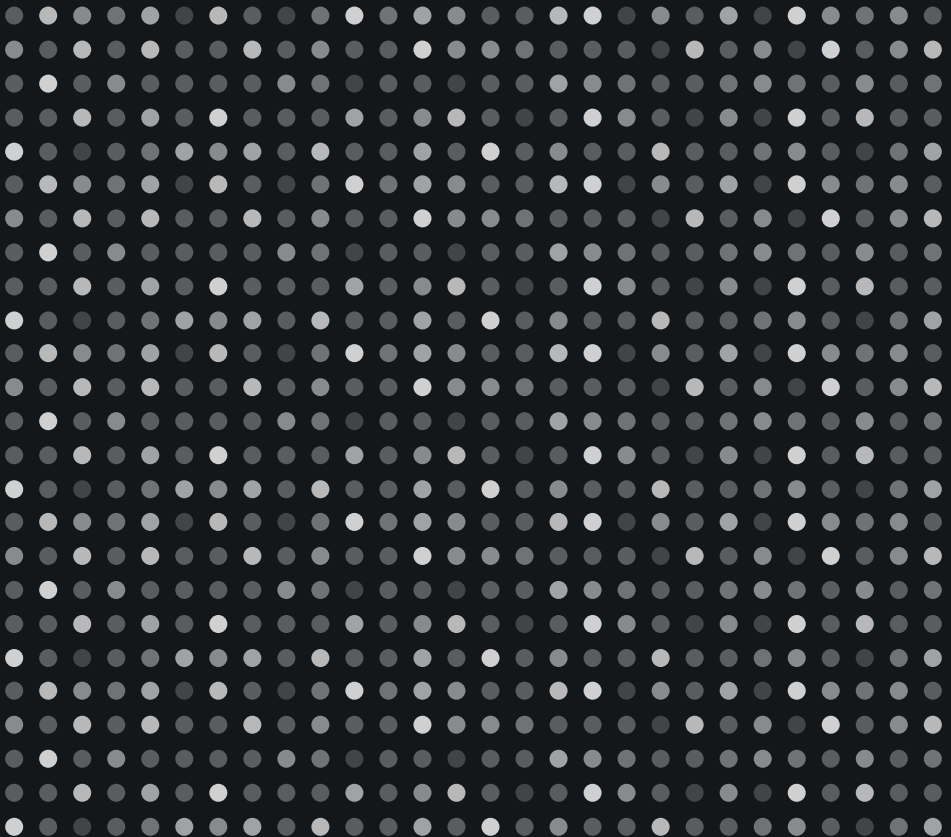


**COALITION
FOR GLOBAL
PROSPERITY**
Britain as a force for good

Global Britain: The Confidence to Lead



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Introduction

At CGP, our default position is one of optimism about the prospects for a better world and the distinct, important role that the UK can play in helping to bring that about. As the UK has shown in Ukraine, the UK can accomplish remarkable things when its goals are clear, its commitment sustained and when it works pragmatically in partnership with its allies. We want to see the UK apply the same level of ambition and self-belief in addressing many of the challenges that will define the decades to come.

In an age of heightened geopolitical tension, we want to ensure that the UK has the structures and resources in place to respond to some of the longer-term threats and opportunities that it will face. In the wake of the Integrated Review, and the FCDO's more recent International Development Strategy (IDS), now is a good time for that reflection.

We regard the ambition set out in those documents as the right approach, but we think that there is more that the UK could do to maximise its influence in the world and further a vision of world order that is more in line with its preferences.

In a contest of ideas and values, we do not doubt that when people are given a choice, they will opt for freedom and prosperity.

Yet a common thread in British politics today seems to be a kind of pervasive fatalism. A belief that sustained economic growth is somehow unrealistic. A belief that China's growing influence cannot be checked or countered. It chimes with a powerful groundswell of pessimism amongst much of the British public, who struggle to believe that a positive vision of the future is possible.

There certainly are countries whose vision of the future differs starkly from our own. This is particularly true in the case of China, which has genuine assets that it deploys in pursuit of its own strategic goals. We should not lose sight of the fact that it often fails in this endeavour, alienating its potential partners in the process and damaging its global standing.

That should give us confidence that there is scope for an alternative; that the building of alliances is possible, whether 'networks of liberty' or more ad-hoc coalitions of mutual interest.

The UK will struggle to win this longer-term exercise in persuasion if we do not dedicate the resources and attention needed to do so: we should be thinking now about the world in 2050, not just in 2030.

This report will set out some of the practical steps that we think the UK should be taking with that longer-term perspective in mind. It will explain why we should be confident in that distinct, positive role the UK could play, but not assume that it can take on that role blithely or take the challenge that it represents unseriously.



Recommendations

01

The Government should build on its recent decision to create a new Minister for Development attending Cabinet by making this a joining HMT-FCDO role, to ensure coherence across government.

02

The Government should create a new Forum on UK-Africa co-operation, which builds on the African Investment Summit. This should become a regular, biannual fixture, as a signal of the UK's willingness to invest ministerial time into cultivating longer term partnerships in Africa.

03

It should become broader in scope, to allow for discussion of the full range of issues, including security co-operation, trade and not exclusively on investment.

04

To ensure coherence in the UK's international efforts and maximise the impact that the UK has as a force for good, the new ministerial position should be a joint minister across the FCDO and HMT. This should complement the current arrangements in place for broader co-ordination of UK foreign policy.

05

Instead of pitting the defence, development and diplomacy aspects of the Government's work against each other and compromising all three of these things, the Government should use the opportunity of a new Spending Review to revisit the level of resourcing to the UK's foreign policy.

