The impact of Brexit on UK and EU international development and humanitarian policy

Views from UK and European civil society

Table of Contents

About Bond

Bond is the civil society network for global change. We bring people together to make the international development sector more effective. bond.org.uk

Acknowledgements

We would like to thank the following people for their invaluable contributions: Mariana Rudge, Kate Munro, Mike David Green, Farah Nazeer, Tamsyn Barton, Amy Dodd, Matt Grady, Maximiliano Mendez-Parra, Tim Aldred, Matti Kohonen, Catherine Pettengell, Kate Hand, Tom Vita, Anna Collins, Ruth Davies, Tabitha Ha, Aoife NicCharthaigh, Fraser Murray, Paul Asquith, Shelagh Daley, Felix Colchester, Julian Egan, Teresa Dumasy, Ben Moore, Melanie Teff, Katharine Nightingale, Raphaelle Faure, Seamus Jeffreson, Mikaela Gavas and Simon Maxwell.

The impact of Brexit on UK and EU international development policy, July 2017
Published by Bond, Society Building, 8 All Saints Street, London N1 9RL, UK
Registered Charity No. 1068839 Company Registration No. 3395681 (England and Wales)
© Bond, 2017 This work is licensed under a Creative Commons Attribution-NonCommercial 4.0 International License, https://creativecommons.org/licenses/by-nc/4.0

Executive Summary

Following the decision by the United Kingdom (UK) to leave the European Union (EU) – namely 'Brexit' - and the triggering of Article 50[1], understanding and gauging the implications on international development and humanitarian aid has been a priority for civil society organisations (CSOs). This report analyses the potential repercussions that Brexit may have on the future direction of UK and EU development and humanitarian policy from the viewpoint of CSOs, based on their collective experience and expertise.

It is concluded that leaving the EU has the potential to be transformational for the UK. Adapting to life outside the EU while proving the UK's relevance on the world stage post-Brexit may lead to a reassessment of priorities in UK foreign, development and humanitarian policies. In so doing, the UK has the opportunity of setting a new forward-looking course in its approach to international development, raising the bar for global development partners and contributing to the advancement of development outcomes. Yet, there are also many potential challenges associated with the UK's exit from the EU, which may have important repercussions on the world's poorest people. These must be taken into account and any negative impacts adequately mitigated.

The departure of a member state is equally unprecedented for the EU and it is expected to alter existing dynamics among the member states (EU27). Brexit will generate a significant political and financial vacuum at the heart of the EU; how this will be filled is the subject of much speculation. Overall, the UK's exit may potentially diminish the 'soft power' of the EU as well as of the UK as a result of the reduction in mutual influence, exchange and collective strength. Ultimately, however, Brexit is only one of the factors currently contributing to re-shape international development and humanitarian policies. Any potential impact of the UK's exit from the EU should also be viewed within the context of the evolving political landscapes in the UK and in EU member states, there remains great uncertainty, in this context, regarding the *direction* and the *magnitude* of any changes that Brexit may help catalyse both in the UK and the EU.

Although the Brexit negotiations are now underway, it is still unclear where international development and humanitarian aid will fit in, either within the framework of the withdrawal agreement or of the future relationship between the UK and the EU. During the first phase of the Brexit talks (up to the end of 2017) the parties will agree the principles for a financial settlement. This will have important repercussions on development and humanitarian aid. For instance, the EU has singled out the European Development Fund (aimed at African, Caribbean and Pacific countries), EU Trust Funds and the Facility for Refugees in Turkey as instruments where it deems the UK to have existing obligations. From early 2018, during the second phase of the negotiations, the EU and the UK will move on to scoping out future relations. Yet, the detail of this future relationship, encompassing cooperation in international development and humanitarian action, will not be fleshed out until after the withdrawal agreement is concluded in March 2019.

This report explores in detail potential impacts and opportunities associated with Brexit on a number of priority policy areas in international development and humanitarian aid. Key overarching messages to CSOs to consider include:

1. **Pursue common development goals:**

Brexit should not adversely affect the advancement of UK and EU common goals in international development and humanitarian policy enshrined in Agenda 2030 and other international agreements. To this end, CSOs recommend:

- The UK to maintain, and the EU as a whole to increase, aid allocations while ensuring that poverty eradication remains the core principle underpinning their aid programmes.
- Fully untying EU aid through the revision of co-financing rules within the framework of negotiations on the next EU budget 2021-2027. This would help bring in non-EU member countries (e.g. Norway, Switzerland and the UK post-Brexit) to co-finance the EU development humanitarian programmes, easing pressure on the EU institutions and member states, in light of the budget deficit caused by Brexit, while enabling development and humanitarian agencies in non-EU member states to access EU funding.
- The UK and the EU to maintain and strengthen established human rights, social, labour and environmental standards in their approaches to development cooperation and humanitarian action.
- In transposing EU legislation into UK law in the Repeal Bill, the UK must ensure that common goods associated with collective regulations, for example on environment and climate change, human rights and arms transfer controls are adequately protected.

2. **Seek a pragmatic future relationship based on shared values:**

The UK and the EU should take forward a constructive approach that values coherence and cooperation as the basis for longer-term partnership. Establishing protocols and expectations to continue to cooperate and coordinate in the field of international development will not only provide good value for money, but will be crucial if the UK and the EU are to achieve their often common global commitments. To this end, parties should strive to find innovative ways to continue to collaborate on development and humanitarian policy. This should enhance:

- The continued sharing of analysis, ideas and expertise through joint programmes including secondment schemes for UK civil servants along with experts from other non-EU countries.
- The strengthening of in-country co-financing and joint programming efforts aimed at enhancing coordination between the EU27 as well as UN agencies and other bilateral and private donors, which could potentially include the UK post-Brexit.
- Formalising opportunities for UK civil society organisations to continue to inform policy-making and programming in Brussels and in-country.
- UK and European CSOs' ability to continue to hire the best talent at home and abroad, drawing on the expertise of EU nationals in the UK and British nationals in the EU.

3. **Give civil society organisations a voice in the Brexit negotiations:**

UK CSOs welcome the opportunity to engage in meaningful dialogue alongside their European counterparts with a view to securing the best deal for international development during the negotiations. This should:

- Ensure that UK CSOs and particularly the communities and partners they work with in the global south are not financially, operationally or politically disadvantaged by the UK's exit from the EU.
- Ensure small and medium UK agencies with no direct presence in Brussels are actively encouraged to participate in pan-European civil society networks and open consultations so that their voice, and that of their partners, will not be lost in Europe.

Further, thematic considerations contained within this may help to inform CSOs' advocacy around Brexit going forward, are outlined below.

International aid

- Brexit will leave a gap of up to €11 billion in the EU budget, leading to potential reductions in future EU aid allocations. Revising EU co-financing rules, as part of upcoming negotiations on the EU budget 2021-2027, with a view to fully untying EU aid would allow non-EU countries – such as the UK post-Brexit – to contribute to specific EU programmes and funds. While potentially challenging at a political level, this would enable the UK to retain a degree of influence in areas where it will benefit from the EU's comparative advantage.
- The UK's departure could also help catalyse new partnership models between the EU and non-EU countries, further enhancing existing joint programming and donor co-ordination in partner countries.

Trade and investment

- Brexit offers a unique opportunity to improve UK existing trade and partnership agreements enhancing policy coherence for development. The UK could aspire to set the gold standard in development-friendly trade policies, going beyond existing arrangements for least developed countries.
- However, Parliamentary scrutiny over future UK trade agreements will need to be strengthened: negotiations with trading and investment partners should be open, transparent and fully accountable to Parliament.
- Future UK trade and investment negotiations and deals should also be subject to impact assessments to ensure that standards are maintained and that these do not impact negatively on low-income countries.

Tax

- Public country-by-country reporting on tax matters may be at risk in the UK as a result of Brexit. If the UK opts to further lower corporate tax rates, this may have a negative effect on poor countries via multinationals.
- Without the UK, the EU may strengthen its stance on tax havens leading to UK tax havens being 'black listed'. The UK might instead become a champion of public Beneficial Ownership transparency and wider financial transparency measures, raising the bar on international anti-money laundering.

Environment and climate change

- The UK has played an important part in shaping progressive EU climate change and environment policies and in securing global agreements. After exiting the EU, UK influence on global environmental and climate change policies - as well as on major emitters – is likely to be reduced.
- Outside the EU, there is a lack of compliance mechanisms to hold the UK Government to account for its legal commitments (e.g. on air pollution). UK regulators do not have the power to hold the UK to account in the way that EU regulators do and the UK Government should create appropriate accountability mechanisms to avoid a governance gap following Brexit.
- Brexit offers the UK Government a real opportunity to build on the UK's world-leading reputation on climate change and the protection of sites and species. New national policies for agriculture and fisheries could also pave the way for a better and more sustainable policy framework.

People on the move

- There are concerns that EU aid has been increasingly diverted to deter forced migrants and refugees from coming to Europe and supporting EU member states that have taken in refugees.
- Civil society more broadly, and diaspora and migrants in particular, have been squeezed out of operational and policy discussions on European migration and development policy. The UK should seek to integrate all these stakeholders better into strategic and operational responses to irregular and dysfunctional migration.
- Meaningful UK and EU policy coherence – especially between foreign and development policies – will be essential post-Brexit.

Global Health

- Not having access to EU funding, within an already challenging global funding landscape, will impact on the work of UK CSOs, especially those focusing on HIV & AIDS, reproductive health and family planning. This will have important repercussions on their development partners and on the communities they serve in some of the world's poorest countries.
- In leaving the EU, the UK will have the opportunity to set new standards for the use of funding for medical research and development. The UK could attach public interest conditions to guarantee greater transparency in the use of these funds in private pharmaceutical research and on the affordability of end products.

Peacebuilding and Security

- It is hoped that the UK will continue to champion conflict prevention on the global stage, especially within the framework of Agenda 2030.
- However, Brexit risks curtailing the UK's ability to leverage common EU resources in a way that complements its own bilateral peacebuilding efforts on the ground. This will need to be taken into consideration by both the UK and the EU within the framework of their relationship post-Brexit.
- Leaving the EU should not result in the loss of technical expertise on peacebuilding and conflict prevention that the UK has been able to contribute to the EU institutions. This could be averted through the continuation of a secondment programme for UK civil servants and experts.

Humanitarian Policy and Action

- Outside the EU, the UK's ability to influence EU humanitarian policy and its deep and long-standing relationship with ECHO are likely to be significantly hampered.
- There are concerns that humanitarian aid will continue to be strategically re-aligned to serve domestic priorities rather than external needs based on the fundamental principles of humanitarian aid.
- In leaving the EU, the UK should continue to fund humanitarian capacity investment work at pre-Brexit levels, investing in disaster risk reduction, novel response instruments (e.g. cash-based assistance, digital tools, direct to beneficiary etc.), response infrastructure globally and local humanitarian response capacity. Continuing to show leadership in the humanitarian sector by being innovative and taking a stronger stance in priority policy areas the UK has championed will ensure DfID will continue to be seen as a global thought-leader.
- It will be essential for the UK and the EU to continue to support harmonised responses and coordinated action to humanitarian crises going forward.

List of Acronyms

ACP	African Caribbean Pacific countries
CSO	Civil Society Organisation
DAC	Development Assistance Committee
DCI	Development Cooperation Instrument
DFID	Department for International Development (UK)
DG	Directorate General
DG DEVCO	Directorate General Development Cooperation
ECHO	European Civil Protection and Humanitarian Aid Operations
EDF	European Development Fund
ENI	European Neighbourhood Instrument
EU	European Union
ECHO	European Civil Protection and Humanitarian Aid Operations
EEAS	European External Action Service
EU27	All EU member states other than the UK
FPA	Framework Partnership Agreement
HIPC	Highly Indebted Poor Country
IcSP	Instrument contributing to Security and Peace
INGO	International NGO
LDC	Least Developed Country
MFF	Multi-Annual Financial Framework
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
SDGs	Sustainable Development Goals
UKAID	UK International Development Agency
UNFCCC	United Nations Framework Convention on Climate Change

Introduction and methodology

Following the decision by the UK to leave the EU, understanding and gauging the implications of Brexit for UK and EU international development and humanitarian aid and policy has been a priority for civil society organisations (CSOs). The UK government clarified its vision for Brexit and its aspirations for 'Global Britain' in its White Paper on exiting the EU[2] and in the Prime Minister's letter to Donald Tusk triggering Article 50.[3] However, there continues to be a high-level of uncertainty regarding the nature of the UK's departure from the EU.

Negotiations between the UK and the EU27 started on 19 June 2017. As these unfold we should have a clearer indication of how Brexit will affect UK and European civil society organisations and networks, how it may contribute to shape policy-making processes in the UK and the EU, and ultimately what repercussions it will have on development partners and outcomes.

