537	-11	9,273	17,738	0
IX. Administrative costs of donors	552	3,011	728	3,738	-12	4,120	8,410	1
Refugees in donor countries	508	9,966	0	9,966	-4	2,214	12,688	1
Unallocated/unspecified	242	1,574	187	1,762	-11	-375	1,629	2
Total	9,449	59,485	21,064	80,549	-10	59,481	149,479	0

Source: Creditor Reporting System (OECD 2020).

Finally, the propensity of EU institutions to channel their aid through national governments will condition a negative impact of Brexit on the funding available for public institutions. Bilateral aid allocated through multilateral programmes will remain constant, while the UK's

increase in ODA will clearly benefit non-government actors of a different nature: universities, public-private partnerships, companies and non-profit organisations.

Table 9. The impact of Brexit on EU and global ODA: channel allocation. Estimates based on 2017-18 bilateral ODA commitments in USD million (2018 constant prices)

	UK	Other EU Member States	EU institutions	All EU		Other DAC	All DAC	
				USD million	% change		USD million	% change
<i>Before Brexit</i>								
Multilateral organisations	1,525	11,070	4,699	17,295		10,779	28,074	
NGOs & civil society	1,375	8,271	2,626	12,272		8,678	20,949	
Not reported	0	-80	0	-80		-172	-252	
Other	134	1,538	0	1,672		9	1,681	
Private sector institutions	1,105	1,666	2,104	4,875		6,123	10,998	
Public sector	2,463	34,188	13,183	49,834		32,311	82,145	
Public-private partnerships (PPP)	172	421	52	646		192	837	
Academy	878	2,848	197	3,923		1,123	5,046	
Total	7,653	59,923	22,860	90,436		59,043	149,479	
<i>After Brexit</i>								
Multilateral organisations	1,883	11,070	4,330	15,400	-11	10,779	28,063	0
NGOs & civil society	1,697	8,271	2,419	10,690	-13	8,678	21,065	1
Not reported	0	-80	0	-80	0	-172	-252	0
Other	166	1,538	0	1,538	-8	9	1,713	2
Private sector institutions	1,364	1,666	1,939	3,605	-26	6,123	11,092	1
Public sector	3,041	34,188	12,147	46,335	-7	32,311	81,687	-1
Public-private partnerships (PPP)	213	421	47	469	-27	192	874	4
Academy	1,085	2,848	181	3,029	-23	1,123	5,237	4
Total	9,449	59,923	21,064	80,987	-10	59,043	149,479	0

Source: Creditor Reporting System (OECD 2020).

CONCLUSIONS

Recent political events, official documents and political statements by the British authorities, as well as the shifting profile of the UK's aid, back the realist scenario described above (Olivé and Pérez 2017). UK aid has not decreased: much to the contrary, it has increased since the Brexit vote in 2016. This rules out the nationalist scenario. As explained in section 1, a nationalist approach to aid by the UK would have resulted in a substantial cut in aid budgets. However, its pattern of allocation has changed. There have been significant increases in aid provided for domestic research in health issues; stronger links with private actors through public-private partnerships and with academia, a fall in aid directed to LDCs and the dispersion of aid funds across several ministries. This pattern is far removed from the aid allocation that would result from a cosmopolitan view and that would imply stronger links with multilateral organisations.

Most likely, the UK will maintain its aid levels and therefore the volume of global aid will remain unchanged. However, since the EU is losing not only the important financial

contribution of the UK to the general budget but also a major individual donor, EU aid will be strongly cut. In spite of this, the EU-27 will still be the provider of more than half of total traditional aid. Moreover, as post-Brexit EU-UK cooperation on aid matters is not likely at this moment, British funds formerly (currently) channelled via EU institutions will be re-internalised and allocated according to the changed pattern of British aid. This will have no major effect at the global level but some impacts (above 4 per cent) are worth mentioning: aid to Europe will decrease (as a result of the UK's low interest in the EU's neighbourhood) and global aid channelled through public-private partnerships and academia will probably increase.

These results contrast with the somehow generalised perception that the EU might be losing its focus on human development targets –in the framework of a process of politicisation and securitisation of aid– due to the *de facto* withdrawal of the UK from EU aid debates and decisions (Price 2019). Even in the case of the EU being in such a process, given the shifting pattern of UK aid, it is difficult to argue that the current influence of this donor would incline EU aid towards a greater focus on poverty reduction.

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ENDNOTES

¹ For a debate on the options for UK aid formerly channelled via EU institutions, see Mitchell & Anderson (2016).

² Or funds could even be diverted to East European countries, if the UK searches for allies during the Brexit process Farand (2017).

³ These three scenarios were drawn on the basis of previous analysis on the potential impact of Brexit on UK aid (included in section 1 of this work) and on semi-structured interviews conducted with key stakeholders in both London and Brussels.

⁴ For a review of the empirical literature on aid and its connections with IR theory, including the realist and neo-realist schools, see Malacalza (2020) and Pauselli (2020).

⁵ Such behaviour of UK aid budgets is also in line with the political positions of different parties, as described by Heppell et al (2017).

⁶ Somehow, a return to more traditional cooperation agendas, with greater emphasis on the economic growth element of development, could be linked to this Mawdsley (2015).

⁷ More exactly, the most relevant increase in the participation of private companies occurred in the health sector, and was related to the Fleming Fund. The Fleming Fund is an UK ODA program tackling antimicrobial resistance (AMR) and supporting developing countries to improve its surveillance of AMR and generate relevant data that is shared nationally and globally.

⁸ The aim of these assumptions is to isolate the variables of our study. During this period, all currencies have fluctuated and so has the allocation pattern of the donor community. These changes, however, do not comprise our research results.

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