06

The hard cap of 0.5% ODA spending should be eased, to create better incentives for the UK to be able to act as a force for good in the world. HMT should explore a new funding formula, with a core budget less exposed to the significant displacement risks that are bad for the FCDO's longer-term priorities and partners.

07

The Government should also set out clearer, transparent rules about how more flexible funding can be accessed to address huge, unanticipated costs without derailing any longer term commitments that the UK has made.

08

Core funding for the FCDO's diplomatic needs should be addressed as part of this and appropriate funding for the diplomatic network secured.

09

As part of the new cross-government China strategy, the Government should set out a plan for managing the risk of fragmentation among partners, with particular reference to the ways in which the international system can help mitigate this risk.

Part 1: Reasons for Optimism

At a time of widespread pessimism, it can seem very counterintuitive or tonally inappropriate to focus on the longer-term trend towards significant global improvements in the state of the world. Nonetheless, those improvements are real and should be a source of considerable optimism, even in difficult times. One graph underlines this trend perhaps more starkly than any other.

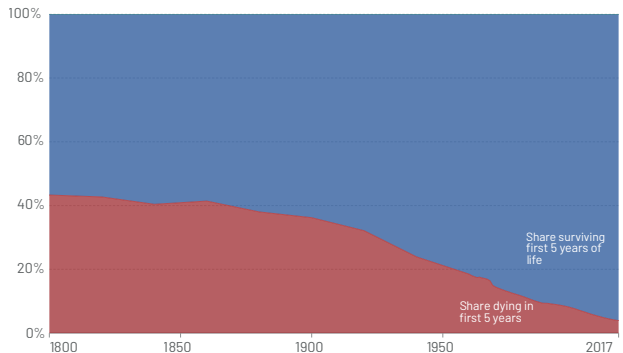
The trend it underlines is remarkable. Since 1990, the number of children under 5 dying has halved. Since 1950, under 5 child mortality has declined five fold. It has declined in all countries and regions. 15,000 children under 5 still die every day but the primary causes of those deaths are from things that we can prevent or treat, generally more cheaply than at any point in human history¹.

There are more people in the world than ever before and they are living longer, safer, freer lives.

There are reasons for optimism too, when considering two of the biggest challenges of our era, pandemics and climate change. It might seem counterintuitive to feel optimistic about either of these issues currently, but there are good reasons to do so.

Global child mortality

Share of the world population dying and surviving the first 5 years of life



Source: Our World in Data

1. The data on child mortality is taken from Our World in Data



In a historical context, the development and diffusion of Covid-19 vaccines has been the fastest in history, everywhere². Though significant barriers to accessing the vaccine persist, it is remarkable how quickly effective vaccines were developed and deployed and without historical precedent, and the UK has played an outsize global role in the relative success of the global response to the pandemic. As has been well documented, the Oxford vaccine, developed in partnership with AstraZeneca, has been among the most widely deployed vaccines in the world, with over 2.5 billion doses distributed by the end of 2021³. When one contrasts this with the experience of previous pandemics, when policymakers had little or no sense of the tools available to deal with an outbreak⁴, the record of improvement is striking⁵.

It is not just in vaccine discovery that the UK has played an outsize role. The strength of its broader scientific research ecosystem has played a significant and positive role, whether through its global role in sequencing Covid-variants⁶, running rapid clinical trials or in identifying effective treatments⁷.

At a global level, the UK has played a considerable role in working effectively through the international system. It was at the forefront of pressure on the World Bank to create the borrowing facility which has made it cheaper for countries to procure Covid-vaccines. So far, over 70 countries have accessed finance through the facility to the value of \$10 billion⁸. If the benchmark of development policy is to provide an alternative to China, it is worth reflecting on the fact

that the UK and many of its allies in partners, developed more effective Covid-19 vaccines and did more to deploy them through effective, though non-optimal, international partnerships like Covax.

2. [covid-19-vaccine-development-and-rollout-in-historical-perspective-paper.pdf \(cgdev.org\)](#)

3. [One year anniversary of UK deploying Oxford-AstraZeneca vaccine - GOV.UK \(www.gov.uk\)](#)

4. Duncan Weldon, *Muddling Through*, pg. 140 - 141

5. This point is explored in more depth in Charles Kenny's *The Plague Cycle*

6. [UK completes over 2 million SARS-CoV-2 whole genome sequences - GOV.UK \(www.gov.uk\)](#)

7. [The RECOVERY trial - UKRI](#)

8. [World Bank Support for Country Access to COVID-19 Vaccines](#)

9. [Natural Disasters - Our World in Data](#)

10. [Dull Disasters - Dercon et al](#)

Consider climate change, the issue identified by the Government as their number one international priority in the Integrated Review. Optimism again feels counterintuitive, but as the team at Our World in Data have shown, the number of deaths from natural disasters, including floods and droughts, has declined substantially over the last century⁹. That is not to say that climate change is not a huge challenge that requires significant action. It is simply to make the point that with a sufficient level of affluence, the most challenging of environmental circumstances can be overcome. There are good grounds for thinking

that even more lives could be saved through better planning and preparation for natural disasters¹⁰. It is why a country like the Netherlands, significantly below sea-level, does not suffer from the same level of climate risk as a country like Bangladesh, which is substantially poorer.

Again, on one of the defining issues of the 21st century, the UK has shown that it can play a globally significant role. Finance Ministers around the world now speak in the language of the Stern Review, the pioneering, UK-Government commissioned review of the costs of climate inaction.