This document is the product of a broader research project undertaken by Bond, drawing on the technical expertise of its members. It analyses the potential repercussions that the UK's exit from the EU may have on the future direction of UK and EU development and humanitarian policy. The report is written from the viewpoint of civil society organisations, based on their collective experience and expertise.

The study should be read in conjunction with Bond's report on the impact of Brexit on funding for UK CSOs.[4]

The research was conducted using a combination of methods including desk-based research, semi-structured interviews with key external and internal informants, and a participatory consultative process engaging a range of Bond members, academics and other European CSOs (see Annex 1). A horizon scan, conducted during the first phase of the research, helped identify a number of priority thematic areas for the study, namely:

- Economic development: international aid, trade and tax & investment
- Global challenges: global health, environment and climate change, and people on the move
- Peacebuilding and security
- Humanitarian response

Following this, a number of thematic consultation workshops was organised in London and in Brussels, directly engaging UK and European CSOs. Participants were asked to discuss potential policy-related concerns as well as areas of opportunity regarding the impact of Brexit on their specific areas of work. They were also asked to identify proposals for a future relationship between the UK and the EU on development and humanitarian policies. This report is largely the product of these consultations. It was also informed by additional input from a number of 'thematic leads' among the Bond membership who contributed to the drafting of the report's thematic sections. It should be noted that the study was completed as the first phase of the Brexit negotiations was beginning and the analysis is based on the publicly available negotiating positions by the UK and the EU27.

1. Contextualising the 'Brexit-effect' on development

Over one year after the referendum, it is still uncertain whether we are headed towards a 'hard Brexit', leaving the single market and the customs union. Our working assumption, which will support us to address the deepest change, continues to be that the UK is likely to no longer be a member of the single market or the customs union. The implications of this for development and humanitarian policy are further explored in this report. Yet, there is still great uncertainty regarding the direction and the magnitude of any change that Brexit may help catalyse in UK and EU policies relating to development cooperation and humanitarian aid. It should also be noted that any future policy direction cannot simply be ascribed to Brexit but must be analysed within the context of the evolving political landscapes in the UK and the EU, and many questions remain unanswered:

- **Gauging the impact of Brexit:** Will the departure of the UK from the EU really be a 'game changer'? Or, will Brexit simply contribute to accelerate and accentuate existing trends in international development and humanitarian policy?
- **International development in the Brexit negotiations:** Where do development and humanitarian issues fit in the context of the Brexit negotiations? Is international development in danger of being forgotten in the negotiations, could it be used as a 'bargaining chip' or could it be re-interpreted to shift away from a poverty focus towards the 'national interest'?
- **The impact on development partners:** Will the UK government be able to deliver its stated vision for 'Global Britain'? In what ways and to what extent will development partners in the South be impacted by Brexit?

These are some of the many issues and concerns that have emerged during this research and that this report aims to address. Doing this, however, requires a broader analysis of some key trends that have a bearing on development and humanitarian policy in the UK and the EU, and that are likely to be affected by Brexit. First, faced with growing security threats, both the UK and the EU are increasingly focusing their attention on fragile and conflict-affected states including Syria and other countries in the Middle East and Africa. The UK has referred to these countries in Africa as an 'arc of instability',[5] posing a threat regionally, internationally and also to UK interests.[6] Will we see humanitarian aid continuing to be prioritised by the UK outside of the EU and by the EU27 and will this be at the expense of development programming as a result of a smaller EU budget after Brexit?

Second, both in the UK and the EU we are seeing the boundaries of 'development' and 'humanitarian' interventions being increasingly stretched, within what is currently allowed by the OECD DAC's definition of overseas development aid. As a result, UK allocations for development and humanitarian responses are increasingly channelled through government departments other than DFID. Examples of this include the Conflict, Stability and Security Fund (CSSF), overseen by the National Security Council, not DFID; or the growing volume of aid devoted to business investment channelled through the CDC, the UK development finance institution. Currently, all aid spending has to conform to aid guidelines prioritising poverty eradication, as set out in UK law[7]. However, in light of the 2017 Conservative Party Manifesto, the government might be looking to re-visit those guidelines in order to bring them more in line with its strategic objectives[8]. How these objectives will change once the UK leaves the EU is yet to be seen but there are concerns among UK CSOs that existing trends towards increased spending on security, business and trade investment may be accelerated. These trends are mirrored among the EU27 too. Here we have seen a progressive re-alignment of the EU's development programme, illustrated by the newly adopted European Development Consensus[9], to the objectives of the EU's foreign policy as outlined in its Global Strategy[10].

Finally, CSOs have been increasingly concerned by growing anti-development sentiments in the UK. Repatriating British tax-payers' money from Brussels, including aid, will undoubtedly ignite the debate about how this money could best be spent: either to further the interests of 'Global Britain', or to provide additional funds for investment in the UK, especially if the economy takes a downward turn. A slow-down of the UK economy would also mean a reduction of UK aid in real terms even if the 0.7% to GNI target was upheld as the GNI would be smaller. The Prime Minister's continuing support for development and international aid has been welcomed by civil society organisations. But, Brexit has added further uncertainty regarding the future direction of development and humanitarian policy.

Leaving the EU after 46 years will be a turning point for the UK, not just with regard to its approach to development and humanitarian aid. Similarly, Brexit has sparked off serious re-thinking and debate among the EU27 regarding the way forward for the Union. The next section aims to explore in more detail potential concerns and opportunities associated with the UK's exit from the EU with regard to economic development, global challenges, peace building and humanitarian aid.

2. Brexit: Key considerations from a civil society perspective

Economic Development

International aid

The status quo

The EU institutions and the member states are the largest donor in the world, accounting for over half of all ODA. Yet, only five member states including Denmark, Germany, Luxemburg, Sweden and the UK currently allocate 0.7% of their GNI to ODA. In 2015 EU leaders re-committed to meeting that target "within the timeframe of Agenda 2030", that is by 2030. This could mean providing an additional €25 billion in overseas aid requiring EU member states to make significant progress in the next EU budget (known as the Multi-Annual Financial Framework - MFF), which will cover the period 2021 to 2027.[11]

Globally, the UK is the second largest bilateral donor after the US and, in 2013, was the first G7 member to achieve the 0.7% goal and to enshrine this in national legislation. The UK channels about £1.3 billion, equivalent to 8% of its total ODA budget of £12.1 billion,[12] via the EU institutions each year. This makes the EU the UK's largest multilateral partner and DFID's Multilateral Development Review[13] rated the match between EU and UK development policy objectives as 'very good'. In 2016, DFID provided £935 million to the European Commission development budget while £392 million was allocated to the European Development Fund (EDF) for Africa, Caribbean and Pacific (ACP) states under the Cotonou Agreement, which is currently outside the EU budget. In addition, the UK channelled approximately £83 million to EU Trust Funds, primarily to respond to the migration crisis and mainly to the Facility for Refugees in Turkey.

The UK is the second largest recipient of EU aid to CSOs,[14] the largest being France.[15] Between 2012-2016, EU development and humanitarian aid to UK INGOs amounted to an average of approximately €300m in fresh commitments each year.[16] In 2016, the value of new commitments to UK CSOs was €356.9m[17]

Potential impacts of Brexit on UK and EU overseas development aid

EU Budget shortfall

The UK is the third largest contributor (after Germany and France) to the EU budget, making a gross contribution of just over 15% of total funds in 2015[18]. The UK's total allocations to the 11th EDF – which is outside the EU Budget – amount to €4.4 billion[19]. There are no legal commitments and no clear obligation for the UK to continue to pay into the EU budget after Brexit.[20] The departure of the UK from the EU will cause a significant shortfall in the EU budget. This 'Brexit gap' has been estimated at between €10 and €11 billion (net) per year[21][22], and there will be no clear way to plug it. The EU27 will need to decide whether to unanimously increase net contributions, cut spending or a combination of both. In the former case, it is likely that today's largest contributors (e.g. Germany France and Italy) will be hit the hardest, while net recipients would be relatively unaffected.[23] Conversely, budget cuts would affect net recipients (e.g. Southern and Eastern European member states) the most. There is a very real risk that allocations from the EU budget to development and humanitarian aid may be cut substantially as part of a broader austerity drive. On the other hand, Brexit may help accelerate progress towards financing development outcomes through means other than ODA, including blended financial instruments through partnerships with the private sector, in line with the Addis Ababa Action Agenda.

Fig. 1 National contributions to the EU budget 2015 by member state

Country	National contribution (Million EUR)	Percentage
Germany	24,283.40	20.5%
France	19,012.50	16.0%
United Kingdom	18,209.40	15.4%
Italy	14,231.60	12.0%
Spain	8,772.50	7.4%
Netherlands	5,759.20	4.9%
Belgium	3,691.90	3.1%
Poland	3,718	3.1%
Sweden	3,513.30	3.0%
Austria	2,529.20	2.1%
Denmark	2,190.60	1.8%
Finland	1,729.10	1.5%
Ireland	1,558.40	1.3%
Portugal	1,529	1.3%
Czeckia	1,315.20	1.1%
Romania	1,319.40	1.1%
Greece	1,205.60	1.0%
Hungary	945.80	0.8%
Slovakia	607.90	0.5%
Bulgaria	424.1	0.4%
Croatia	356.8	0.3%
Lithuania	315.80	0.3%
Luxembourg	350.30	0.3%

Slovenia	340.7	0.3%
Cyprus	211.9	0.2%
Estonia	184.8	0.2%
Latvia	205.90	0.2%
Malta	92.30	0.1%
TOTAL	**118,604.30**	**100%**

Source: European Commission, Financial Report 2015

With discussions on the next EU MFF, or the EU budget, due to start in Brussels in 2018, overall contributions by member states to the EU budget, allocations for ODA under Heading 4 (i.e. EU as a Global Actor) and the structure and guidelines for all budgetary instruments will be under review. Despite the uncertainty surrounding Brexit, it is to be expected that the UK's departure, and particularly the financial settlement agreed with the UK, will inform upcoming discussions on the MFF and on overall aid allocations. In this context, the EU could seek additional contributions from other members to fill the ODA gap left by the UK. Some members of the Visegrád group of Czech Republic, Poland, Hungary and Slovakia, for instance, have shown some interest in development cooperation policy, matched by increasing, albeit still relatively small, contributions to ODA. If these were to increase even to just half the target of 0.7% of GNI to ODA, then they could go beyond matching the current contribution by the UK to the EU budget[24].

Fig. 2 – Contributions by EU member states to the EU aid budget 2011-2015

	2011	2012	2013	2014	2015
Germany	2.721,79	2.606,46	2.665,85	2.877,13	2.891,75
France	2.370,32	2.193,83	2.283,55	2.349,38	2.298,39
United Kingdom	2.054,94	1.995,65	2.041,19	1.922,33	2.159,53
Italy	1.901,32	1.598,04	1.618,10	1.661,58	1.695,62
Spain	1.105,30	990,67	1.028,47	1.024,67	1.077,18
Netherlands	677,74	637,88	649,82	647,32	647,69
Belgium	521,26	474,28	498,79	511,26	551,13
...	...	...	...	...	...
Total	13.974,42	12.922,73	13.269,31	13.663,89	14.132,23

Source: Elcano Royal Institute

Contributions to the European Development Fund (EDF)

Although the UK is not tied to contribute to the EU budget, it is under obligation to contribute to the EDF, as stipulated in the Internal Agreement of the 11th EDF (for the period 2014-2020), under the Cotonou Agreement[25]. Whether the UK will need to disburse the full €4.4 billion it has committed under the 11th EDF or only part of that amount on account of its exit from the EU in 2019 will be discussed as part of the broader financial settlement for the UK during the first phase of the Brexit negotiations. As disbursements under the 10th EDF have only just ended and EU member states are now being approached to make their first contributions under the 11th EDF, it is plausible to assume that disbursements may continue beyond 2020. This may imply that funds contributed by the UK will be spent without the UK having a say in how they are allocated unless an agreement was reached for the UK to remain a party to the Cotonou Agreement. It is also unclear whether, if the UK does contribute to the 11th EDF, UK-based CSOs will be eligible to access these funds. UK contributions to the 11th EDF may have important political ramifications for the UK and for Africa Caribbean Pacific (ACP) group of states, 52% of which are members of the Commonwealth. Historically, the UK has in fact been one of the largest contributors to the EDF and has invested considerably in EU-ACP relations. The future of the EDF will also be under discussion with the possibility that it might be brought under the EU budget. Some fear that if this happens, and if it is merged with the EU's Development Cooperation Instrument (DCI), then funding for the ACP as a group may be reduced.

