UNITED KINGDOM

0.47% GENUINE AID/GNI

0.52% TOTAL AID/GNI

"In the world we face today our development work must form an increasingly key part of a coherent UK foreign policy"

Foreign Secretary Liz Truss, International Development Strategy, published May 2022.

MAIN CHANGES IN 2021

The main story for UK ODA in 2021 was one of cuts. The UK government's move away from its commitment to 0.7% GNI and reduce it to 0.5% was implemented during this year, with ODA spending totalling GBP 11.5 billion. This was a reduction of GBP 3 billion compared to 2020, and GBP 4.6 billion less than it would have been had the 0.7% target been met. These cuts were implemented with no transparency or consultation. The government announced that they would return to 0.7% when two fiscal tests had been met: 1) the UK is no longer borrowing for day-to-day spending on a sustainable basis and 2) underlying debt is falling.

The budget reduction coincided with the implementation of many of the strategic shifts announced during 2020, including the merger of the Department for International Development and the Foreign and Commonwealth Office. This has increased the influence of the UK's geopolitical concerns on the allocation of ODA, most notably to the Indo-Pacific region. We can see this strategic shift in the geographic spread of ODA during 2021. The proportion of bilateral ODA going to Africa from the FCDO (the primary ODA spending department) fell from 55.4% of the total bilateral spend to 52.2%, a cut of GBP 864 million or 39% compared to 2020. In comparison, funding to Asia was cut by 32%, the Americas by 19% and Europe by 12%. The new Foreign Secretary, who took on the role in September 2021, continued this strategic shift and also introduced a new increased focus on trade and investment.

The UK government has continued to maximise its use of ODA rules, reporting all eligible costs. The UK counted GBP 194 million, equating to 0.9% of the total ODA budget, towards sharing excess vaccine doses purchased for UK citizens. In-donor refugee costs increased significantly in 2021. The amount going to the Home Office, which spends almost all its ODA budget on in-donor refugee costs, increased by 53% while other government department budgets were cut. Because the UK treats the 0.7%/0.5% target as a hard ceiling, this increase in spend on these areas will have required even further reductions elsewhere.

THE GOVERNMENT'S RELATIONSHIP WITH CSOS DURING 2021

The cuts to the ODA budget, and the opaque process by which they were implemented, placed strain on the government's relationship with CSOs during the first half of 2021. Civil society organisations were not consulted on the decisions surrounding the reallocation of the ODA budget, and were often informed of cuts to their programmes with no notice. There were reports of government officials being actively discouraged from communicating with CSOs during this period.

Engagement improved during the second half of the year, with the government going out for consultation on the International Development Strategy, hosting roundtables with civil society and holding regular meetings with relevant CSOs on Afghanistan. However, four months after the consultation ended, the strategy was substantially revised without any further engagement with civil society. Communication was ad hoc and one-way, with a lack of transparency around the changes happening internally or implications for civil society.

TRENDS AND PROJECTIONS FOR 2022 AND BEYOND

In 2022 there will most likely be increased pressure on the ODA budget. The Russian invasion of Ukraine, the increased cost of living, the global food crisis and a probable reduction in GNI all place additional demands on a shrinking ODA budget. If the UK continues its approach of treating the 0.5%/0.7% target as a hard ceiling and continues to use ODA to fund the increasing in-donor refugee costs then it is likely further reductions will be needed in other ODA expenditure.

The new incoming Prime Minister and Cabinet in September 2022 will inherit these challenges and opportunities. In the context of the Russian invasion of Ukraine, there will be continued calls to appropriate ODA for the UK's foreign policy aims, in line with the strategy from the 2021 Integrated Review of Security, Defence, Development and Foreign Policy. However, the new leadership should recognise ODA's unique role and re-focus UK development finance on poverty eradication and the LNOB principle.

RECOMMENDATIONS TO THE UK GOVERNMENT

- The UK should return to the 0.7% GNI/ODA budget, in line with the International Development Act, as soon as possible. Prepare a plan for how the budget will be systematically scaled up to meet the 0.7% target, to ensure the increase in ODA is spent effectively.