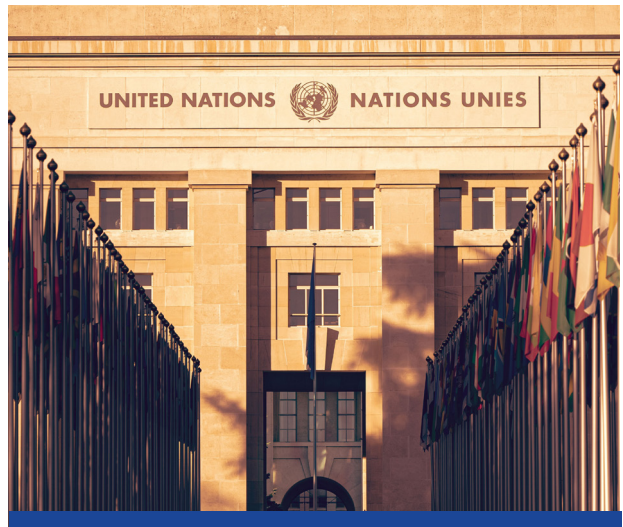


11. [Unpacking leadership-driven global scenarios towards the Paris Agreement \(Vivid Economics & UCL\) - Climate Change Committee \(theccc.org.uk\)](https://www.theccc.org.uk)

The arguments made in the Stern Review have rippled through the international system, even though the primary audience for the report was initially intended to be for a domestic audience of climate action sceptics in the Treasury. Together with the IPCC's annual summaries of the updated scientific literature on climate change, it has helped to persuade governments around the world to significantly increase the seriousness with which they have addressed climate. That is not to say that sufficient action has been taken yet, or that the problem has been solved, but it does demonstrate the value of the kind of transparent, high-quality analytical work that the UK Government has shown that it is capable of commissioning and deploying

effectively internationally, aided by the authority that comes within having led by example in reducing emissions, while continuing to grow the overall size of the economy¹¹. This model of leadership, with transparent, high-quality evidence base, has a record of considerable success and is something that the Government have since replicated in tackling antimicrobial resistance and biodiversity loss.

Neither of these examples are an argument for complacency. Instead, they are an argument for confidence that the UK can make a serious, long-term difference in shaping the solutions to some of the most pressing challenges that we face internationally.



11. [Unpacking leadership-driven global scenarios towards the Paris Agreement \(Vivid Economics & UCL\) - Climate Change Committee \(theccc.org.uk\)](https://theccc.org.uk)

Polling



There are important questions about the skills, resourcing and structures that the government should have in place if it wants to maximise its global impact. These are addressed more fully in the second part of this report. But the perceptions that people have of this country matter too and have a significant impact on the kind of global role that the UK can realistically play in the future. Again, we think that it is worth reflecting on the extent to which these perceptions about the UK tend to be positive and again suggest that there is ample scope for the UK to play a significant global role.

For this report, we conducted polling in two stages and of two different audiences with the aim of finding out how the UK was perceived on the world stage and also by checking how optimistic respondents were about the future of their country. First, using a sample of 1300 adults across the United States we polled adults from a representative mix of gender, age, race and political backgrounds.

We first asked about the optimism they felt about the future of their country. The next questions looked at how dependable they saw other G7 allies on the world stage. The UK was ranked against Japan, Germany, France, Canada and Italy on areas of how reliable they felt each country was and which country they see as most committed to standing up for democratic values.

The second phase of the polling focused on three African nations - Kenya, Nigeria and South Africa - where we polled a representative sample of gender and age group. Again, we began with asking about optimism about the future of their country. In this poll, we then asked respondents how much attention they felt the UK, US and China pay to the priorities and interests of their country and the wider region.

Following this, we then asked how much importance they felt the UK, US and China placed on the relationship with their country. Respondents were then asked whether they believed the United Kingdom or China shared the values of their country more before asking which country they saw as being more committed to standing up for democratic values out of the G7 and China.

Polling headlines:



01

In the soft power contest in areas of significant geopolitical competition, the UK is winning.

How much attention, if any, do you think the following countries pay to the priorities and interests of countries in Africa?

Country	Kenya	Nigeria	South Africa
	74%	77%	51%
	70%	76%	65%
	81%	79%	57%

Results show Net: **Pay Attention**



02

Despite this soft power strength, the UK is neglecting its relationships in key African countries to the benefit of China.

Which, if any, of the following countries do you think shares the values of people in your country more?

Country	Kenya	Nigeria	South Africa
	50%	54%	34%
	31%	24%	28%

Results show Net: **Shares Our Values**



03

The UK remains the most trusted partner in foreign policy according to the US public.

Which of the following countries do you see as the most reliable partner for the USA when it comes to tackling global issues?

Country	Ranking
	33%
	15%
	5%
	5%
	4%



Part 2: Delivering on the IR's Good Intentions

In the first section of this report, we set out some of the reasons that we're optimistic about the world's future. We think there are many ways in which the UK can act as a force for good in the world, while also serving its own, long-term interests. In the second section, we turn to some of the practical challenges that could undermine the UK's efforts to play that constructive global role and deliver on the ambitions set out in the Integrated Review. Broadly speaking, there are four primary challenges which could undermine these good intentions. They are:

01

A bandwidth challenge:

Is there currently capacity at a ministerial and senior political level within government for the UK to devote sustained attention to tackling global challenges?

02

A coherence challenge:

Is the government deploying all of the policy tools it has available in an integrated way towards a specific objective?

03

A resourcing challenge:

Is the current allocation of resources sufficient for the UK to deliver on its goals?

04

A coordination challenge:

Does the UK approach reflect a division of labour with partners and allies, that allows the UK to maximise the chances of delivering the outcomes that it wants?