Funding for development programmes implemented by UK-based CSOs

UK-based CSOs who currently receive substantial EU funding through grants and commercial contracts have been very concerned about their limited ability to access such funds once the UK leaves the EU. Considering that in 2016 UK CSOs received a total of €357 million in EU aid, it is likely they will face a significant funding shortfall the size of which will depend on the degree of future cooperation on development and humanitarian aid policy the UK and the EU27 may agree on. Humanitarian funding is the most at risk, with around €211m under threat,[26]as it is unclear whether UK CSOs receiving humanitarian funding from European Civil Protection and Humanitarian Aid Operations (ECHO) will still be eligible after Brexit.

However, the most significant impact of Brexit on the level of UK aid to date has been the reduction in the value of the pound since the referendum. Currently the pound is still around 15% lower against the dollar against its 2016 average before the referendum. Developing country currencies have shown a similar pattern reducing the value of UK ODA to some of its main recipients such as Pakistan for instance, by between 10-15%.[27] The devaluation of the pound has also adversely impacted CSO programmes in partner countries. Some organisations have reported needing to renegotiate the delivery of results in their programmes, paring down activities or temporarily needing to reduce salaries, as their work with current partners was disrupted following the loss of about 20% of their grant income. We cannot anticipate whether there might be further currency-related shocks either during the course of the Brexit negotiations or once the UK leaves the EU. Most UK CSOs, however, have now put in place contingency plans to strengthen their, and their partners', resilience to such shocks in order to avoid further disruption to their programming.

Aid quantity and quality in the UK

Growing anti-aid sentiments among the British public appear to have been accentuated since the referendum. Following the recent General Election, UK CSOs have welcomed the Government's renewed pledge to maintain the current level of aid at 0.7% of GNI. The Conservative Party

Manifesto included a commitment to: "work with like-minded countries to change the rules so that they are updated and better reflect the breadth of our assistance around the world. If that does not work, we will change the law to allow us to use a better definition of development spending, while continuing to meet our 0.7 target." OECD rules on aid spending provide a robust framework for ensuring that development assistance remains focused on poverty eradication and UK CSOs are concerned that a change in rules could potentially weaken the independent scrutiny and standard setting role played by the OECD, and heighten the risk of aid not being focussed primarily in poverty reduction. Development practitioners in the UK and in Europe are also concerned with the possibility of UK aid being increasingly re-aligned to support British interests with regard to controlling migration flows to the UK, favouring new trade deals after Brexit and bolstering national security. How Brexit will either favour or hamper UK efforts to influence other like-minded OECD (Organisation for Economic Cooperation and Development) countries to re-define ODA is yet to be seen.

Potential areas of opportunity offered by leaving the EU on UK and EU overseas development aid

EU aid untying

Brexit and the upcoming re-negotiation of the EU budget for 2021-2027 offer a unique opportunity for the EU to fully untie its ODA. The OECD/DAC profile of EU development cooperation reveals that 65.5% of EU ODA was considered untied in 2014 (down from 67% in 2013)[28]. Despite making good progress, the EU's Development Cooperation Instrument and the EDF – which accounted for over half of all EU ODA in 2015 - are still considered to be tied aid programmes under OECD DAC definitions. This is because access to aid under these programmes is limited by specific rules of nationality and origin. It is precisely these rules that would exclude UK-based applicants from a significant share of EU aid once the UK leaves the EU. The same rules and regulations would currently prevent the UK from potentially contributing to selected programmes under the EU budget once it becomes a 'third country' even if it were to choose to do so. Changing existing co-financing rules under the EU budget in order to make it easier for non-EU donors in future to contribute to EU development programmes as well as for non-EU entities (e.g. CSOs) to freely access these programmes could potentially benefit all parties.

Enhanced aid effectiveness

Opening future co-financing opportunities for 'third country' donors will help enhance EU aid effectiveness by attracting investments from non-EU donors to EU development programmes beyond ad-hoc multi-donor Trust Funds. This could also realistically be extended to joint programming in partner countries. The European Commission and ECHO have been at the forefront of improving donor coordination on the ground in over 55 countries worldwide. This has also involved non-EU member states, especially Norway and Switzerland. In Ethiopia for instance, the EU, 20 EU member states present in the country as well as Norway and Switzerland signed a 'EU+ Cooperation Strategy' in 2013.[29] International aid initiatives such as the Paris Declaration on Aid Effectiveness and the implementation of the Sustainable Development Goals (SDGs) call for more collective and coordinated action. It is hoped that Brexit may help catalyse new models for potential collaboration between the EU and 'third country' donors going forward. For the UK, this could be beneficial post-Brexit in order to maintain its engagement in strategically important countries (e.g. along the 'arc of instability') where it does not have bilateral programmes.

Reform of EU-ACP relations

In the same spirit, Brexit could catalyse a fundamental re-think of the EU's approach to the ACP countries. This group essentially comprises the former colonies of EU member states but it has been increasingly viewed as anachronistic. Without the UK, the ACP, and especially the forty-one Commonwealth states, will need to reassess the value of their historical, political and economic ties with the EU27. The re-negotiation of the Cotonou Agreement will start in 2018 and the UK may still have an important say in what the successor agreement may look like. A case could therefore be made for the UK to remain engaged in EU-ACP relations after Brexit, as after all, this is still the largest north-south partnership in the world covering development, trade and political cooperation.

KEY MESSAGES

- Brexit, and particularly the financial settlement agreed with the UK, will inform upcoming discussions on the next EU budget and on future EU aid allocations.
- The UK is one of the largest contributors to the EDF and has invested considerably in EU-ACP relations. Whether this will continue beyond Brexit and in what form will be up for discussion as part of the Brexit talks and the re-negotiation of the Cotonou Agreement due to start in 2018.
- In view of a reduction in the EU budget, the EU27 should consider changing existing co-financing rules in order to fully untie EU aid, enabling non-EU countries to contribute to EU programmes and funds as well as allowing access to defined non-EU entities (e.g. CSOs).
- Brexit should catalyse new partnership models between the EU and non-EU countries, further enhancing Joint Programming and donor coordination in partner countries.

Trade and investment

The status quo

The EU manages trade and investment relations with non-EU countries through its trade and investment policy. Trade policy is an exclusive power of the EU. This means that only the EU, and not individual member states, can legislate on trade matters and conclude international trade agreements. The scope of the EU's exclusive power covers not just trade in goods but also services (although member states retain some regulation attributes that affect trade e.g. financial services in the UK), commercial aspects of intellectual property and foreign direct investment. The European Commission negotiates agreements with the trading partners on behalf of the EU based on a negotiating mandate, setting out the general objectives to be achieved, adopted by the Council with input from the European Parliament. Once the Commission has completed the negotiations, it presents the deal to the Council and the European Parliament, which has the power to veto any agreement. They are the ones to formally agree the outcome and prepare the way for signature and ratification of the deal with the trading partner. Some elements of some agreements also require ratification by individual member states if they are deemed to be of mixed competence (e.g. dispute resolution is a competence shared between member states and the Commission). This procedure will also apply to a new trade and investment agreement to be negotiated between the EU and the UK following the UK's departure from the EU.

The EU conducts trade with developing countries based on its non-reciprocal generalised scheme of preferences (GSP) as well as its GSP+ and 'Everything but Arms' (EBA) initiatives. These offer varying degrees of preferential market access ranging from partial waving of tariffs through to granting full duty-free and quota-free access to the European market for all least developed countries.

In addition, the EU has negotiated free trade agreements with many developing countries. These agreements grant reciprocal preferences to countries such as Vietnam, South Africa and Caribbean Islands among others. The UK currently imports around £34 billion worth of goods from developing countries each year.[30] Some EU trade policies granting preferential market access for the poorest developing countries have helped drive this trade, providing opportunities for some of the poorest people in the world to earn a living, gain skills and develop businesses.

As a member of the EU since 1973, the UK has had little direct control over its trading arrangements with non-EU trading partners, including developing countries. As a result, there is currently little trade capacity in DFID and in the Department for International Trade (DIT), which does not have a development focus, with only a relatively small number of staff focused on trade and development within both departments. Similarly, there is little or no trade capacity in the UK Parliament, as it has not been directly involved in scrutinising the negotiation of trade deals while the UK has been a member of the EU. UK MEPs, by contrast, have played strong roles in the scrutiny of EU trade policy.

Potential impacts of Brexit on UK and EU trade

The referendum in 2016 created significant uncertainty for trading partners in developing countries. A reduction in the value of the pound contributed to making developing country products more expensive in the UK, and it has reduced the value of aid, investment and remittances. This is of particular importance to some ACP countries for which the UK is the predominant trade partner such as Ghana, Guyana or Fiji, or other countries that heavily rely on exports to the UK such as Kenya, for example.

Immediately after the EU referendum result, CSOs raised concerns that, if the UK were to leave the EU customs union without immediately replacing existing preferences or free trade agreements with equivalent provisions for developing countries, they could lose out.[31] Brexit (in particular the non-participation by the UK in the EU single market) may disrupt trade with developing countries by increasing their cost of trading with the UK, reducing the demand for their products and also increasing non-tariff barriers. As EU law will be transposed into UK law through the Great Repeal Bill, there are also concerns that trading standards may drop or eventually differ from EU standards. Some UK businesses that depend on EU markets, for instance, may want to maintain EU standards while others that don't might be lobbying to lower standards. This could eventually lead to trading partners in developing countries needing to meet two separate standards for the UK and for the EU market. Some think that this may encourage developing countries from the Commonwealth to increase their trade with Ireland over the UK as Ireland is a member of both the EU and the Commonwealth. Overall, it has been estimated that 47% of imports from developing countries could have potentially faced additional tariffs at a cost of £1 billion to these countries[32]. In order to avoid this, the UK would need to ensure there is a smooth transition to new terms of trade. The first stage of the government's response has been to announce that it intends to maintain existing arrangements while pledging to improve on the overall market access offered to developing countries[33]. While this is a welcome announcement there are currently few details available.

In addition to the direct relationships between the UK and developing countries, there are concerns that new trade agreements with wealthier countries (e.g. between the UK and US, Canada, China, Australia, India, Singapore and other middle-income countries - MICs) could have negative impacts on trade with developing countries, particularly where these new trading partners export similar products. Free Trade Agreements (FTAs) with third countries will also impact on the UK regulatory regime in non-tariff related ways.

There are concerns that there may not be adequate and robust opportunities for parliamentary scrutiny given the lack of a historical role for UK Parliamentarians (other than UK Members of the European Parliament) in overseeing EU trade deals. This may lead to a vacuum of parliamentary scrutiny over future UK trade agreements, especially within the current Parliament (up to 2022), if appropriate oversight mechanisms are not put in place post-Brexit.

Potential areas of opportunity offered by leaving the EU on trade and investment policies

Trade

If the UK leaves the EU customs union it will regain control of the market access provisions. Brexit should thus be viewed as a unique opportunity to improve existing trade and partnership agreements enhancing policy coherence for development. Outside of the EU, the UK could aspire to set the gold standard in development-friendly trade policies. CSOs could work more easily with the UK government incentivising businesses to raise the environmental and human rights standards in their supply chains so that they are not just meeting baseline minimum standards.

However, CSOs are advising the UK Government to take its time, as rapidly conducted free trade agreements are likely to fall short of supporting the developmental objectives of the poorest countries. The UK's intention to, at a minimum, replicate the existing market access arrangements for developing countries is welcome but this opportunity to improve upon them shouldn't be lost over time. For example, there are elements of EU trade policies that serve to protect EU producers but cover sectors where the UK has no competitive interest and could liberalise at no cost (e.g. citrus fruits, cotton). The UK government should also learn the lessons from the EU's experience in setting trade and development provisions with developing countries (e.g. rules of origin).

CSOs have highlighted multiple issues with the Economic Partnership Agreements (EPAs), which have been used as a way to open up ACP markets. Many developing countries negotiating EPAs are eligible for the non-reciprocal EU EBA scheme but are often pressured into signing due to regional partners not receiving EBA. There are also issues with 'rendezvous clauses' forcing negotiation on issues like services and investment and Most Favoured Nation (MFN) clauses. The UK wants to roll over the EPAs but there are doubts about whether the UK could do this before leaving the EU as it could be construed as negotiating whilst it is still a member of the EU. Even if the UK could technically get the countries to agree to proceed on the basis of the existing agreements, there would almost certainly be an implementation delay whilst the new EPAs were ratified which will result in countries losing out at least for a transition period. Upon leaving the EU, the UK could offer better terms to countries currently party to EPAs by offering duty-free, quota-free access on a non-reciprocal basis, at least as an interim measure. The UK would likely need to seek a waiver at the WTO to do this.