- The UK must recommit to a focus on poverty reduction in all decision-making and implementation of all ODA, pursuing an inclusive approach that targets resources where they are most needed and that aligns with the SDGs, the aid effectiveness principles, the commitment to LNOB and other key international agreements.

- The UK government should be transparent in its approach to allocating ODA and consult with civil society throughout the process.

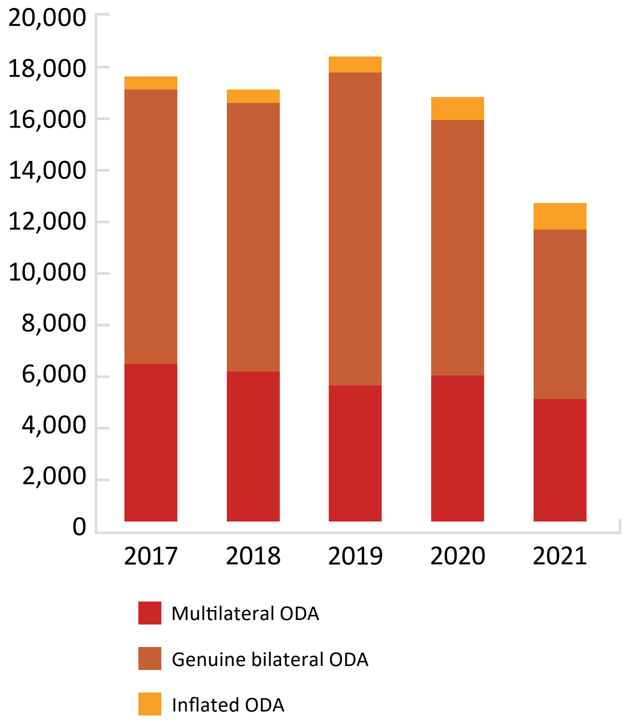
ODA TO LDCS (€ million, constant 2020)

	ODA to LDCs	%GNI	% ODA
2017	5798.8	0.2	32.9
2018	5644.4	0.2	33.0
2019	5496.0	0.2	29.9
2020	4968.5	0.2	29.4

AID MODALITY (€ million, constant 2020)

	Bilateral (gross)	Grants	Loans	Loans (% of gross bilateral)
2017	11155.3	11116.6	38.7	0.3
2018	10991.5	10968.7	22.8	0.2
2019	12651.8	12578.5	73.2	0.6
2020	10864.4	10743.9	120.5	1.1

UNITED KINGDOM – GENUINE AND INFLATED ODA (€ million, constant 2020)



ODA TO CLIMATE FINANCE (€ million, constant 2020)

	ODA for mitigation	ODA for adaptation	Total climate finance	Adaptation finance as % of climate finance	Climate finance as % of ODA
2017	840.2	812.7	1652.9	49.2	9.4
2018	1103.8	804.7	1908.5	42.2	11.1
2019	1166.1	1033.9	2200.0	47.0	12.0
2020	817.9	680.4	1498.4	45.4	8.9

ODA TO SUPPORT GENDER EQUALITY (€ million, constant 2020)

	Bilateral allocable	Total screened	Not screened	None	Significant	Principal	Significant (% of screened)	Principal (% of screened)
2017	9985.5	9985.5	0.0	4633.9	4851.3	500.2	48.6	5.0
2018	9755.1	9517.5	237.6	3794.2	5238.8	484.5	55.0	5.1
2019	11138.9	10591.4	547.5	3890.5	6069.9	631.0	57.3	6.0
2020	9046.6	8711.2	335.5	2930.1	5212.0	569.0	59.8	6.5

ODA TO SUPPORT CSOs (€ million, constant 2020)

	Non-CSO	CSO Earmarked	CSO Core funding	Total bilateral CSO support (% bilateral)	Total bilateral CSO support (% ODA)	Core bilateral CSO support (% bilateral)	Core bilateral CSO support (% ODA)
2017	8933.3	1650.1	449.2	19.0	11.9	4.1	2.6
2018	9173.2	1238.6	416.9	15.3	9.7	3.9	2.4
2019	10675.0	1308.3	436.8	13.9	9.5	3.5	2.4
2020	8943.0	1374.9	396.4	16.5	10.5	3.7	2.3