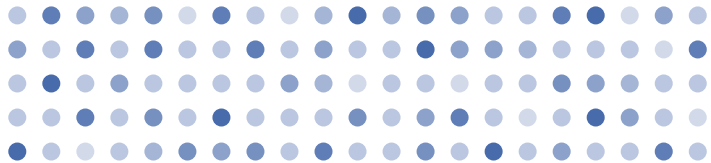
The recommendations that we set out in this report are intended to provide some practical steps that the Government could take that would help to mitigate these risks.

01 The Bandwidth Challenge

The argument made in favour of the merger between the FCO and DFID was that it would ‘unite our aid with our diplomacy and bring them together in our international effort.’¹² In practice, however, the move has contributed to a portfolio that is so broad and includes so many urgent issues, it has undermined the department’s ability to maintain focus on longer-term challenges, which includes development issues.

The government’s recent decision to appoint a new minister who attends Cabinet and is responsible specifically for development is welcome and reflects a commendable willingness on the part of the government to adapt the FCDO’s structure as challenges created by the merger become evident. It builds on previous changes in the department’s structure, announced in the wake of Moazzam Malik’s resignation, to some degree recognise that division of labour put in place when the merger first happened has not worked as well as it could.

The creation of a new position of Director-General for Development and Humanitarian Affairs was also a welcome move and it was right that it be complemented by an amendment at the ministerial level. As the Institute for Government had highlighted before the decision was taken, *‘The FCDO [under Boris Johnson’s premiership] has more responsibilities than the FCO and DFID, with fewer ministers to manage the policy workload.’*¹³ That burden only grew with the addition of responsibility for Brexit issues earlier in 2022.



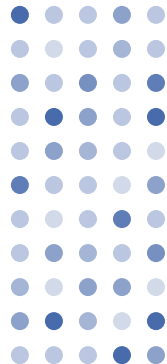
¹² [Prime Minister’s statement to the House of Commons: 16 June 2020 - GOV.UK \(www.gov.uk\)](#)
¹³ [How should the Foreign Office change now? | The Institute for Government](#)

The previous structure of ministerial portfolios makes it very hard for those ministers to avoid focusing on immediate, short-term priorities that require their attention. This is not necessarily wrong in each of those individual cases, but a consequence in the round is that it is very hard for ministers to devote sustained time and attention to longer term challenges, as Rachel Glennerster, until recently the FCDO's Chief Economist, has argued¹⁴.

That is ultimately unhelpful for the UK's own interests, because it undermines the UK's ability to harness the benefits of the significant medium to longer term gains there could be for the UK from increased global prosperity¹⁵.

To some extent, that tension between the department's short and longer term priorities has existed for a long time, though it has become more acute in recent years. As Jeremy Hunt, one recent former Foreign Secretary has said;

“One of my concerns is that some of the short-term problems that Russia is causing us that we are having to address is actually crowding out thinking that we need to be doing on the longer-term changes to the international order, namely the rise of China.”¹⁶



14. [Africa and the United Kingdom: challenges and opportunities to expand UK investments | ODI: Think change](#)

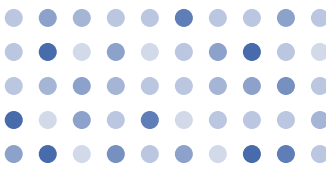
15. <https://committees.parliament.uk/oralevidence/9812/pdf/>

16. House of Commons Intelligence and Security Committee, Russia, HC 632, The Stationery Office, 2020, https://isc.independent.gov.uk/wp-content/uploads/2021/03/CCS207_CCS0221966010-001_Russia-Report-v02-Web_Accessible.pdf, p. 23.

This reactive dynamic has been observed by others, including Sophia Gaston and Dr Rana Mitter, in their recent paper *After the Golden Age*, in which they argued that in recent years, ‘it has felt as though China is becoming more proactive in its strategic intent, while the UK has become reactive in its engagement.’¹⁷ This is not just a problem within Whitehall. As mentioned above in the analysis of polling commissioned for this report, the UK, like the US, consistently struggles to invest the same amount of ministerial time in cultivating relationships in many countries of growing geopolitical significance as the Chinese government does. This, in turn, reduces the level of mutual knowledge and trust between governments, which undermines serious efforts to work more closely together with those countries.

The practical consequence of this short-termism is neglect by default. It undermines the UK’s ability to continue to lead on a range of hugely important issues and undercuts the government’s stated desire, set out in the recent International Development Strategy, for the UK to cultivate deep, bilateral partnerships through its development portfolio¹⁸. This will require a substantial investment of ministerial time which, based on the previous bandwidth of ministers within the FCDO, does not seem likely to be readily available.

Whilst there may be good reasons for making it moderately faster for British High Commissioners or Ambassadors to allocate relatively small amounts of money within their posts, this is not an alternative to ministerial time which conveys a level of diplomatic seriousness, respect and can open doors that aid spending alone does not.



17. [After the Golden Age: Resetting UK-China Engagement - British Foreign Policy Group \(bfpg.co.uk\)](https://www.bfpg.co.uk)

18. This is set out in the government’s International Development Strategy, in the section on deeper bilateral partnerships: [The UK government’s strategy for international development - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

Recommendations



01

The Government should create a new ministerial role, a Minister for Future Prosperity, creating new bandwidth to sustain focus on these issues including development policy, which have a longer time-horizon.



02

The Government should create a new Forum on UK-Africa co-operation, which builds on the African Investment Summit. This should become a regular, biannual fixture, as a signal of the UK's willingness to invest ministerial time into cultivating longer term partnerships in Africa.



03

It should become broader in scope, to allow for discussion of the full range of issues, including security co-operation, trade and not exclusively on investment.