After Brexit, rather than negotiate a series of free trade agreements with developing countries, CSOs have called on the UK government to immediately put in place a non-reciprocal, tariff-free preference scheme for economically vulnerable countries including LDCs and vulnerable non-LDCs. This would enable the government to meet its recent pledge to improve on, and go further than, existing EU trade initiatives by: (a) waiving all tariffs and quotas on all products under a single scheme; (b) extending eligibility to the most economically vulnerable countries based on objective criteria; (c) improving on existing EU provisions by incorporating flexible rules of origin to allow countries to increase their share of export of higher-value processed goods; (d) supporting developing country regional integration goals; (e) ensuring stability of commercial relationships and investment decisions by committing to offer this for at least ten years.

This simple scheme would offer a win-win opportunity as it would not require extensive negotiations, sapping UK government resources, while ensuring continuity for trading partners in developing countries and for UK consumers. The scheme would also comply with WTO rules and would be in line with similar initiatives offered by other countries including the US, Japan, Australia, New Zealand and Norway.

As part of a new, development-friendly trade policy, the UK could set best practice by investing more in Aid for Trade. Good Aid for Trade, from a civil society perspective, should improve the ability of communities to trade and export their way out of poverty by: supporting reform in developing countries to increase market access for smallholder developing country producers; help countries adjust to new trade realities by enhancing their capacity with regard to processing of raw materials and produce; increase their access to global supply chains and reduce trade costs. Aid for Trade also helps these countries develop infrastructure like roads and ports while reducing the bureaucracy at border posts. But, Aid for Trade can be good for recipients and for providers, without the aid necessarily being tied to exports of the aid providers. Aid should never be tied to boosting the commercial interests of the donor country and care must be taken to ensure that the benefits from aid for trade initiatives are not captured by large multinational corporations.

Investment

There is also the opportunity for the UK to review its approach to investor protection and its stock of bilateral investment treaties. The EU has acknowledged that investment treaty arbitration has shortcomings but proposed refinements are nothing more than tinkering around the edges and do not address the fundamental problems with the system (the ability of private investors to challenge legitimate government policies if they feel their ability to make a profit has been damaged). There is scope for the UK to take a better approach, which is in line with its commitments to the SDGs, Paris climate accord and UN Guiding Principles on Business and Human Rights.

Increased transparency and accountability

Setting the gold standard on trade and investment policies will mean ensuring that these are compatible with international commitments on the environment, climate change, human rights and sustainable development. In order to achieve this, future negotiations by the UK with trading and investment partners should be open, transparent and fully accountable to Parliament. Impact assessments should be conducted for all future UK trade and investment negotiations and agreements, and a transparent process for conducting these assessments established. Such assessments should be carried out before, during and upon completion of all negotiations and reviewed once the agreements are in force. Moreover, an effective mechanism for parliamentary scrutiny including full debate and ratification vote should also be set up. This must also include facilitation of civil society engagement and input.

KEY MESSAGES

- Brexit may disrupt trade between the UK and developing countries potentially leading them to lose out. Outside of the EU, the UK will have the unique opportunity to set the gold standard in development-friendly trade policies.
- CSOs are calling for the UK to go beyond the 'Everything But Arms' (EBA) arrangement for LDCs and immediately put in place a non-reciprocal, tariff-free preference scheme for economically vulnerable countries including least developed countries and non-least developed countries.
- As the UK leaves the EU, there might be a vacuum of parliamentary scrutiny over future trade agreements. Future negotiations by the UK with trading and investment partners should be open, transparent and fully accountable to Parliament.
- Impact assessments should be conducted of all future UK trade and investment negotiations and agreements to ensure that all standards are maintained; and a transparent process for conducting these assessments should be established.

Tax

The status quo

On tax policy issues, the EU has no competency in setting income or corporate tax rates as these are areas of national competency. However, the EU has a role in harmonising Value-Added Tax (VAT) as it's essential for the functioning of the Single Market for cross-border trade of goods and services. The EU has lead the way in tax transparency initiatives, under other mandates that are not directly related to taxation. These include regulation related to the Single Market and financial regulation. It has contributed to making tax information more readily available for risk-assessment and public scrutiny through the EU Accounting Directive on Country-by-Country Reporting (CBCR) for extractive industries and the EU Capital Requirements Directive (CRD IV) on CBCR information for financial institutions. Additionally, EU Anti-Money Laundering (AML) directive is an opportunity to create more readily available company ownership - and possibly other entities such as trust – known as Beneficial Ownership Registries. The UK and Netherlands have additionally shown leadership to commit these registries that involve any owners above a threshold of 25% to be publicly available. Importantly, tax transparency was also a relevant area of discussions on the Non-Financial Reporting (NFR) Directive, even though tax transparency did not make it to the final version of this directive. Currently, the EU is considering a proposal for corporate tax integration and harmonisation – known as the Common Consolidated Corporate Tax Base (CCCTB). If this proposal helps to close tax loopholes in EU member states, then it is likely to be positive for developing countries too.

Most of global tax policy is made at the OECD at the request of the G20. Once the UK leaves the EU it will still be part of these institutions, and may also decide to scale up its involvement in these initiatives. Generally, the UK has not directly supported greater international tax co-operation within the EU and at the UN, but has promoted tax transparency.

Potential impacts of Brexit on UK and EU tax issues

CSOs are worried that, as a result of Brexit, requirements for public country-by-country reporting data to tax authorities may be at risk in the UK. Even if this is likely to be transposed to UK legislation in the Great Repeal Bill, there is a possibility that it may not advance any further, especially if the EU will in future expand reporting requirements to include more sectors other than banks and extractive industry. These initiatives may not progress as much in the UK, and UK-based companies might even be subjected to lesser transparency in terms of corporate taxes paid in every country where they operate. Depending on the final Brexit deal with the EU, the UK may choose to offer a lower corporate tax rate, and more corporate tax incentives on research and development, patent and royalty income. While these tax competition measures are aimed at the existing EU-27 countries, they will also have an external impact on developing countries as UK multinationals and indeed any multinational that chooses to base intellectual property and intangible assets in the UK will be able to repatriate income from developing countries at a lower tax rate due to Double Tax Treaties (DTT) that the UK has with several developing countries allocating taxable income. This is particularly concerning as developing countries depend more on corporate income tax (15% of total tax revenue in developing countries, versus 6% in OECD countries).

There is a potential risk of the UK's priorities shifting away from supporting tax transparency, if another issue is chosen for proactive work in the international co-operation arena. If the UK drops the ball on tax transparency, then it is unlikely to progress further especially in ensuring that the Overseas Territories and Crown Dependencies progress towards further tax transparency after the UK itself made commitments at the Anti-Corruption Summit in May 2016. Finally, UK MEPs have been active in tax related committees (TAXE) in the European Parliament, and this has been an interesting avenue for greater accountability. Also, the European Parliament can investigate companies based in EU countries for receiving illegal subsidies under the State Aid rules, or alternatively EU member states providing subsidies that fall under State Aid provisions. Recent investigations on Apple and Fiat as well as concerning Ireland and Luxembourg have shown that these are effective in shaping at least the political agenda even though the EU may not have powers to enforce its rulings and decisions.

Potential opportunities

Although tax issues are not likely to be on the agenda of the Brexit negotiations, it is possible that, as was reported in the media, tax could be area of national policy that might influence the outcome of the negotiations as well as a future free trade agreement between the UK and the EU. As a member of the EU, the UK has not directly been supportive of public CBCR and the harmonisation of corporate tax policy, as well as further global tax co-operation in the UN. It could be envisaged that as a result of the UK leaving the EU, the EU may favour slightly more multilateral fora that include developing countries - namely the United Nations – in tax matters. This would be a shift from the current position of the EU where the only political discussions on tax issues should be conducted within the OECD, while the UN, IMF and World Bank only ever meet in technical advisory capacity. Moreover, UK tax havens (e.g. Cayman Islands, BVI, Jersey, Guernsey, Isle of Man, and Gibraltar to some extent), may in the future be included in an EU tax haven 'black list'. This could result in restrictions and levies being applied to transactions to these territories unless they reform their tax policies and become more transparent. Conversely, the UK may become a champion of public Beneficial Ownership transparency and wider financial transparency measures, which it strongly supported in the EU, raising the bar on international anti-money laundering. This would allow UK CSOs to also continue to work with the government in implementing focused work on financial transparency, illicit financial flows and asset recovery issues in a supportive policy environment.

KEY MESSAGES

- As a result of Brexit, public country-by-country reporting on tax matters may be at risk in the UK. If the UK opts to further lower corporate tax rates, this may also have an indirect negative effect on poor countries via UK multinationals.
- Without the UK, the EU might strengthen its position on tax havens potentially leading to UK tax havens (e.g. Cayman Islands, Jersey, Guernsey etc.) being included in a EU 'black list'.
- The UK might instead become a champion of public Beneficial Ownership transparency and wider financial transparency measures, raising the bar on international anti-money laundering.

Global Challenges

DFID's Multilateral Development Review published in 2016 stated that: 'A strong and effective multilateral system is firmly in the UK's national interests. Our bilateral aid programme responds swiftly to global challenges and helps to build a more prosperous, secure and stable world. However, global challenges also require global action'.[34] In the context of growing global interdependencies, there is widespread recognition that global challenges and opportunities like achieving the SDGs, require joined-up analyses and responses. To this end, Brexit should not contribute to erect political and institutional barriers between the UK and the EU, undermining current efforts towards improved coherence and collective action. This section looks specifically at issues relating to environment and climate change, global health, and the current upsurge of people on the move in Europe, dubbed as the "migration crisis" by the EU, setting out both potential threats and opportunities linked to the UK's exit from the EU.

Environment and climate change

The status quo

Sustainable development has been one of the fundamental objectives of the EU since it was included in the Treaty of Amsterdam (1997) as an overarching objective of EU policies. As a result, it has been mainstreamed into EU policies and legislation, via the EU Sustainable Development Strategy, the EU 2020 Strategy, and the EU's Better Regulation Agenda.

The Commission's Directorate-General (DG) for the Environment is responsible for the development and implementation of EU-wide environmental legislation; the Commission's DG for Climate Action leads the Commission's actions to fight climate change at EU and international level, through climate policies and strategies, implementing the EU's Emissions Trading System (ETS), monitoring national emissions by EU member states, and promoting low-carbon technologies and adaptation. The EU in the international climate change negotiations is led by the heads of delegation from the UK, France, and Germany with support from the DG for Climate Action. The European Commission's DG for International Development and Cooperation provides support and financing for developing countries to increase their capacity to protect and manage natural resources. This includes for instance, working with governments, public and private sector, and civil society organisations to combat illegal logging; manage and secure protected areas that are home to endangered wildlife; cleaning up polluted sites and building local skills to develop a sustainable green economy. EU support for the environment - including climate change, sustainable energy and water - represented 5.7 % (€2.71 billion) of total funding for development managed by DG International Cooperation and Development (€49.67 billion) in the period 2007-13.

On international negotiations and foreign policy, the UK has played an important and often leading role within the EU, and has been an important mediator with member states more reluctant to commit to high ambition, in areas such as emissions reductions, environmental and climate finance, and biodiversity protection. The UK has a strong track record in lobbying for science-based targets in EU environmental legislation, from vehicle emissions, to air pollution standards, and to the EU's targets for emissions reductions. The UK was a key player in ensuring that both the EU 2020[35] and 2030[36] packages contained ambitious overall goals on greenhouse gas reductions, although it was not supportive of sector-specific targets. The UK has also been a world leader in the fight against the destruction of forests and biodiversity loss, the promotion of sustainable and legal trade in forest products, and the securing of jobs and tenure for local people to uphold their rights and reduce poverty. In particular, the UK played a key role within the EU to ensure agreement and enforcement of the EU's Timber Regulation, and the Action Plan on Forest Law Enforcement, Governance and Trade, which have had important impacts and influence globally on poverty reduction and sustainable development. They have also been a world leader in the setting of global targets, including the Aichi Global Biodiversity Targets and the Sustainable Development Goals.

Potential impacts of Brexit

The UK has played an important part in shaping progressive EU climate change and environment policies and in securing global agreements. Outside of the EU, UK influence on global environmental and climate change policies - as well as on major emitters – is likely to be reduced. Of concern is that a fear of 'going it alone' will lead to a backsliding of the UK's leadership on these issues. If following Brexit the UK cannot persuade others to follow their lead in progressive policies and investments relating to "global goods" such as climate change, forests, and biodiversity, then internal-facing short-term economic self-interests may instead become the guiding framework. It is certainly likely to reduce the EU's ambition to tackle climate change both internally and internationally. Further, if political focus on these areas wane, then less politically salient issues - such as fair and sustainable food systems, local agricultural perspectives in developing countries, and biodiversity - might be weakened or lost altogether. In the context of development co-operation for instance, this might drive a narrow focus on food security interests rather than looking at longer-term sustainable pathways to rural development.

