



NEWS RELEASE

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£1.3BN UK FUND FOR ECONOMIC REFORM OVERSEAS IS 'NOT FIT FOR PURPOSE', SAYS CHRISTIAN AID

The UK's £1.3bn fund for promoting economic reform overseas is 'poorly-managed and 'not fit for purpose', says Christian Aid, following the findings of an independent review published today.

This comes after the Independent Commission for Aid Impact (ICAI) released a rapid review of the UK's Prosperity Fund, concluding that it needs to improve its systems and processes.

ICAI, which scrutinises the UK's aid spending, says the cross-governmental fund is likely to struggle to meet its main aim to reduce poverty and its secondary aim to create opportunities for international business, despite some progress since its launch.

Christian Aid agrees significant changes are needed if the fund is to deliver the development required to tackle poverty overseas, while remaining transparent and accountable to the British taxpayer.

Christian Aid's Head of Private Sector Kenneth Boyce said: "This report shows in the starkest terms why it is vital that there is one department in government 100% committed to poverty reduction. Devolving the aid budget to poorly managed cross-government funds leads to conflicts of interest, lack of rigour, and loses the focus on the world's poorest people.

"For the public to trust the UK's aid budget, they need to know that the money is helping those in need. That requires full transparency and clear criteria for effectiveness. Today's report shows that so far the Prosperity Fund is failing both these tests and is currently not fit for purpose."

Christian Aid is now calling for urgent reform and proper oversight of the fund: it recommends that responsibility for the scheme be transferred from the National Security Council and given to the Department for International Development (DFID).

Kenneth Boyce said: "The Prosperity Fund – if managed properly – has a huge potential to improve the lives of women and girls, help combat climate change, and create decent jobs for poor communities.

“At its core, it is a good idea. But this independent investigation finds that they haven’t set proper goals and, furthermore, wouldn’t know if they had met them. This is a poor way to spend British aid. DFID has world-leading expertise in managing aid to deliver pro-poor prosperity, with full transparency, yet it has been side-lined by other departments.

“This fund urgently needs reform and proper oversight, and we recommend that DFID should be taking a leading role, based on its expertise and track record in delivery. It doesn’t make good business sense for the fund to grow so rapidly when the Foreign Office has a very mixed record in managing aid well.

ICAI recommends that the Prosperity Fund improves its transparency, due to the lack of information about its work in the public domain. “The governance arrangements for the Fund continue to lack common sense: the National Security Council is tasked with decisions of peace and war, not managing aid or a business portfolio,” Kenneth Boyce said.

He added: “We welcome the report’s practical and concrete steps outlining how the fund should be run in order to deliver effectively for people in poverty and with accountability to the British taxpayer.”

The Prosperity Fund runs until 2021 and has not yet delivered any major programmes: as such, [ICAI’s review](#) focuses on the likelihood of future effectiveness.

Notes to Editors:

1. Christian Aid works in some of the world's poorest communities in around 40 countries at any one time. We act where there is great need, regardless of religion, helping people to live a full life, free from poverty. We provide urgent, practical and effective assistance in tackling the root causes of poverty as well as its effects.

2. Christian Aid’s core belief is that the world can and must be changed so that poverty is ended: this is what we stand for. Everything we do is about ending poverty and injustice: swiftly, effectively, sustainably. Our strategy document [Partnership for Change](#) explains how we set about this task.

3. Christian Aid is a member of [ACT Alliance](#), a global coalition of more than 130 churches and church-related organisations that work together in humanitarian assistance, advocacy and development.

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