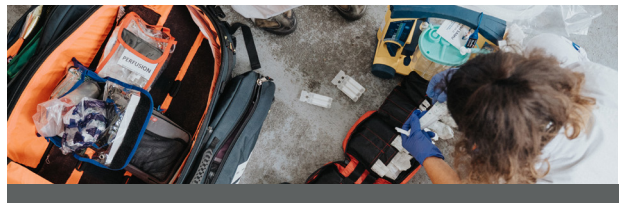
02 The Coherence Challenge

The FCDO is one foreign policy actor among many, with other government departments having control over significant policy instruments which have a substantial role to play in shaping the UK's development policy.

The Treasury has responsibility for the core areas of macroeconomic stability, including issues like debt and oversight on important flows of funding such as remittances, which account for significantly more in many developing countries than the sum of the UK's aid spending.¹⁹ The Department for International Trade has control of the terms under which developing countries can access UK markets, which it has used positively to adopt a post-Brexit trade policy that liberalises market access for developing countries which will be a significant boost to the UK's international efforts.²⁰ Other government depart-

ments who oversee other areas of policy areas, like migration, security, illicit financial flows and science and technology.

This is evident by the number of government departments which are now actively involved in drafting many of the more geographically defined strategies that the UK has set out. Eight government departments were involved in work on the UK's unpublished Africa Strategy. Anecdotally, at least the same number of departments have been consulted as part of work on the government's China Strategy.²¹



19. [Economy: Remittances - Hansard - UK Parliament](#)

20. [A Post-Brexit Trade Policy for Development and a More Integrated Africa | Center for Global Development | Ideas to Action \(cgdev.org\)](#)

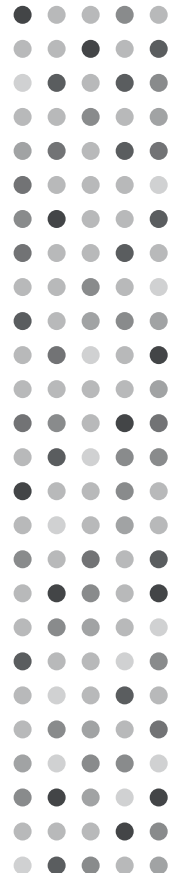
21. <https://committees.parliament.uk/oralevidence/12/pdf/>, pg. 2.

To maximise the positive global role that the UK plays, these different departments need to be working together in a complementary way. Much has been written about the department's efforts to do that, particularly the relationship with the National Security Council (NSC).²²

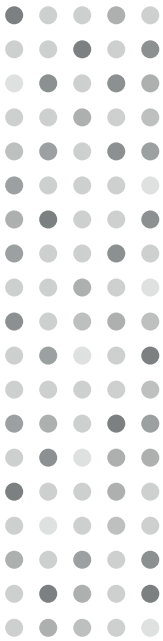
Less attention has been paid to the altered relationship between the FCDO and the Treasury (HMT) in the wake of the merger between the Department for International Development (DFID) and the Foreign Office. One of the striking things about DFID was its relationship with HMT, which was unusually positive. In part, this was a product of consistently strong political relationships at a ministerial level between Chancellors and DFID Secretaries of State throughout much of DFID's existence. Beyond that political agreement though, it was also

a testament to a shared analytical approach to many development challenges and a clear sense of how the UK could draw on the international system to maximise its impact.

This is still evident in some of the personnel who have or have had in recent memory senior positions within HMT who have undertaken roles primarily about development or on behalf of DFID. Tom Scholar, the recent Permanent Secretary, worked extensively on development issues as the UK's Executive Director at the World Bank, a position that DFID held in the post-1997 era. Together with Dame Sharon White, formerly the Second Permanent Secretary at HMT, he was a working group member of the 'Making Markets for Vaccines' initiative, which helped pave the way for the Advanced Market Commitment for the Pneumococcal vaccines, to give two recent examples.



22. See, for instance, the recent IFG Report, [How-should-the-foreign-office-change-now.pdf \(instituteforgovernment.org.uk\)](https://www.instituteforgovernment.org.uk/publications/how-should-the-foreign-office-change-now)



Moreover, the flow of this expertise has not simply been in one direction. Two former DFID Permanent Secretaries, Baroness Mynoe Shafik and Sir Suma Chakrabati, have both gone on to do significant roles within different International Financial Institutions (IFIs), enhancing the UK's footprint within the international system.

Part of the risk in the approach outlined in the recent International Development Strategy, with its renewed focus on bilateral programmes, is that it will diminish the scale of what the UK can achieve, particularly given the resourcing challenges that are set out in more detail below. It would also forego the opportunities for the UK to work through multilaterals to influence other governments and partners. This is particularly worth exploring now that the UK has left the EU, as multilaterals, particularly the International Financial Institutions, potentially provide an alternative set of institutions through which the UK can help influence policy position of EU member-states and others²³, as it seeks to act in a more nimble way to create ad-hoc coalitions of mutual interest.