The Repeal Bill is expected to maintain all current environmental legislation. This would mean that, at least initially, EU law would be transposed into UK law, with powers conferred on Ministers to make further adjustments over time. However, at the domestic level the compliance mechanisms simply do not exist outside the EU to hold the UK government to account for legal commitments, such as with the current failure of the UK in levels of air pollution; the UK regulators do not have the powers that EU regulators do. In short, there would be a big governance gap as the UK does not have the regulatory mechanisms in place to make sure that existing environmental laws are implemented.

Whilst compliance is not strong at home, it is harder still with regard to the UK's environmental footprint overseas, and ensuring alignment of international policies, investments, and trade agreements with commitments to the Multilateral Agreements, including the Paris Agreement and the Convention on Biological Diversity's Aichi targets. The UK continues to invest in fossil fuels in countries signed up to the Paris Agreement, and UK aid has been used to support job creation in the oil and gas sector in East Africa, all of which is inconsistent with the UK's commitments on climate change and sustainable development; these trends are likely to be exacerbated rather than reversed as the UK seeks stronger bilateral relationships and negotiates new trade deals.

Brexit may also have significant impacts on EU climate and environment ambition, as for example, if it opens up the EU's UNFCCC emissions targets for revisions.

Potential areas of opportunity offered by the UK leaving the EU

The UK Government has signalled that they want to retain a global leadership role on climate change and the protection of sites and species. There is a real opportunity here for the UK to build on its world leading reputation in these areas and CSOs should work with them to do so.

Transboundary issues such as cross-border pollution, protection of migratory species, and climate change, will continue to demand co-operative responses. The UK is also seen as a defender of rights and social justice, putting us on a strong footing in these areas and offering a potential unifying theme amongst different political audiences. UK climate and biodiversity science, risk, and resilience analysis is globally recognised. UK investors see sustainable development as an opportunity not a risk, with companies such as Aviva and The Bank of England at the forefront of arguments for transparency and accountability on climate risk. With its 0.7% commitment combined with its commitment to 50% of UK climate finance for adaptation in developing countries, the UK has the potential to act as a reforming player on development spending. The UK is therefore well placed to take progressive action, but whether it chooses to display such leadership in a post-Brexit context remains to be seen.

In terms of departure from EU policy, the recent Queen's Speech confirmed new national policies for agriculture and fisheries, and this announcement could pave the way for a better and more sustainable policy framework. However, any new policy will take years to develop and be subject to considerable lobbying from those with vested interests and a focus on short term gains. It is also likely that close adherence to EU agricultural standards and policies will be a red line in any trade deal, and the EU will have considerable input into any new UK fisheries policy given the cross-border nature of fish.

There is opportunity for the UK to strike new international relationships with other progressive countries on environmental issues, such as Norway and Switzerland, and other global alliances will grow in importance such as the Commonwealth, aligning the UK ever more strongly with those suffering the worst impacts of climate change, like for instance vulnerable small island states.

KEY MESSAGES

- The UK has played an important part in shaping progressive EU climate change and environment policies and in securing global agreements, (e.g. the Paris Agreement) Outside of the EU, UK influence on global environmental and climate change policies - as well as on major emitters – is likely to be reduced.
- Outside the EU, there is a lack of compliance mechanisms to hold the UK Government to account for its legal commitments (e.g. on air pollution). UK regulators do not have the power to hold the UK to account in the way that EU regulators do. This is something that UK CSOs will need to focus on post-Brexit.
- Brexit offers the UK Government a real opportunity to build on the UK's world-leading reputation on climate change and the protection of sites and species and UK CSOs should work with them to do so.
- New national policies for agriculture and fisheries could also pave the way for a better and more sustainable policy framework.

People on the move

The status quo

For the last decade or more, the EU has sought a strategic approach to managing mobility and migration – this forms part of the Joint Africa Europe Strategy JAES) and Tripoli declaration, amongst others. Europe's demographic profile (i.e. ageing population) means managing migratory flows is important to maintaining economic growth. Moreover, the EU and various EU member states have been instrumental in seeking to adopt and promote a stronger migration and development focus, whether in terms of diaspora and migrant remittances and investments, skills transfer, or voluntarism. This can be seen in the role played by the EU and EU member states in the UN High Level Dialogues on Migration and Development (2006, 2013), and especially in terms of the annual Global Forum on Migration and Development (this year co-sponsored by Germany and Morocco). However, the migration policies of EU member states have tended to preclude 'safe and legal routes' to Europe. The UK's role and approach in terms of migration and development has arguably tended to pay lip-service to this agenda, in large part because of the political sensitivities around migration in the UK, but also because of its large diaspora and migrant communities.

In recent years, faced with a seemingly unprecedented surge in the number of people reaching Europe from North Africa and the Middle East as a result of the global economic crisis and turmoil in these regions, the EU has put in place a number of measures to manage this 'migration crisis'. Indeed, the framing of this phenomenon as a 'crisis' or 'surge' is in itself a political act. In reality, this 'surge' is not substantiated by evidence as the numbers are consistent over a ten-year period; what has changed has been the modes of arrival and therefore the classifications of arrivals are different. It can be argued that the real 'migration crisis' is 'South-South' rather than 'South-North', and care must be taken that interventions to stem 'South-North' flows does not exacerbate 'South-South' migration flows, especially in Africa and the Middle East. There is little reflection by UK and EU of the impact of their migration policies on 'South-South' migration patterns in terms of individual livelihoods, with potential negative repercussions on a development-friendly approach.

The European Commission, backed by EU member states including the UK, was at the forefront of the EU's response by striking a deal with Turkey in 2015 to deter migrants and refugees from entering Europe and repatriating them to their countries of origin. An EU Emergency Trust Fund for Africa was also established in 2015, as part of the EU's Joint Valletta Action Plan, to support the most affected and fragile countries in Africa to "foster stability in the regions to respond to the challenges of irregular migration and displacement and to contribute to better migration management". At the same time, there has been tragically little policy coherence in this area, especially when considering the impact of military interventions of European states (particularly the UK and France) in Africa (e.g. Libya) and the broader Middle East. The Valletta Summit and Trust Fund processes have been managed in such a way as to limit meaningful involvement by civil society and especially diaspora and migrant groups, and there are very real concerns from UK civil society that this funding will be used to support both private security firms in Europe and the navies of Mediterranean states.

In 2016, the EU adopted an ambitious and comprehensive External Investment Plan setting out a new Partnership Framework approach with third countries. This aims to leverage existing EU and member states' external cooperation instruments and tools, as well as trade and other funds in order to stem migration to Europe. Finally, the newly adopted European Consensus on Development has reaffirmed the importance of the EU's Partnership Framework approach committing to using its development programme to 'address the root causes of irregular migration'. Yet, CSOs have questioned the relevance of simply understanding migration based on binary concepts such as 'root causes' and 'drivers' when in reality it is far more complex issue requiring a more comprehensive response. Moreover, different EU member states have taken more or less strategic approaches to mobility and migration to meet their own labour and skills shortages.

Most significantly, the 'migration crisis' since 2015 has further sharpened debates on migration and development policy at the national and EU levels. European and UK CSOs have widely condemned the EU's response to the 'crisis' for focusing on a system of deterrence, while inherently undermining fundamental human rights, including the right to asylum, and also for taking a short-term view of the link between aid and migration. Opposing the progressive instrumentalisation of European development cooperation in favour of migration control, CSOs have called for a fundamental change in the EU's approach to migration. This should respect international law and human rights; expand safe and regular routes for people to travel to Europe; implement fair, transparent and efficient asylum procedures; and ensure that development aid is used for reducing poverty and inequality, not for reducing mobility. The UK government's approach to refugees, and especially to child refugees stranded in mainland Europe, has also been criticised by CSOs.

'Addressing the root causes of irregular migration' is not necessarily a bad objective in itself, if it helps prevent people taking long, expensive, and very dangerous journeys to Europe, but much of the focus on discussions from the EU and member states is now on a 'return agenda', which is inherently problematic for many CSOs and diaspora and migrant groups on particular, who fear that development intervention will require them to do the job of their immigration authorities. Invariably perhaps, managing the 'migration crisis' has overtaken the EU's emphasis on 'mobility', largely in response to domestic political concerns and the increasingly toxic nature of debates on migration globally.

While the UK has to a greater or lesser extent aligned itself with the EU response to the migration crisis, it has generally taken a singular view of the crisis, in particular that help should be provided in the region rather than in Europe, as to do otherwise creates powerful pull factors driving migration. The UK has also consistently refused to share burdens with regard to accepting asylum seekers who have reached Europe. Its intransigence with regard to the camps in Calais, and accepting even young people with family ties in the UK, is a matter of record. Part of this can be attributed to current negative public and political debates on migration to the UK.

Potential impacts of Brexit on UK and EU policy on people on the move

Given that the UK and the EU have been aligned in their response to what has been portrayed as a surge in 'irregular' migration, Brexit is unlikely to have a significant impact on either UK or EU future policy on migrants and refugees. Brexit, in fact, is seen by some member states as almost a distraction from the real threats to the EU including the 'migration crisis' and terrorism. The UK's departure from the EU is likely to have a negative impact on the EU's overall budget, potentially leading to cuts to the aid budget. As aid is already being diverted to deter migrants from coming to Europe and supporting EU member states that have taken in refugees, it is plausible to think that there will be less funding for poverty eradication overall. Moreover, in this context of falling aid budgets, there is no systematic policy for integrating diasporas and existing migrants in an overall strategy.

Another important impact of Brexit we have already seen in the African context is the drop in the value of the pound and the effect this may have on diaspora and migrant remittances. Nigeria and South Africa, for example have already seen a drop in the amounts being remitted from the UK. This has potentially serious implications for countries that are heavily dependent on remittance flows. The impact of Brexit on remittance flows will be complex and these may go up or down, but for now the impact has been that migrants and diaspora have seen a 15% reduction in the value of their money following the devaluation of the pound.

After Brexit, UK CSOs are concerned that their influence on EU migration and refugees policy, like in all other areas, will be greatly reduced. It remains to be seen whether the UK government will consider some degree of continued coordination, and possibly contribution, to specific EU instruments focusing on migration and refugees as being in the national interest. In this case, UK CSOs are likely to retain some degree of influence on both UK and EU policy in this area as well as perhaps also access some funding.

Potential areas of opportunity offered by the UK leaving the EU

Given current UK government policy on curbing the number of immigrants and refugees in the UK, there appear to be few areas of opportunity linked to Brexit, at least in the short term. If, however, government policy in this area were to change, the fact that the UK will no longer be in the EU could allow it to revisit its whole approach to people on the move. This could open the way for new, more progressive policies in this area and the UK might also potentially influence the views of other European allies if some form of partnership with the EU27 is retained after Brexit. However, this is unlikely given popular and media views on migration in the UK at the present time.

KEY MESSAGES

- EU aid has been increasingly diverted to deter forced migrants and refugees from coming to Europe and supporting EU member states that have taken in refugees. Without the contribution of the UK to the EU budget, it is likely that there will be less funding for poverty eradication in developing countries.
- Civil society more broadly, and diaspora and migrants in particular, have been squeezed out of operational and policy discussions on European migration and development policy. The UK should seek to integrate diasporas, migrants, and civil society better into strategic and operational responses to irregular and dysfunctional migration.
- If the UK Government's stance on migration and refugees were to change, outside the EU the UK would be free to revisit its whole approach to people on the move, opening the way for more forward-looking policies in this area.
- Meaningful UK and EU policy coherence – especially between foreign and development policies – will be essential to avoid a repeat of recent failures in the regions bordering Europe.

Global health

The status quo

The EU and the UK are global health leaders and their approaches to health are remarkably aligned. The EU views health as a 'global public good' and a central plank of human development. In its newly adopted European Development Consensus, the EU has reaffirmed its commitment to "protect and promote the right of everyone to enjoy the highest attainable standard of physical and mental health to promote human dignity, well-being and prosperity".[37] The EU has also reiterated its commitment to allocate at least 20% of its ODA to social inclusion and human development. The EU's health programme has particularly focused on health systems strengthening to ensure equitable access to health services and universal health coverage; controlling communicable diseases (HIV & AIDS, TB, malaria and hepatitis); capacity building and knowledge management to respond to the changing disease burden with a focus on non-communicable diseases (e.g. diabetes, cancer, respiratory and circulatory diseases) and environmental risk factors; improving access to medicines and reproductive health services. More recently, the EU has focused its attention - both internally and externally - on addressing global health threats, such as epidemics and antimicrobial resistance, through a public health approach.

