

News story: UK secures change to international aid rules

The UK has secured a significant change to the international aid rules which would allow high income countries, which experience economic shocks, caused by crises and natural disasters, to apply to receive ODA.

It comes after the UK was the driving force for change when many Caribbean islands, including some British Overseas Territories, were left devastated by two category five hurricanes in autumn 2017, Irma and Maria.

At the time, there was no system in place for such countries to automatically requalify for aid if their economies were badly hit in such circumstances. Countries would only requalify for aid if their economies were so badly hit, their economies dipped under the World Bank High Income threshold.

Because of the UK's campaign for change, the Development Assistance Committee (DAC), which is made up of 30 leading donor nations, has agreed a new 'reverse-graduation' mechanism.

This means countries that have graduated from being eligible for aid will now be able to receive assistance if their economies worsen and fall below the World Bank threshold.

Such countries would be eligible for aid related to long-term economic recovery and reconstruction, rather than humanitarian assistance.

International Development Secretary Penny Mordaunt said:

The British public are strong supporters of providing help in the wake of disasters, including long-term reconstruction. They want to help people, especially when they are from nations we have close ties to

Not being able to pay for that help from the aid budget, because a nation's economy was doing well, before a hurricane, earthquake or other disaster hit, was illogical and had to change.

Britain has never fallen short in our support of countries in need – either through sending aid, our Armed Forces or reconstruction support. This significant rule change means that in future we may be able to use our aid budget to pay for that longer term, reconstruction support

This gives the UK more options in how it can help a nation recover and become more resilient to shocks. I think the public would agree that is what our aid budget should be used for.

This is a major victory for the UK which has led the charge in

securing this change. We will continue to press for further reforms to these important rules to ensure we are able to use the aid budget in the most sensible way.

Once a country reaches the World Bank's High-Income threshold for three consecutive years, under the OECD DAC rules they are not considered ODA-eligible.

The new 'reverse-graduation' mechanism means that British Overseas Territories and other Caribbean islands badly damaged by hurricanes could requalify for aid in the future if their economy is sufficiently badly affected. The rule change could benefit the UK when it assists with the economic recovery and reconstruction of nations hit by natural disasters.

The UK government has always been clear that in times of crisis, nothing will hold us back from helping the British territories. The ODA rules have not and will not hamper the UK's response to humanitarian crises. The new mechanism could help protect a country's hard-fought development gains and prevent it from slipping into long-term economic decline due to severe natural disasters in the future.