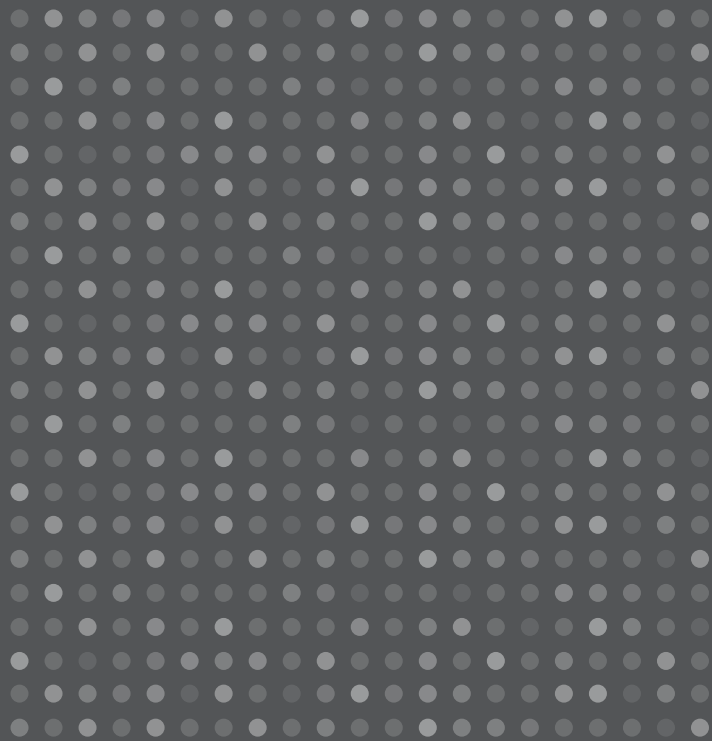
23. This observation has been made by the Institute in their report, *Influencing the EU After Brexit*, https://www.instituteforgovernment.org.uk/sites/default/files/publications/influencing-EU-after-brexit_6.pdf

Recommendations



01

To ensure greater coherence in the UK's international efforts and maximise the impact that the UK has as a force for good, the new Minister for Development role should become a joint position, across HMT and the FCDO. This should complement the current arrangements in place for broader co-ordination of UK foreign policy.



03 The Resourcing Challenge

The current level of resourcing for the UK's foreign policy risks strongly undermining the Government's ability to deliver on the objectives set out in the Integrated Review and compromising this country's ability to act as a force for good in the world.

There are three main reasons for this. First, the hard cap on Official Development Assistance at 0.5% has created a dreadful structure of incentives. Highly effective programmes on issues that matter significantly to the UK are being cut simply to accommodate accounting rules or to ease the pressure on some other government departments. Second, the global context, particularly the Russian invasion of Ukraine, has created huge displacement risks which again undermine the delivery of any longer-term strategy that involves ODA funding, whether focused on extreme poverty, climate change or China. Third, many of the core tasks of the diplomatic network have been chronically underfunded, particularly in light of the increased set of the department's responsibilities.²⁴

The combined effect of these different, resultant pressures has been the creation of a department that is not 'match-fit for a more competitive world'. Instead, it is a department starved of resources, struggling to deliver on many of the positive intentions set out in the Integrated Review.



24. For evidence on the underfunding of the UK's diplomatic network see comments by Lord Peter Ricketts, former Permanent Secretary at the FCO: [The merger of the Foreign Office and DFID has damaged Britain's soft power. It's time to reverse it - Prospect Magazine](#)

The Bad Incentives of the 0.5% Cap Should End

Historically, some opponents of the 0.7% target criticised it on the grounds that it measured an input rather than focusing on a particular policy outcome. Whilst some of those critics may have been badly-motivated and in fact simply opposed to the UK playing a global role, others had sincere concerns that the target created perverse incentives to spend an arbitrary sum of money simply to meet a spending target.

The current settlement, with a hard cap at 0.5% and a consistently bad faith interpretation of what the OECD's DAC rules allow, has essentially preserved the questionable features of an input target whilst also generating bad outcomes.

In the most extreme examples of this settlement in operation, the Government has limited the amounts of Personal Protective Equipment (PPE) and ended up wasting Covid-19 vaccines despite the global demand for those goods, simply because to donate them would have entailed further commensurate reductions in funding across the UK's development portfolio.²⁵ Given the scale of waste of both PPE²⁶ and Covid-19 vaccines²⁷, it is important to reflect on whether the current structure of incentives maximised the positive, global role the UK could have played during the pandemic and learn lessons from that.



25. [Anger as UK helps poorer countries fight Covid – by slashing other aid – Channel 4 News](#)

26. [Covid-19: Unusable PPE worth £4bn will be burned, says spending watchdog | The BMJ](#)

27. [UK threw away 600,000 vaccine doses after they passed expiry date | The Independent](#)

Managing the Future Risk of Displacement Undermining Longer-Term Priorities

Separate from the problems associated with the hard 0.5% cap and the perverse incentives that it creates, the broader geopolitical context is creating huge displacement risks that have the potential to undermine many of the longer-term foreign policy objectives that the UK has set out. The costs accommodating refugees within the UK in the wake of Russia's invasion of Ukraine have placed huge and immediate pressure on the UK's ODA envelope and risk stark additional cuts to programmes that the UK has committed to.

This is a mistake, not just because programmes that, for instance, strengthen global health security or climate change have not disappeared as challenges to be addressed in the wake of the invasion. They may be longer-term challenges but the risks that they represent and the need to manage those risks have not changed as a result of Russia's invasion. The uncertainty around these programmes and the real risk of further cuts undermines the delivery of value for money programmes which deliver against those goals.

It is also a mistake politically, in that it risks creating the impression that the UK is willing to jettison its

commitment to developing countries, many of whom are already suffering significantly from the secondary effects of the invasion in the form of spikes in the cost of core commodities. The current structure of funding means that Russia's invasion may well compromise the UK's ability to support its partners who are also victims of Russia's invasion.

A structure of funding more akin to the spending settlement that has been put in place with the Ministry of Defence, with a protected core envelope and the potential to draw on Treasury reserves in the wake of exceptional crises such as the invasion of Ukraine.



Resourcing Core Diplomacy and Defence Capabilities:

The UK's chances of acting as a force for good in the world rely on its having a well-funded defence, diplomacy and development capability. These different areas of foreign policy have distinct resourcing needs, which complement each other when well coordinated across Whitehall. Pitting these needs against each other is misguided, as recent former National Security Advisors, including Lord Sedwill and Lord Ricketts, have advised when discussing the cuts to UK Aid.