The UK has made significant contributions to influence EU policy on global health and its own policies are very aligned with EU priorities. In recent years, there has been increased interest in gender, reproductive health, family planning, disability, nutrition, malaria, TB and neglected tropical diseases. Aside from a £1.1bn replenishment to the Global Fund to fight HIV & AIDS, TB and Malaria, however, we've seen a de-prioritisation of HIV & AIDS over time. The UK has instead championed integrated approaches to primary health care, health systems strengthening and resilience, and the response to global epidemics – especially after taking on a lead role during the Ebola outbreak in 2014. Similarly, the UK has been a leader in tackling anti-microbial resistance and exploring alternative models to Research and Development (R&D) that do not rely on intellectual property as an incentive for innovation. Like the EU, the UK is a major contributor to both the Global Fund and Gavi.

Potential impacts of Brexit on UK and EU global health policy

Given the high degree of alignment between EU and UK global health programmes, it is difficult to see either party drifting into an entirely new direction after Brexit. It is more likely that shared values and research, and the need for coordinated responses to common health threats will prevail.

Nevertheless, outside the EU, the UK will have a reduced reach in certain geographical regions where the EU has a comparative advantage. With the US also cutting its global health programme, that will leave UK CSOs – especially those working in sexual and reproductive health or HIV & AIDS – to potentially face significant funding shortfalls. This will impact their ability to maintain the current level of programming, affecting the poor communities and southern partners they work with. CSOs' delivery of innovative work might also not be so readily funded as current trends towards greater value for money and performance related funding may be accentuated in the UK after Brexit.

CSOs are concerned that new trade agreements are at risk of containing 'TRIPS-plus' provisions of intellectual property protection and enforcement that reduce global access to medicines. Provisions in free trade agreements that affect the pharmaceutical sector may include: the definition of patentability criteria; patent term extensions; test data protection; the linkage of regulatory approval with patents and enforcement of Intellectual Property Rights, including border measures. Such provisions can delay market entry of generics and increase prices of medicines. Investor-State disputes under regional or bilateral investment protection agreements are also emerging as significant threats to the use of 'TRIPS flexibilities' in the public interest. TRIPS flexibilities allow WTO members issue compulsory licenses in the case of public health crises and to adopt and apply rigorous definitions of invention and patentability that curtail the 'ever-greening' of patents and instead only award patents where genuine innovation has occurred.

Middle-income countries are particularly at risk. They are perceived to have a bigger pharmaceutical market and thus free trade agreements often try to strengthen patent laws in these countries, enabling pharmaceutical companies to charge higher drug prices. They do not have the advantage of least-developed countries, which do not have to protect pharmaceutical patents and test data until 1 January 2033.

Potential areas of opportunity offered by the UK leaving the EU on global health policy

Like with many other sectors, health CSOs hope that in leaving the EU, the UK will be inspired to further establish its leadership in global health. Although the UK will no longer contribute to the EU's global health programme, it is possible that it might increase funding to the Global Fund and Gavi, which both scored vey highly in DFID's Multilateral Development Review, as well as to UNFPA, which is a key partner in the UK instigated FP2020 initiative to increase global access to family planning. UK CSOs will therefore still be able to access funding for key health interventions on communicable diseases and access to vaccines, though the alternative CSO funding channel for sexual and reproductive health and rights is less clear.

As the UK seeks to replace the funding for medical R&D that may be lost through Brexit, it has the opportunity to shape how this funding is used for public health. For example, the UK could increase its contributions to global health R&D and attach public interest conditions to new funding that guarantee transparency in the use of public R&D funds in private pharmaceutical research and affordability of the end products. Supporting fairer trade deals, would also help address trade-related issues impacting access to medicines and commodities.

KEY MESSAGES

- Not having access to EU funding, within an already challenging global funding landscape, will impact on UK CSOs, especially those focusing on HIV & AIDS, reproductive health and family planning. This will have important repercussions on their development partners and on the communities they serve in some of the world's poorest countries.
- New UK trade agreements, especially with middle-income countries, may contain TRIPs plus provisions for intellectual property and enforcement that could reduce global access to medicines.
- In leaving the EU, the UK will have the opportunity to set new standards for the use of funding for medical research and development (R&D). The UK could attach public interest conditions to guarantee greater transparency in the use of public R&D funds in private pharmaceutical research and on the affordability of end products.

Peacebuilding and Security

The status quo

Historically, the EU and the UK, as an active member state, have supported peacebuilding and recognised the importance of long-term investments that address root causes of violence to promote their own and others' security. The EU's Common Foreign Security Policy (CFSP), Common Security and Defence Policy (CSDP) and Global Strategy for Foreign and Security Policy (EUGS) frame the EU's political, security and development responses to conflict prevention and peacebuilding.

Certain EU institutions promote long-term, transformational responses to conflict. Parts of the European External Action Service (EEAS) have played an important role in championing peacebuilding approaches and are currently leading on the implementation of the EU's Global Strategy, which includes commitments to a coherent approach to working on peace and development.

The reality though is that, faced with the increasing number and scale of crises internationally as well as within Europe, the EU and its member states are both shifting away from long-term, sustainable approaches to conflict prevention and peacebuilding and toward short-term crisis response. The EU initiative to provide security-focused 'train and equip' support to military actors overseas highlights this trend. Ultimately, however, only long-term efforts to address the causes and drivers of conflict can bring durable solutions to the issues dominating European political agendas including migration, violent extremism and instability within the European Neighbourhood.

Potential impacts of Brexit on UK and EU peacebuilding and security policy and programming

In light of Brexit, the UK faces the challenge of wanting to bolster its own standing as a global power while also needing to continue to play a role in ensuring security and stability in Europe. On the other hand, following growing internal and external security threats in recent months – and perhaps in light of Brexit - the EU27 appears to have accelerated a move towards more integrated defence structures, which the UK has traditionally resisted. As a result, there are concerns among CSOs that shared goods related to peace, security and development might be side-lined or lost amid a potentially tense period of negotiations for the UK's withdrawal and in the post-Brexit narrative.

The UK provides EU institutions with expertise through its diplomats and seconded staff, many of whom have extensive experience working on peace and security issues. They provide technical support to EU institutions such as the European Commission's Directorate-General for International Cooperation and Development (DG DEVCO) and its Service for Foreign Policy Instruments (FPI), as well as the EEAS, and play influential roles in EU delegations (EUDs) and in EU CSDP Missions. There is valuable exchange of ideas and collective action on peace, development and security issues at the EU level, in Brussels and in conflict contexts, which the UK must be careful to maintain post-Brexit.

The UK's withdrawal will significantly diminish the UK's ability to shape EU foreign and security policy regionally and in the countries in which both the UK and the EU work. This is because, even if the UK does negotiate a future relationship with the EU on foreign and defence policy, it is unlikely it will be allowed the same level of input to policy formulation as other member states. The scale and complexity of conflicts and insecurity require closer international alliances and collaboration. Failure to negotiate close coordination and cooperation on peace and development issues will ultimately come at the expense of the welfare of people affected by poverty and conflict.

UK CSOs have been engaged in shaping EU security and foreign policy and EU peacebuilding and conflict prevention approaches for more than a decade. The UK is home to leading CSOs, and research institutions, in peacebuilding and associated disciplines. The UK's diminished influence in EU affairs could result in these organisations losing traction with EU and EU member state policy makers. So, the valuable expertise and insights from extensive networks in conflict-affected regions, which UK CSOs provide could be lost from EU policy conversations. Peace and development policy require collective collaboration, learning and exchange, and care should be taken not to hamper this work through and beyond the Brexit process.

Brexit risks curtailing the UK's ability to leverage common EU resources in a way that complements its own bilateral peacebuilding efforts on the ground. In this context, the UK may seek to continue to 'pay into' EU initiatives on peace-building and security, as part of its own security and counter-terrorism strategies; to reach areas the EU or EU member states have better access to or links with (e.g. Francophone Africa); and to reach parts of the world where UK interventions and motives are particularly untrusted and unwelcome.

Moreover, Brexit could reduce UK-based organisations' access to EU peacebuilding resources (amounting to around 25% of many organisations' overall budgets). Given diminishing comparable funding sources, the reduction could well cause the sector to contract, thus diminishing the UK's indigenous CSO capacity to support conflict prevention and resolution. UK funding for civil society work has traditionally complemented EU funding: the UK being able to disburse quickly and flexibly to pilot initiatives, which when successful have subsequently been taken up and sustained by the EU. The European Partnership for the Peaceful Settlement of the Conflict over Nagorno-Karabakh (EPNK), which started out as a smaller UK-funded initiative, is one such example. The UK will need to consider how its own financial instruments and funding levels will adapt post-Brexit to retain this peacebuilding asset. The UK has also used the EU to fill strategic gaps in foreign and security engagement in regions such as the Baltics, the Caucuses and Central Asia. The UK will need to look for new ways to fill this gap, including through investing resources to support these areas bilaterally or to maintain some form of collaboration with the EU post-Brexit.

Beyond the question of resources, the specialism of the field means many UK CSOs rely on the ability to recruit staff from across Europe in order to get the right expertise. Many are concerned that post-Brexit they will be unable to afford to sponsor candidates from the EU for positions in their organisations, and may face significant recruitment difficulties. Furthermore, UK peacebuilding CSOs provide solidarity and support to a wide network of civil society actors in conflict-affected regions, who in turn are crucial proponents and supporters of peace and security in their own contexts. At a time of increasing pressure on and repression of civil society globally, the indirect impact of Brexit could be felt beyond the UK.

Transposing EU legislation into UK law in the Great Repeal Bill will also require the creation of new legislation in a number of areas, which may affect the practice of peacebuilding and conflict prevention. The UK is, for example, reviewing the sanctions legislation it will need in place once it leaves the EU. There are both risks and opportunities, depending on the openness of Government to explore how legislation can enhance long-term conflict prevention and efforts to build and sustain inclusive peace. There are worries, for example, that increased domestic security concerns will prompt a weakening in key rights and civil protections across the board.

Specifically, in the case of arms transfer controls, there are concerns that, under pressure to build new relationships and revenue post-Brexit, the UK Government could decide it will no longer be bound by existing regulations on arms exports and seek to change UK law in favour of fewer restrictions. Concerns exist regarding the UK's adherence to the EU Common Position on arms exports and is for example, currently serving as the basis for a legal challenge to the Government's decision to supply arms to Saudi Arabia for use in the Yemen conflict. More generally, without information exchange with EU partners and the 'peer pressure' associated with the day-to-day operation of the EU Common Position on arms exports, the UK could, over time, drift away from the EU-based consensus around the responsible regulation of the arms trade that it played a key role in establishing, to the detriment of all parties. Continued cooperation and coordination between the UK and other European member states will be essential to ensuring that all parties hold up their international obligations to combat the proliferation of arms and safeguard human rights. There is a real threat that a breach in the EU arms control consensus could result in a 'race to the bottom' which undermines the rules-based international system, and ultimately global peace and security.

Potential opportunities for strengthening peacebuilding

Opportunities exist on two fronts. The first set of opportunities relate to the maintenance of UK strategic influence over and cooperation within the framework of European Common Foreign and Security Policy as it relates to peacebuilding approaches. The second relates to the role that the UK can play, as it moves to shape its global profile outside the EU in promoting conflict prevention and peacebuilding.

Brexit should not result in the loss of technical expertise on peacebuilding and conflict prevention that the UK has been able to contribute to the EU institutions. This could be averted through the continuation of a secondment programme for civil servants and experts between the UK and the EU. Maintaining UK-EU collaboration in-country either through joint programming or by means of enhanced donor coordination through EU and UN existing structures will also be essential. Furthermore, it will be critical to ensure that the Brexit negotiation process does not compromise the ability of UK-based CSOs to access EU funding and to recruit from across Europe on an affordable basis. Thought should be given to reviewing and reaffirming reciprocal funding access arrangements. Moreover, the UK Government could use the opportunity of the Great Repeal Bill to review areas of legislation pertaining to conflict prevention and peacebuilding, particularly by civil society actors, so as to enhance the effectiveness of UK efforts.

There is a groundswell of support for conflict prevention in the rhetoric of the international community. This is particularly the case at the UN in relation to its 'Sustaining Peace' agenda. This offers a significant opportunity for the UK to champion conflict prevention on the global stage, including in relation to Sustainable Development Goal (SDG) 16 on peaceful and inclusive societies, but also amongst Organisation for Economic Co-operation and Development (OECD) donors.

