



Save the
Children

How a 'Britain Reconnected' can unlock finance to tackle the climate and inequality crises



For children living in the world's toughest places, the climate crisis and rampant inequality continue to undermine progress on their rights to education, to health and nutrition services, and to live free from violence and abuse.

With a rapidly closing window of opportunity to meet the Sustainable Development Goals (SDGs) by 2030, and a global financial system that benefits the highest income countries, the UK government must drive forward a new model of development to reconnect Britain to the world based on:

- **Equality.** Put fairness at the heart of the development agenda, ensuring that UK efforts do not worsen inequalities but help level the playing field for people and countries who are systemically disadvantaged.
- **Solidarity.** Recognise that UK prosperity is intrinsically interdependent and intertwined with the prosperity of our global neighbours. 'Development' is a two-way street in which the UK stands to benefit and learn enormously from communities across the Global South.
- **Stewardship.** Replace short-term extraction and depletion of natural resources with a model of development that emphasises ecological boundaries and the interconnectedness between the wellbeing of people and our planet.
- **Justice.** Explicitly acknowledge and seek to address the challenges that stem from the UK's own role in a history of colonialism, patriarchy and extraction across the Global South.
- **Universalism.** Dismantle narratives of "us vs. them" and recognise that most people want the same

things – a good life with access to decent work, security, and a state that upholds their human rights. This provides the basis for mutual understanding and respect.

Unlocking and reforming climate and development finance must be central to these efforts. More and better finance to invest in children's rights is urgently needed in the world's poorest and most climate-vulnerable countries. The UK is well-positioned to pull levers that can create systemic change in the global financial architecture, resulting in greener, fairer and more just economies for everyone. Progress in this area would also help to demonstrate to the world that the UK is serious about modernising its approach to global development, renewing its global leadership and restoring trust.

This briefing explores four policy areas where the UK is well-placed to unlock billions of pounds in financing for children across the world who need it most, presenting a number of reform options – many of which would pose little additional cost to UK taxpayers:

RECOMMENDATIONS

1. Drive transformational reforms for remittances
2. Champion efforts to tackle the debt crisis
3. Increase and improve international climate finance
4. Shift the approach towards Official Development Assistance

Climate change, inequality and poverty threaten children's futures

The impact of the climate and inequality crises on children's lives has never been clearer to see, or more difficult to witness. Around the world, children from the poorest and most disadvantaged communities are being hit hardest by climate disasters,ⁱ entrenching inequalities both within countries and globally.

Our research shows 774 million children globally are both living in poverty and exposed to high climate risk.ⁱⁱ The Intergovernmental Panel on Climate Change confirmed that poverty increases vulnerability to climate disasters,ⁱⁱⁱ making the evidence clear: the climate crisis and poverty are inextricably linked.

Without urgent action, a child born today is likely to experience twice as many wildfires over their lifetime as their grandparents and to have 2.8 times the exposure to crop failure, 2.6 times as many drought events, 2.8 times as many river floods, and 6.8 times more heatwaves.^{iv}

Yet these conditions do not happen by accident, they are fundamentally political. Deep, systemic inequality – including the injustice of a global financial system that does not benefit everyone – stacks the odds against low-income countries and families and puts children in harm's way. When governments cannot afford to invest in national education, health or other services critical to the wellbeing and survival of children, everyone suffers.

Children think governments should take bold action to protect their futures



A child takes part in a Global Day of Action during the COP26 climate summit.

Children's views, actions and demands on tackling the climate crisis and poverty are bold and ambitious. When Save the Children launched our global campaign 'Generation Hope' in 2022, we asked more than 50,000 children from more than 40 countries, including over 3,000 young people across the

UK,^v about their thoughts and feelings about the world and their future. They told us about their experience of the climate crisis and economic inequality, and their messages were clear.

Children are deeply worried about the impact the climate crisis and poverty are having on their lives and

the lives of children globally. They want governments to step up and take decisive, meaningful action to tackle both the climate crisis and poverty. Many children described feelings of anger at inaction and fear for the future, and spoke poignantly about the impact on their mental health.

In 2022, around the world children told us they are not only seeing the impact of the climate crisis in their daily lives, but also have a strong sense that this has been getting worse over time. In the two years since then, global action has been insufficient despite the world breaching the 1.5 degrees target for a full year.^{vi} Meanwhile, a record 766 million children—one-third of the global child population—have been exposed to extreme heatwaves in the twelve-month period from July 2023 to June 2024.^{vii}

Sameer, 13, from Sindh province in Pakistan, which recorded 52°C in May 2024, said the sweltering heatwaves led to him and his classmates becoming unwell:

"We get heat strokes and the children faint. One of my friends, Yasir, collapsed. He got a sudden fever and began to vomit. Then he was quickly taken to the hospital. Because of the intense heat, children get bouts of vomiting, fevers, and dizziness. I have become dizzy several times while sitting at my desk."