There are clearly important questions about the broader resourcing of the UK's foreign and defence policy, of which the defence component has been discussed at greatest length in the most recent months.

Less attention has been paid to resourcing needs of the Foreign Office on core diplomatic work.

As the Institute for Government has recently highlighted, the Foreign Office received cuts in its core funding throughout the era of the Coalition government. Despite a modest uptick in spending in the wake of the Brexit referendum, it has yet to receive any significant increase in its funding levels, despite the clear sense among many commentators that the demands on the diplomatic network would be greater, particularly in EU member-states, now that the UK needs to invest more into its bilateral relationships, rather than working through EU structures from its Permanent Mission in Brussels.²⁸

A 2018 report from the British Foreign Policy Group, *The Price of Freedom*, also made this point and highlighted that 'Core funding for diplomacy beyond that which is funded by ODA alone has fallen by at least 20% over the past decade, with recent increases tied to Brexit doing little to reverse the long-term overall decline in the UK's international diplomatic capacity.'²⁹ These reductions in funding happened at a time when China nearly doubled its spending on diplomacy to \$7.8 billion.³⁰

The reported claims that the current Prime Minister had been pushing privately for an increase in spending of this kind when at the FCDO are welcome.

28. [The future of UK diplomacy in Europe - Foreign Affairs Committee - House of Commons \(parliament.uk\)](#)

29. [The-Price-of-Freedom.pdf \(bfgp.co.uk\)](#)

30. *China's Civilian Army*, Peter Martin, p. 5.

Recommendations



01

Instead of pitting the defence, development and diplomacy aspects of the Government's work against each other and compromising all three of these things, the Government should use the opportunity of a new Spending Review to revisit the level of resourcing to the UK's foreign policy.



02

The hard cap of 0.5% ODA spending should be eased, to create better incentives for the UK to be able to act as a force for good in the world. HMT should explore a new funding formula, with a core budget less exposed to the significant displacement risks that are bad for the FCDO's longer-term priorities and partners.



03

The Government should also set out clearer, transparent rules about how more flexible funding can be accessed to address huge, unanticipated costs without derailing any longer term commitments that the UK has made.



04

Core funding for the FCDO's diplomatic needs should be addressed as part of this and appropriate funding for the diplomatic network secured.



04 The Coordination Challenge

Both the Government's Integrated Review and the FCDO's more recent International Development Strategy (IDS) share a similar diagnosis of the trends in the geopolitical environment. Though the IDS is less explicit in its assessment of the growing importance of China, it is clear that the desire for the UK to be the 'honest and reliable' source of finance for developing countries is an implicit contrast with the Chinese government's foreign practices.

The idea that the UK should offer a more deliberate challenge to China has been a common thread in the Foreign Secretary's keynote speeches, most notably in her 'Building the Network of Liberty' speech at Chatham House, in which she explicitly set out the need for the UK to win the global contest for economic influence.³¹ Many of the countries that the UK wants to work most closely with, including the US and other G7 countries, have some emergent common denominators in their thinking about the challenges posed by China. The US was the first G7 country to identify China explicitly as a 'strategic competitor', something which the UK has since followed suit in doing. The EU has used the term 'systemic rival', though with continued and significant disagreements

among member-states about what that implies and the relationship between the EU, its member-states and China.

If there are, however, some shared starting points, the UK Government needs to think seriously about how it can work with those partners to achieve impact at scale and how it can avoid the risk of donor fragmentation. Creating a system where many of our allies and partners end up creating their own bilateral approaches to working with developing countries, despite overarching agreement on the need to counter China's influence or address issues like extreme poverty or climate change, would create duplication, costs and bureaucracy for the countries with whom we are working.

31. [Building the Network of Liberty: Foreign Secretary's speech - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/speeches/building-the-network-of-liberty)



There may be those who take the view that working through the multilateral system, including institutions like the World Bank, is wrong because it means working with Chinese government representatives who are also represented within those institutions. This would be a mistake because it would mean that instead of trying to counter Beijing's rising global influence, which increasingly includes efforts to build its influence within the international financial institutions, the UK and its allies would be making the Chinese government's goal easier to achieve.³²

The response shouldn't be to step back from these institutions, but to engage with them more proactively and do more to shape them in line with the UK's own preferences and norms (i.e. around transparency and open competition).

Bilateral partnerships can play a hugely significant role, particularly if they're viewed as a stepping stone to accessing larger networks or leveraging the international system. Take, for instance, the Just Energy Transition Partnership (JETP), which the UK worked closely on with the South African government in the run-up to COP26.

Many chose to focus on the need to mobilise \$100 billion in climate finance that the donor-governments committed as part of the Paris Agreement but, as the COP President, Alok Sharma, has made clear, it's also vitally important that this finance begins to flow. The JTEP tries to do exactly that and takes seriously the financial resources that South Africa will require if it is going to decarbonise its economy, without jeopardising the growth that it will need to move out of poverty.