KEY MESSAGES

- The UK's withdrawal from the EU may significantly diminish the UK's ability to shape EU foreign and security policy regionally and in the countries in which both the UK and the EU work. However, it is hoped that the UK will continue to champion conflict prevention on the global stage, especially within the framework of Agenda 2030.
- Brexit risks curtailing the UK's ability to leverage common EU resources in a way that complements its own bilateral peacebuilding efforts on the ground.
- Leaving the EU should not result in the loss of technical expertise on peacebuilding and conflict prevention that the UK has been able to contribute to the EU institutions. This could be averted through the continuation of a secondment programme for UK civil servants and experts.
- Brexit should not compromise the ability of UK CSOs to access EU funding and to recruit from across Europe on an affordable basis.

Humanitarian Policy and Action

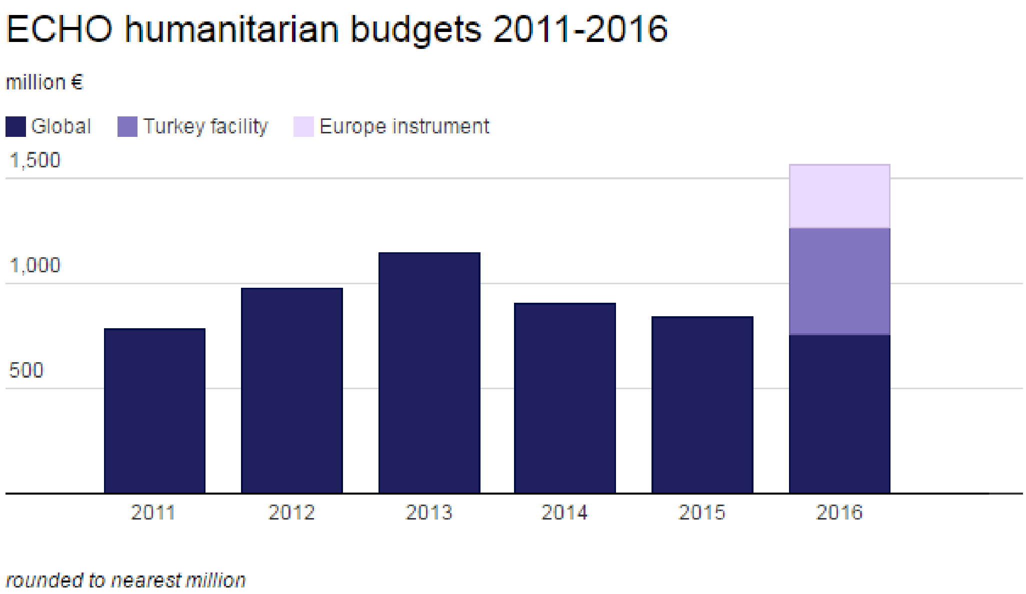
The status quo

Both the EU[38] and the UK are among the leading donors of humanitarian aid in the world. The European Commission's Humanitarian Aid and Civil Protection department (ECHO) has been providing humanitarian aid since 1992 reaching over 110 countries globally. While ECHO's annual budget is only around €1 billion, the Commission's assistance reaches over 120 million people every year. ECHO provides relief in all major crisis zones around the world including Syria, South Sudan, Yemen and Ukraine.

In recent years, the UK has contributed approximately 20% of ECHO's budget. This has enabled UK humanitarian aid to go further, reaching strategically important countries that have not historically been prioritised by the UK, such as for instance the Caucasus, North Africa and the Middle East. Besides the financial contribution, the UK has seconded a number of British civil servants to ECHO over the years. This has contributed to deepening cooperation and shared analysis between ECHO and DFID, helping to forge common agendas in key emerging areas such as cash transfers and resilience for example, where DFID has been a thought-leader among EU member states. As a result, ECHO has put in place new, innovative systems, replicating for instance the UK's rapid response model, thus contributing to greater EU humanitarian aid effectiveness. It is noteworthy that the UK's 2016 Multilateral Development Review rated ECHO as "Good" for "organisational strength" and "Very good" for "match with UK development objectives".

Recently, as the attention has focused more on migration and the refugees crisis within Europe itself, ECHO has stepped up its contribution to tackling these issues by mobilising EU civil protection channels in response to the political steer from EU member states including the UK. This has raised concerns among civil society across Europe as aid has been partly redirected to support the cost of taking in refugees in EU member states, such as Germany for instance. Addressing the refugee crisis in Europe remains a top priority for the EU27 as well as the UK, opening the door to political collaboration even after the UK will no longer be a member of the EU.

Fig. 3



Source: Voice

Humanitarian assistance funded by the EU is delivered in partnership with UN agencies, international organisations and CSOs through four-yearly Framework Partnership Agreements (FPAs). For the period 2014-2018, 40 UK CSOs have FPAs with ECHO. In 2016, almost 25% of ECHO funding commitments were made to UK CSOs for a total of €211 million[39]. Bond's research on the impact of Brexit on funding for UK ICSOs found that larger UK CSOs have been key implementers of ECHO's humanitarian aid programme and, in turn, ECHO funding to these agencies has been instrumental to enable them to respond to major crises globally, especially in areas where the EU has a geographical comparative advantage (e.g. West and North Africa, Central Asia).

Potential impact of Brexit on UK and EU humanitarian policies

Like for other areas, the key concern for UK and European civil society actors is that no longer having a seat at the table could potentially lead to a loss of influence over global humanitarian affairs by the UK. This is because, no matter how outward-looking the UK will be after Brexit, it may well stand to lose its existing diplomatic advantage as a member of a powerful coalition of humanitarian interests on the global stage. Outside the EU, the UK's power to influence EU humanitarian policy and its deep and long-standing partnership with ECHO are likely to be significantly hampered. This would be mirrored by a loss of influence for UK-based CSOs to shape EU humanitarian thinking, policies and programming. As a direct result of Brexit, EU policy capacity among UK CSOs has already started to be eroded. It is likely that CSOs will increasingly locate policy staff in other European capitals if UK influence on humanitarian policy at EU and global level declines following its exit from the EU. Similarly, it is likely that EU staff will be less willing to be located in London. Many UK CSOs will in fact possibly try to maintain this influence through other European affiliates or networks.

At the international level, CSOs working on security and humanitarian issues have expressed concerns about the role of an independent UK on the UN Security Council (UNSC) and the implications for UNSC resolutions related to humanitarian principles and action. Concerns have been voiced by CSOs that the UK would no longer be sealed from the leverage that trade and economic deals might have on its position in a way it was when it had no independent say over these within the EU, which could lead to a less outspoken and less progressive UK voice at the UNSC.

There is a risk that the political tone set by the Brexit negotiations over the coming months may indirectly impact UK bilateral relations with a number of key European partners thus also affecting humanitarian cooperation. Diplomatic tensions between France and the UK over maintaining border controls at Calais could be viewed as an example of this. Again, there are concerns that this trend might potentially negatively impact relations by UK-based ICSOs with other European donors as well with the EU.

It is thought that losing UK financial and human resources could leave a significant funding and staffing gap in ECHO, potentially resulting in delays and humanitarian aid blockages in the aftermath of Brexit, unless the transition is effectively managed by the European Commission. Similarly, some UK CSOs have raised concerns about Brexit discussions in the UK absorbing precious time and resources. This has lead to DFID’s delays in on-going work in other areas such as for example disability and humanitarian aid. It is feared this trend may worsen as more resources are invested in conducting negotiations with the EU27 over the coming two years thus leading to a hiatus in UK humanitarian policy.

Most importantly, CSOs are concerned that Brexit may precipitate current trends both in the UK and the EU to strategically re-align humanitarian policy and aid to serve domestic political and commercial priorities. It is important to note the significant role that ECHO has played in maintaining principled humanitarian aid. The European Consensus on Humanitarian Aid[40] has contributed to improving the coherence, effectiveness and quality of the EU's humanitarian response. In the document, the EU reaffirms its commitment to the fundamental principles of humanitarian aid – neutrality, humanity, independence and impartiality – and to the respect of International Humanitarian Law.

If the UK is to move away from a closer working relationship with ECHO and if it is to leave the European Consensus on Humanitarian Aid, it is even more important for it to commit fully to principled humanitarian aid and ensures that the humanitarian principles guide all of its humanitarian policies and practices.

The re-aligning of humanitarian aid has been evident in the way in which the EU has addressed the migration and refugee crisis since 2015, most notably in channelling significant funds to Turkey and African states for keeping migrants and refugees out of Europe. This is problematic as it essentially undermines the universal humanitarian principle of impartiality, where aid is allocated on the basis of need alone. Similarly, current political pressure in the UK on cutting net migration, negative perceptions of refugees among the general public and the drive to seal new free trade agreements after Brexit, might all be factors contributing to possibly instrumentalising humanitarian aid once the UK leaves the EU. Given that the UK government has reiterated its objective to drastically reduce the number of migrants and refugees coming to the UK, we could potentially see humanitarian aid growing to refugee-hosting countries in the Middle East and Africa.

Potential areas of opportunity brought on by Brexit on humanitarian policies

In spite of decreasing public support for international development assistance in the UK, the need to respond to humanitarian crises around the world still seems to strike a chord with British public opinion. Whether this is motivated by a deep moral imperative or purely by national interests is yet to be seen. However, UK humanitarian aid, compared to development assistance, has grown significantly in recent years and there is an expectation that this might continue under the current UK government.

The UK's lead role in development cooperation and humanitarian action are widely seen as having contributed to strengthening the UK's soft power on the global stage. Going forward, it would therefore make sense for Britain to invest more in its humanitarian capacity and take a stronger stance in priority policy areas (e.g. cash-based assistance in emergencies) in order to continue to be seen as a global thought-leader and player regardless of Brexit.

As key implementers of UK humanitarian responses around the world, UK CSOs also have a significant role to play in maintaining Britain's standing as a key global humanitarian actor. Bond's research on the impact of Brexit on funding to UK CSOs has found that UK-based humanitarian agencies are likely to lose access to ECHO funding once the UK leaves the EU. This may have important repercussions on the ability of these agencies to respond to current and future humanitarian crises, at least in the short to medium term. It would thus be in the government's interest to ensure that UK humanitarian agencies are still adequately funded in order to maintain their current capacity to meet the needs of some of the most vulnerable people in the world.

Similarly, ECHO might see a funding shortfall of up to 20% of its current budget if other EU member states don't increase their contributions in order to plug the gap left by the UK. This will also have repercussions on funding to humanitarian agencies based in other EU member states. Amending current EU funding regulations to fully untie EU aid would help ease funding pressure both on EU member states and on implementing agencies as it would allow non-EU donors to help finance the EU's humanitarian programme while at the same time enabling humanitarian agencies based in non-EU countries (such as the UK once it leaves) to access EU humanitarian aid.

In addition, being outside of the EU could possibly contribute to enhancing the speed and efficiency of UK humanitarian action. For example, some UK CSOs view ECHO's Humanitarian Implementation Plans as too prescriptive, reducing CSOs' effectiveness and capacity to respond to the most urgent and relevant issues during crises. Nonetheless, any independent UK humanitarian aid should still be part of an effective harmonised approach that also pushes ahead with shared commitments outlined in the World Humanitarian Summit such as localisation and removing barriers to local actors accessing funds.

Ultimately, both UK and European CSOs are keen for the UK and the EU to maintain some degree of partnership on humanitarian policy and aid. Although it is still unclear what this collaboration might look like and how politically realistic it might be, CSOs would want to retain formal mechanisms and ad-hoc opportunities to allow DFID and ECHO to freely share information, analysis, and innovations both in Brussels and on the ground. Out-of-the box thinking and goodwill on both the UK and the EU side will be essential in order to explore possible new partnership models for furthering shared humanitarian objectives after the UK leaves the EU.

KEY MESSAGES

- Outside the EU, the UK's ability to influence EU humanitarian policy and its deep and long-standing relationship with ECHO are likely to be significantly hampered.
- Although it is still unclear to what extent UK-based humanitarian CSOs will still be able to access ECHO funding once the UK leaves the EU, they are likely to be significantly impacted.
- There are concerns that humanitarian aid will continue to be strategically re-aligned to serve domestic priorities rather than external needs based on the fundamental principles of humanitarian aid.
- In leaving the EU, the UK should continue to fund humanitarian capacity investment work at pre-Brexit levels, investing in disaster risk reduction, novel response instruments (e.g. cash-based assistance, digital tools, direct to beneficiary etc.), response infrastructure globally and local humanitarian response capacity. Continuing to show leadership in the humanitarian sector by being innovative and taking a stronger stance in priority policy areas the UK has championed will ensure DfID will continue to be seen as a global thought-leader.
- Fully untying EU aid would help bring in non-EU member states to co-finance the EU humanitarian programme, easing pressure on the EU institutions and member states while enabling humanitarian agencies in non-EU member states to access EU humanitarian funding.
- DFID would then be able to maintain funding levels for humanitarian response through either an untied EU aid programme or through coordinated provision of funds direct to responses.
- It will be essential for the UK and the EU to continue to support harmonised responses and coordinated action to humanitarian crises going forward.