Young people also described economic inequality "like a disease" that is a "threat to human rights".^{ix}

A child from Lebanon described the impact of poverty and inequality on their daily life: ^x

"In Lebanon we live in a severe economic crisis. We are a family of five people who live on less than \$2 a day, which is not enough for bread and water. As for going to the school ... it became impossible."

Children in all regions referred to rising food and living costs, with some connecting this to the climate crisis. In Africa and the Middle East, in particular, children drew links between the climate crisis and increased hunger.

Children didn't shy away from the reality of these challenges. Their message was straightforward: they want those with power, particularly governments, to take the difficult decisions and bold action required to protect their futures. As one child in the UK put it:

"Adults should make decisions so things happen and change quickly – hard decisions, so things change now."

rather than servicing international creditors.^{xvii} Given the serious liquidity constraints continuing to burden many low- and middle-income countries, there is a need to introduce a revamped DSSI, reviewing trigger points and expanding eligibility criteria. The UK should also provide further support to the critically under resourced IMF Catastrophe Containment and Relief Trust (CCRT) which provides grants for debt relief for lower income countries affected by disasters.

- b. **Fix the G20 Common Framework to ensure there is a well-functioning mechanism for longer term debt relief and restructuring.** The UK can play a unique role in supporting improved private creditor participation in the Common Framework as one of the two major legal jurisdictions for privately held sovereign debt.¹ As recommended by the IDC, the UK should assess legislative options, including potentially replicating the Debt Relief (Developing Countries) Act 2010 introduced under the previous Labour government.^{xviii} The UK should also champion efforts to improve transparency and certainty around the Common Framework process to encourage countries to apply, including estimates for the scale of debt relief available before applying and implementing a debt standstill upon application, so long as a debtor is negotiating in good faith.
- c. **Increase access to affordable finance to avoid cyclical unsustainable debt burdens.** Long term access to affordable finance can ensure governments across low- and middle-income countries have the funds they need to invest in their people and services without risking future unsustainable debt cycles. This requires high income countries like the UK to fulfil their ODA obligations and ensure the IMF and multilateral development banks (MDBs) have the resources they need to support their operations and deliver their mandates in full. The UK can champion this agenda by increasing their Special Drawing Rights (SDRs) recycling commitment to 40% to match more ambitious commitments,² providing ambitious contributions to key replenishments such as IDA21,³ and considering the future use of guarantees⁴ and capital increases.⁵

3. INCREASE AND IMPROVE INTERNATIONAL CLIMATE FINANCE

Lower income countries need an estimated \$2.4 trillion annually by 2030 to achieve a just energy transition, adequately fund adaptation and resilience, address losses and damages, and conserve and restore nature.^{xix}

Addressing these climate finance needs in an affordable, accessible, predictable and inclusive manner will be key to rebuilding trust with the Global South and achieving our global climate objectives.

The UK Government must:

- a. **Increase the quantity of climate finance delivered by the UK and other high-income countries.** The UK must take leadership on international efforts at COP29 for an ambitious outcome on the New Collective Quantified Goal on climate finance (NCQG) with sub-goals for mitigation, adaptation and loss & damage. Further, the UK's 4th International Climate Finance (ICF) strategy – which will set out the government's ICF commitments from 2026 – must make new and additional funding available based on the UK's fair share of the NCQG. The UK must also be ambitious in introducing innovative mechanisms such as 'polluter pays' taxes to complement public grant-based finance and put responsibility in the hands of those most accountable for the crisis – including expanded taxes on windfall profits of oil and gas companies, global aviation and shipping levies.
- b. **Advocate for and ensure that international climate finance delivers for children and gender equality.** The UK must advocate for and ensure that international climate finance delivers child- and gender-responsive outcomes.^{xxi} This means it addresses the distinct and heightened vulnerabilities of children on the frontlines of the climate crisis, especially those most affected by inequality and discrimination, and empowers children to be agents of change. Climate finance to climate-vulnerable, resource-constrained countries must not exacerbate their debt burden and should be provided primarily in the form of grants and highly concessional finance, particularly for adaptation and loss and damage. The UK should support the introduction of an international climate finance definition, including supporting demands of lower income countries to exclude loans given at market rates from being counted as climate finance.
- c. **Influence the development and implementation of the newly agreed Loss and Damage Fund to ensure children's rights are embedded throughout.**^{xxii} As a Board Member, the UK should advocate for a long-term fundraising and resource mobilization strategy for the fund and set an example by committing to new and additional financial contributions towards it. Significant grant-based resources should be allocated to rebuilding and restoring essential services for children, and the UK should support the creation of a dedicated community window to provide direct access to

1 The other major legal jurisdiction is New York, where similar efforts are taking place to introduce legislation to support private creditor participation in the Common Framework.