32. [China in the multilateral development banks: evolving strategies of a new power | ODI: Think change](#)

Though this partnership has not been bilateral, the UK has played a distinct and important role within it. It has worked with other donors, including the US, the EU, France and Germany, together with various international financial institutions, to mobilise a level of funding that the UK could not have raised unilaterally. As others have written, this model has the potential to be replicated in many other different countries and that is precisely what makes it such an exciting partnership.³³

This is the kind of role that the UK should be playing: taking the needs of developing countries seriously and then thinking about how the bilateral partnership can dock into or make use of larger ad-hoc coalitions of partners and the international system. In its efforts to support Ukraine's longer-term economic recovery and reconstruction, the UK will have to face many of the same overlapping and potentially duplicative institutional hurdles, which it will have to overcome.³⁴

The risk in the International Development Strategy of focusing too narrowly on bilateral partnership is that this leads to greater donor fragmentation and in effect creates a more complicated, bureaucratic resource for developing countries to draw on. That would manifest as delays, when the UK and its partners should be working together to speed up the support they give to developing countries, if they seriously want to challenge Beijing's influence. The average infrastructure project in the Belt and Road Initiative (BRI), which 43 African countries have signed, takes 2.8 years, roughly a third of the time needed by the World Bank or the African Development Bank.³⁵



33. [Country platforms for climate action: something borrowed, something new? | ODI: Think change](#)

34. Much of this argument was first made in an article for the Council on Geostrategy, <https://www.geostrategy.org.uk/britains-world/the-international-development-strategy-and-multilateral-engagement/>

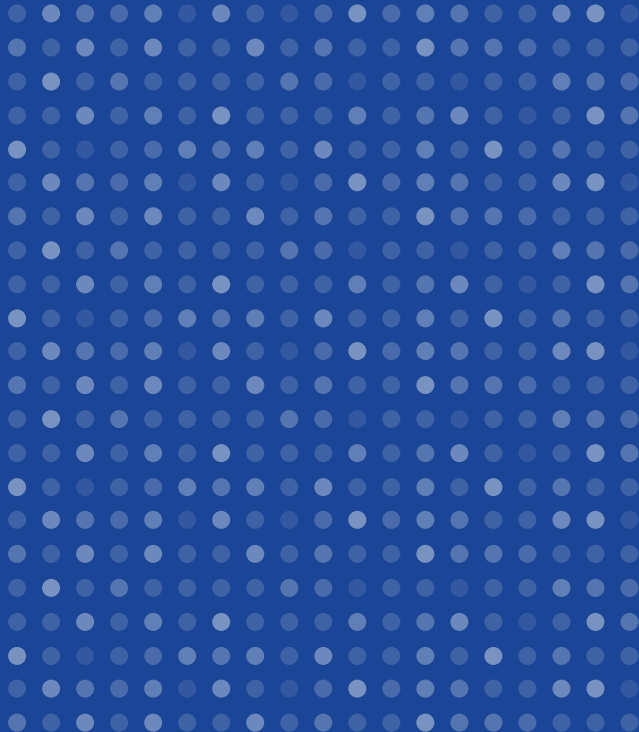
35. The Economist, Special Report, China in Africa

Recommendations



01

As part of the new cross-government China strategy, the Government should set out a plan for managing the risk of fragmentation among its international partners, with particular reference to the ways in which the international system can be better used to manage this risk.



Conclusion

At CGP, we think that building a more prosperous world is morally the right thing. We think that in taking steps to do this, we will contribute towards our own longer-term prosperity, whilst also addressing many of the risks that could compromise our future security.

In the current political context, it is easy to take the view that anything other than focus on the immediate, short-term challenges that we face cannot be a priority. We strongly disagree with this view. Those who effectively make arguments of this kind would do well to bear in mind the distinction Margaret Thatcher made between policies that are popular in themselves, and policies that have popular results. Policies that are popular in themselves may have short term political pay-offs, but it is policies with popular results that matter most.³⁶

It has become commonplace among many foreign policy commentators to invoke the example of the Marshall Plan. Our own Foreign Secretary has used the example in the context of Ukraine and the support it will need to recover from the effects of Russia's invasion. It is worth reflecting on the fact that the Marshall Plan itself was not initially popular. It took time and considerable effort on the part of the Truman administration to persuade a sceptical Congress that America should bear the upfront costs of assisting Europe to recover for the sake of its longer-term political objectives.³⁷ Without political leadership and a willingness to make the case that America's interests remained global and required serious funding, the history of Europe in the 20th century might look very different today.

³⁶ 5. The Long Run – Reviving Economic Thinking on the Right

³⁷ Lessons from the UK Experience (cgdev.org)

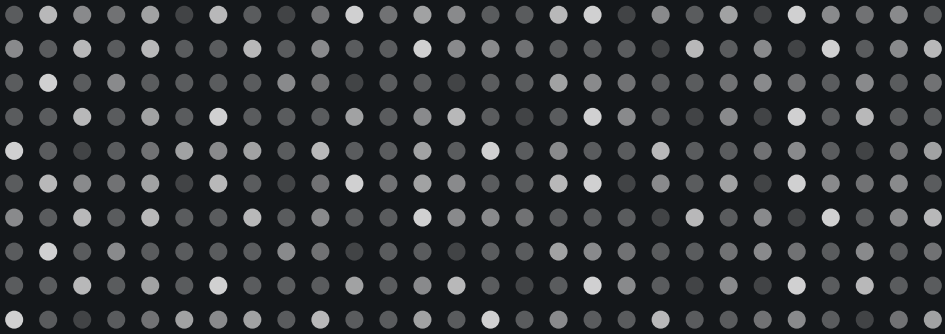


There are reasons to believe that this kind of political leadership is possible in our own context too. There are many parallels between the kinds of arguments made in this report and those being advanced by the environmental movement, which has been remarkably successful in making the case for consistent, well-funded policy towards the longer-term Net-Zero objective. There are clearly lessons to learn from their success.³⁸

Part of that success has been in celebrating the UK's record of success, which is significant, varied and should be a real source of pride. The same is true of the UK's record on development, where the UK has shown that it can be at the forefront of responding to the challenges that will shape our world in the decades to come.

38. There are some interesting reflections on this in this: [5225.IFG – Making Policy Stick WEB.pdf \(instituteforgovernment.org.uk\)](#)





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