3. Development in the Brexit negotiations

With the Brexit negotiations underway, it is now relatively clearer where issues relating to development and humanitarian aid will fit in. The first phase of the withdrawal negotiations will focus on getting agreement on citizens' rights, a financial settlement with the UK and on the Union's borders, primarily between Northern Ireland and the Republic of Ireland. The EU's essential principles on the financial settlement identify a clear balance of rights and obligations relating to the UK's withdrawal from the Union.

The EDF, EU Trust Funds and the Facility for Refugees in Turkey have been singled out by the EU out as areas where the UK will "remain liable in full" for existing obligations. This will of course be subject to negotiations so no early conclusions can be drawn. It is expected that during this first phase of the negotiations, up to the end of 2017, the EU and the UK will agree on key principles and a methodology for the financial settlement.

Once "sufficient progress" has been made, then the negotiations will move on to scoping out future relations with the UK, identifying a common understanding on the framework of this future relationship. Where development will fit in during this second phase of the negotiations is still unclear. Nonetheless, in its drive towards enhancing transparency and accountability throughout the Brexit process, the European Commission's Task Force on Article 50 envisages there will be space for consultation with civil society to inform the talks from early 2018 onwards. Analysis by UK and European CSOs of the threats posed by Brexit to the achievement of common development and humanitarian goals and any proposals on a politically workable way forward will doubtless form valuable contributions.

The full details of the future relationship, however, will not be fleshed out until after the withdrawal agreement is concluded and the UK becomes a 'third country' on 29th March 2019, if the negotiations are not extended. This means that, unless provisions are made for a transitional period (as part of the negotiations under Article 50) then there may be a 'cliff-edge' scenario for development and humanitarian funding and policy from April 2019 until a new comprehensive UK/EU relationship is in place. From the point of view of the EU, any transitional provisions would simply mean extending the existing acquis (the status quo) and not the negotiation of a bespoke transitional agreement with the UK.

4. The way forward: advancing shared values together

Adapting to life outside the EU, within a changing world order, and demonstrating the UK's relevance on the world stage post-Brexit will be powerful forces potentially leading to a reassessment of priorities in UK foreign, development and humanitarian policies. However, Brexit is only one of the factors contributing to re-shape both UK and EU international development policy. This study has found that the UK's withdrawal from the EU may actually contribute to accelerate certain current trends in international development and humanitarian policy. Despite the UK and the EU relinquishing their economic and political union, it is likely that in many areas they will both be moving in the same direction.

On the one hand, Brexit could be positively transformational for the UK and presents the opportunity of setting a new course in its approach to international development, raising the bar for global development partners. In so doing, the UK can set the way for a truly forward-looking approach to development and humanitarian policy within the framework of Agenda 2030. This report demonstrates that there are significant opportunities for a Global Britain to realise this ambitious vision, contributing to the advancement of development outcomes. Conversely, there are also threats to international development from the UK's exit from the EU. These will have important repercussions on the world's poorest people. The UK government must therefore ensure they are taken into account and that potential negative impacts are adequately mitigated. Brexit has the potential to diminish the influence and 'soft power' of both the UK and the EU. Furthermore, there are concerns that Brexit may hamper the reach and capacity of UK CSOs to influence EU development and humanitarian policy.

Brexit should not adversely affect the advancement of UK and EU common goals and values in international development and humanitarian policy. The departure of the UK from the EU should leave the world's poorest and most marginalised better off than at present or, at a minimum, no worse off than under current arrangements. This report has identified some key areas where CSOs believe the UK and the EU should focus their attention in order to continue to work side by side to promote sustainable development, effectively mitigating, and in some cases capitalising on, the impact of the UK's departure from the EU.

The UK and the EU should take forward a constructive approach that values coherence and cooperation as the basis for longer-term partnership. Seeking agreement to continue to cooperate and coordinate in the field of international development will not only provide good value for money, but will be crucial if the UK and the EU are to achieve their global commitments. To this end, CSOs hope that Brexit might catalyse innovative ways for the UK and the EU to continue to collaborate on development and humanitarian policy. Finally, UK CSOs welcome the opportunity to engage in meaningful dialogue alongside their European counterparts in order to influence the UK Government and the EU institutions during the negotiations with a view to securing the best deal for international development.

Annex

Participants in Bond consultations

Consultation on Economic Development (Aid, trade & investment and tax) at Bond, London, 20 April 2017

Participant	Organisation
Charlie Matthews	Action Aid
Amy Dodd	UK Aid Network
Tim Aldred	Fairtrade Foundation
Maximiliano Mendez-Parra	Overseas DI
Ruba Ishak	One Campaign
Julia Amoo	Care International
Sally Houghton	GAIN – Global Alliance for Improved Nutrition
Lizzie Mc Leod	Mercy Corps
Karen Ellis	WWF
Matt Grady	Traidcraft

Consultation on Humanitarian action and peacebuilding at Bond, London, 25 April 2017

Participant	Organisation
Celal Berker	Samaritans Purse International
Barbara Jackson	ICRC
Marcus Geisser	ICRC
Alexandra Panaite	ActionAid
Alisa Lengle	Saferworld
Simona Capicchioni	International Medical Corps
Felix Colchester	Concilitation Resources
Julian Egan	International Alert
Lizzie Nelson	Search for Common Ground

Shelagh Daley	Saferworld
Savita Garg	Plan UK
Tahrat Shahid	One Campaign

Consultation on Global challenges (global health, environment and climate change, and people on the move) at Bond, London, 26 April 2017

Participant	Organisation
Stephen Hinchley	RSPB
Tabitha Ha	StopAiDS
Sally Houghton	GAIN – Global Alliance for Improved Nutrition
Miski Abdi	One Campaign
Julia Amoo	Care International
Ruth Davis	E3G
Catherine Pettengell	Bond DEG
Maria Arce Moreira	UK Food Group Coordinator
James Hallwood	Sightsavers
Brendan Costelloe	NCVO

Consultation on all thematic areas at Concord, Brussels, 5 May 2017

Participant	Organisation
Katarina Macejakova	Action Aid
Machteld Bierens de Haan	Save the Children
Caroline Monmarchon	Save the Children
Isabelle Van den Gejuchte	British Council
Camille Butin	Plan International
Ruth Faber	EU Cord
Floris Faber	ACT Alliance
Seamus Jeffreson	Concord
Zuzana Sladkova	Concord
Celia Cranfield	VOICE

Ben Lowings	Civil Society Europe
Carlotta Besozzi	Civil Society Europe
Ben Moore	European Peacebuilding Liaison Office (EPLO)
Gianmarco Grindatto	Global Health Advocates
Jeroen Kwakkenbos	Eurodad
Herve Busschaert	Oxfam
Giacomo Dozzo	World Vision
Stephen Hearsley	IPPF European Network

[1] Article 50 of the Treaty on European Union.

[2] 'The United Kingdom's exit from and new partnership with the European Union', February 2017 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/589191/The_United_Kingdoms_exit_from_and_partnership_with_the_EU_Web.pdf

[3] Prime Minister's letter to Donald Tusk triggering Article 50, 29 March 2017 - https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/604079/Prime_Ministers_letter_to_European_Council_President_Donald_Tusk.pdf

[4] Rachel Haines and Costanza de Toma, 'Brexit impact on EU funding: what it means for UK INGOs – The future of EU funding for UK development and humanitarian INGOs', Bond, July 2017

[5] These have been defined in DFID's Bilateral Development Review of 2016 as: the area running East to West across the continent and taking in Northern Nigeria and the Lake Chad Basin, Mali and Niger in the Sahel, and across into Chad, Sudan and the Horn of Africa to Somalia on the Red Sea.

[6] Bilateral Development Review, DFID, 2016.

[7] International Development (Official Development Assistance Target) Act 2015, http://www.legislation.gov.uk/ukpga/2015/12/pdfs/ukpga_20150012_en.pdf

[8] 'Forward Together: The Conservative Manifesto', p.39 - 'https://www.conservatives.com/manifesto

[9] 'The new European Consensus on Development: Our world, our dignity, our future', June 2017 -

[10] 'Shared Vision, Common Action: A stronger Europe – A Global Strategy for the European Union's Security Policy', June 2016 - https://europa.eu/globalstrategy/sites/globalstrategy/files/pages/files/eugs_review_web_13.pdf

[11] Michael Anderson and Ina Mitchell, 'Beyond Brexit: The Volume of EU Aid after 2020', Views from the Center, Center for Global Development blog, 12 December 2016.

[12] https://www.gov.uk/government/organisations/department-for-international-development/about/statistics.

[13] 'Raising the Standard: the Multilateral Development Review 2016', Department for International Development, December 2016 - https://www.gov.uk/government/publications/raising-the-standard-the-multilateral-development-review-2016

[14] This refers to both grant and service (commercial) contracts combined.

[15] ConcordNet data analysis for the year 2014

[16] This is the amount of new multi-annual commitments made each year on average between 2012 and 2016. This is drawn from the data that appears on the EC's financial transparency system, and represents the aid going to UK CSOs.

[17] Based on EC Financial Transparency System search of new contracts in 2016.

[18] European Commission, Financial Report 2015, p. 29 - http://ec.europa.eu/budget/financialreport/2015/lib/financial_report_2015_en.pdf

[19] Tina Van Den Sanden, 'Preliminary assessment of the impact of Brexit on EU development and humanitarian aid policies', Directorate-General for External Policies, Policy Department, February 2017.

[20] Ibid.

[21] J Haas and E. Rubio, 'Brexit and the EU Budget: threat or opportunity?', Jacques Delors Institut Berlin and Bertelsmann Stiftung, January 2017

[22] Speech by Günther Oettinger, European commissioner for the budget, at the European Commission in Brussels on Wednesday 28th June 2017.

[23] J Haas and E. Rubio, 'Brexit and the EU Budget: threat or opportunity?', Jacques Delors Institut Berlin and Bertelsmann Stiftung, January 2017

[24] Barder, Gavas and Mitchell, (2016) internal note, "Development Aid post-Brexit".

[25] Tina Van Den Sanden, "Preliminary assessment of the impact of Brexit on EU development and humanitarian aid policies", Directorate-General for External Policies, Policy Department, February 2017.

[26] ECHO commitments to UK CSOs in 2016 based on the EC's financial transparency system.

[27] Barder, Gavas and Mitchell, (2016) internal note, "Development Aid post-Brexit".

[28] Simon Maxwell, Time to end the tying of EU oda?, May 2017 http://www.simonmaxwell.eu/blog/time-to-end-the-tying-of-eu-oda.html

[29] Tina Van Den Sanden, "Preliminary assessment of the impact of Brexit on EU development and humanitarian aid policies", Directorate-General for External Policies, Policy Department, February 2017.

[30] Based on average imports over the last 3 years data taken from Eurostat COMEXT database http://epp.eurostat.ec.europa.eu/newxtweb/setupdimselection.do

[31] 'Post-Brexit Trade and Developing Countries: Can the UK set the Gold Standard in Development-Friendly Trade Policy?' - Traidcraft, Christian Aid, Trade Justice Movement, Fairtrade Foundation, Oxfam - January 2017

[32] Ibid.
[33] Government pledges to help improve access to UK markets for world's poorest countries post-Brexit https://www.gov.uk/government/news/government-pledges-to-help-improve-access-to-uk-markets-for-worlds-poorest-countries-post-brexit
[34] Mulilateral Development Review, DFID, 2016, p.9. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/573884/Multilateral-Development-Review-Dec2016.pdf
[35] 'Europe 2020: Europe's growth strategy – Growing to a sustainable and job-rich future', European Commission, June 2012 - http://ec.europa.eu/europe2020/pdf/europe_2020_explained.pdf
[36] 'A policy framework for climate and energy in the period from 2020 to 2030'2014, http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52014DC0015&from=EN
[37] 'The new European Consensus on Development: Our world, our dignity, our future', June 2017 - https://ec.europa.eu/europeaid/sites/devco/files/european-consensus-on-evelopment-20170602_en_0.pdf, paragraph 27
[38] Including EU Member States and the EU institutions collectively.
[39] Rachel Haines and Costanza de Toma, 'Brexit impact on EU funding: what it means for UK INGOs – The future of EU funding for UK development and humanitarian INGOs', Bond, July 2017
[40] 'The European Consensus on Humanitarian Aid', European Commission - http://ec.europa.eu/echo/files/media/publications/consensus_en.pdf

Bond
Society Building
8 All Saints Street
London
N1 9RL, UK

+44 (0)20 7837 8344
bond.org.uk

Registered Charity No. 1068839
Company registration No. 3395681 (England and Wales)