2 SDRs are a type of financial reserve asset issued by the IMF. They can be used to balance payments in central banks or traded in for currency. High income countries pledged to 'recycle' a collective \$100 billion of their recent SDR allocation to lower income countries.

3 The World Bank's International Development Association (IDA) is the largest concessional finance fund in the world, available to 75 lower income countries. At the end of 2024, countries will make pledges to the 21st replenishment round of IDA.

4 The UK can expand the use of guarantees to multilateral development banks and other multilateral funds to help them mobilise private finance.

5 A capital increase refers to an increase in contributions from a multilateral development bank's shareholders (e.g. governments like the United Kingdom) to enable more lending. Capital increases happen periodically when shareholders agree that the demand for loans is likely to increase.

funding for children and their families, avoiding reliance on national, regional, or global intermediaries. This approach would make the fund more inclusive, equitable, and effective in meeting the specific rights, needs and priorities of children.

4. SHIFT THE APPROACH TOWARDS OFFICIAL DEVELOPMENT ASSISTANCE

ODA may be small when looking at overall financing for development flows, but it comes with a unique and clear comparative advantage to support those most in need. In a world where financing gaps and needs are growing, ODA is unique in that it can be counter cyclical, increasing support as other flows stall or reduce.

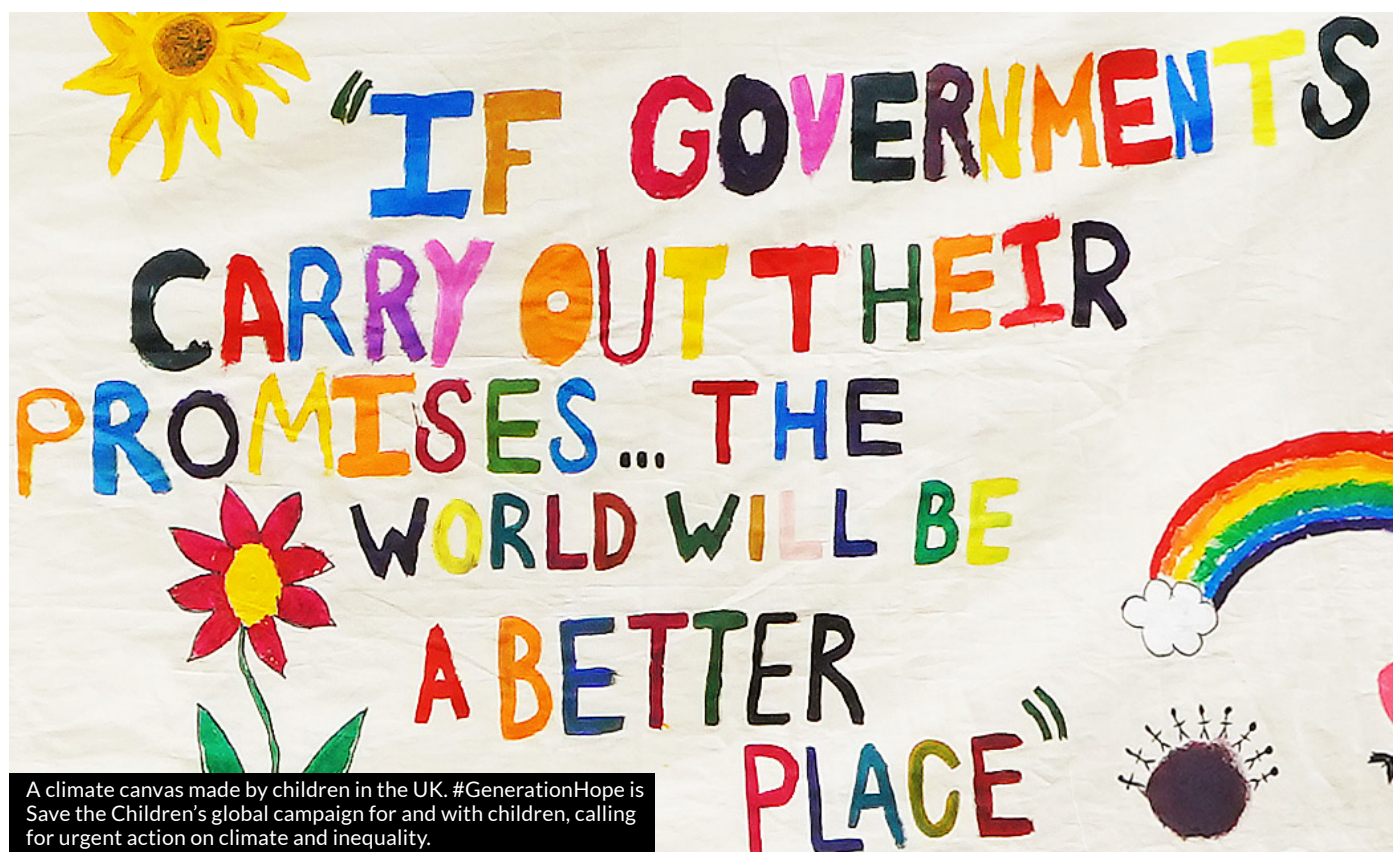
Whilst ODA alone should not be the sole focus of the government's approach to tackling global development and climate challenges, it is a fundamental foundation of UK development action and will continue to represent an important piece of the puzzle. It is a crucial source of financing in itself and is critical for catalysing other low-cost policy options - for example it is intrinsically connected to action taken on debt & ICF, as both debt relief and ICF can be counted as ODA.

