

DfID's new aid agenda will have tax havens rubbing thei...

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The [FT has reported](#) a deeply worrying plan being proposed by the UK's Department for International Development (DfID). They note that:

The UK's £13.9bn aid budget is set for its biggest overhaul in years, with plans to use development spending to push British exporters and pension funds to invest in poorer parts of Africa and Asia.

Penny Mordaunt, the International Development secretary, said her department would experience a "big shift". It has faced political pressure to justify its growing budget at a time when other ministries face sizeable cuts.

They add:

Under the new strategy, aid money will be used to help African companies raise debt in local currencies through the City of London, and to facilitate British companies selling and directly investing in less familiar markets. Dfid's aim is to facilitate pension funds' investment in emerging countries, by helping to smooth regulations and to make companies creditworthy.

Deep in the report is the sting in the issue:

One idea under review is a development bank that would lend to countries. Another is to increase the amount of money directed to CDC - the government's private sector development arm - whose private equity investments have previously been criticised for not focusing on poverty reduction.

The subtext is also clear:

The change in strategy follows public outcry over sexual harassment by aid workers at Oxfam, which raised questions about the accountability of big charities that account for a large share of Dfid's spending.

As I have said previously, nothing excuses abuse, but as I said at the time that these

reports were published, those pursuing this particular issue had an agenda when doing so. What is now abundantly clear is that this is the case. If anyone has prevented the spreading role of business in the aid agenda it has been the aid agencies. And they have done so for good reason. The role of the development banks in many countries has been dire. The requirement to get aid has been market liberalisation of the sort that leaves nations and their people vulnerable to exploitation by the funders. Time and again the World Bank and IMF have failed for this reason at cost to the world at large. Now the UK looks like it wants to replicate that.

And you only have to have read Private Eye over the years to know of the failings of CDC - the former Commonwealth Development Corporation. Run as a private company although wholly owned by DfID, which operates a completely hands-off approach to it, CDC is characterised by heavy reliance on tax haven linked investment, partnering with 'tax efficient' arrangements that mean that the developing country in which investment takes place does not necessarily get its share of the revenues from the activity it promotes, and a 'for profit' business model that means it panders to the whims of the elites in the country where it invests. It has done a nice line in hotel and supermarket investments over the years, for example.

This may be economic development, but it's not the development that is needed to relieve poverty. This is the old logic of trickle-down writ large. And this is the British private sector looking to use the government as an agent to help it make money in developing countries just as Brexit is happening. Let's not be too unsubtle about this: it's a 'back to the age of colonies' policy where we, as the 'rich partner' look to exploit developing countries for our gain. There will only be one winner. Tax havens will be rubbing their hands with glee as the rake-offs head their way.

And Mourdant is doing this because she believes that the NGOs will be silent because of a sex scandal. That makes me very angry at those who abused. But only a bit less at those who are exploiting their abuse to harm development all over again.