We are calling on the UK to:

- a. **Increase the amount of ODA that reaches children in lower income countries, including by:**
 - i. **Committing to a concrete roadmap back to 0.7%.** Cutting the ODA budget to 0.5% of GNI, combined

with continued historically high spending on refugee hosting costs by the Home Office, has had a devastating impact on the UK's development assistance. By continuing with business as usual, the government will continue to struggle to meet its commitments to multilateral funds, maintain its bilateral programmes, and meet its existing ICF commitments. The management of an ODA budget is complex, so decisions need to be backed up by clarity of spending envelopes over a five-year time horizon. A return to 0.7% needs to be planned and committed to in advance. In the meantime, the government should increase ODA spending beyond 0.5% in the next 3 years, based on a stocktake of commitments, as well as potential scenarios. This not only makes sense for effective support of the world's poorest children, but also avoids wasteful use of the government's time constantly reprioritising spending.

- ii. **Revising or dropping the fiscal tests for a return to 0.7%.** The previously agreed fiscal tests have resulted in an indefinite reduction in UK ODA. There is very little prospect of a UK budget surplus, both in terms of the projected fiscal outlook, and because of its historical rarity. For comparison, the commitment to increase defence spending to 2.5% GDP isn't linked to meeting specific fiscal tests but instead framed within overall government fiscal rules and policy.
- b. **Reframe the approach to ODA, including by:**
 - i. **Focussing on need and taking a long-term perspective.** While certain expenditures can be linked to supporting the UK's fiscal situation in the short



A climate canvas made by children in the UK. #GenerationHope is Save the Children's global campaign for and with children, calling for urgent action on climate and inequality.

term, ultimately this approach is not delivering for the world's lowest income countries.

- ii. **Recommitting to the principles of development effectiveness.** Despite initially being a champion for the principles of development effectiveness when they were agreed in 2011, the UK like other development partners have taken a step back. Improving the quality and efficiency of ODA in the years ahead will require the UK to step back up on this agenda, reforming the approach to results and impact, improving country ownership and strengthening transparency.
- iii. **Championing ODA effort within OECD Development Assistance Committee (DAC) members.** Over the last few years, the UK government has been an unhelpful voice in the DAC pushing for expanding the criteria of what can be counted as ODA. These efforts are rooted in a desire to meet ODA commitments on paper without stepping up the budgetary effort needed. UK changes to accounting practises on ICF have also led to reduced fiscal effort, risking a race to the bottom among other DAC members.
- iv. **Improving machinery of government ODA management.** The last few years of ODA cuts and reprioritisation have exposed flaws in cross-government coordination and coherence. Departments other than the FCDO expecting to receive additional ODA budget, always at the detriment of FCDO spending, has been highly damaging and led to sub-optimal outcomes. There are significant opportunities for improving the whole-of-government approach to development that would yield improvements in the quality and impact of UK ODA.

The list of solutions we've presented isn't exhaustive – they are intended to be the starting point. There are other low-cost policy options that must also be explored, most notably around building fairer tax and trade systems, and mobilising private finance. Ultimately, the UK government must use all the levers available to unlock finance and shift power to the children and communities who need it most.

The UK government should implement the solutions presented in this paper through a revised approach to development that is rooted in equality, solidarity, stewardship and universalism. The UK can take meaningful steps towards restoring trust with the Global South, tackle widespread inequalities, and accelerate progress towards our global development and climate goals. This is the path to a Britain truly reconnected – to its partners, its values, and to children around the world.



Abdulaye*, age 11, lives in a coastal village in Sierra Leone disappearing under the rising seas. With Save the Children's support, he's helping mobilise his whole community to plant mangroves to protect the village from the floodwaters.



Eco-lessons at a school in Malawi that Save the Children supports have ignited 17 year old Esther's love of nature. She knows every tree she plants forms part of a barrier against the storms and floods that batter her village.

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Cover photo: After learning about environmental issues at her Save the Children-supported school in Cambodia, Ratana is tackling pollution in her community and helping remove plastic waste from the lake.

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