

Research Briefing

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The UK aid budget and support for refugees in the UK in 2022/23

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Summary

In 2020, the UK Government [announced it would reduce its aid spending from 0.7% to 0.5% of Gross National Income \(GNI\)](#), in response to the impact of the Covid-19 pandemic on the UK's economy and public finances. Spending is not expected to return to 0.7% [until at least 2027/28](#).

Additional pressure on the UK's reduced aid budget has come from the requirement to [meet existing commitments to international organisations](#), increasing [humanitarian aid to Afghanistan and Ukraine](#), and hosting an increased number of refugees and asylum seekers in 2022 and 2023.

This briefing explains the international rules that apply on reporting aid spending on refugees in aid-donor countries, the patterns of past UK aid spending on refugees, and the significance of this to spending in 2022/23.

Spending aid in the UK

Under international aid rules, many of the costs of hosting refugees can [count towards the aid budget](#) for the first 12 months refugees are in the UK. This includes basic subsistence costs, such as food and accommodation.

A growing amount of UK aid has been spent on UK-based refugees, with spending increasing from [£410 million in 2016](#) to [£3,690 million in 2022](#) (rising from 3.2% of the aid budget to 29%). The Home Office was responsible for £2,382 million of this aid spending in 2022. Most of this money went towards providing food and shelter for refugees. Other aid, such as on scholarships and administration, is also spent in the UK. In 2022, this totalled £775 million.

How is the aid budget being managed from 2022?

The Government has acknowledged that the costs of supporting those arriving from Ukraine, the resettlement of Afghans, and other asylum applications [has put a pressure on its aid budget](#).

In March 2023, while acknowledging the aid budget can meet these needs, the Independent Commission for Aid Impact (ICAI) argued the UK is [not adopting a conservative approach to its reporting](#), in comparison to many other European countries.

Both [the ICAI](#) and [Commons International Development Committee](#) have recommended the Government introduce a funding floor or ring-fence to ensure a proportion of the UK aid budget is spent overseas.

In response to the Committee's recommendation, in May 2023 [the Treasury rejected it as "unaffordable" in current circumstances](#). The Government has previously [announced an additional £2.5 billion in aid for 2022 to 2024](#) to help restrict the impact of in-donor refugee costs. This funding will be [classified as aid spending](#), and see the aid budget rise above 0.5% of GNI.

1 Does hosting refugees in the UK form part of the aid budget?

The UK adheres to international aid rules

Official Development Assistance (ODA) refers to aid intended to promote the economic welfare and development of developing countries.

UK [ODA is reported under international rules](#) set by the Organisation for Economic Co-operation and Development's (OECD) Development Assistance Committee (DAC), which the UK is a member of. Rules are consensus-based.¹

The “12-month rule”

No costs from after 12 months of an asylum seeker arriving in the UK are deemed ODA eligible.²

DAC rules allow aid-donor states to count the costs of assisting refugees in their own countries [for 12 months following the date of their arrival as ODA](#).

Under the DAC rules, “refugees” include:

- Asylum seekers/applicants.
- Refugees with a recognised status, such as those under a resettlement programme or granted refugee status under international refugee conventions or national legislation.
- People granted temporary protection, such as through a temporary resident permit, after applying for asylum to avoid civil war or severe unrest.

For those with rejected asylum applications, only costs before their final rejection are reportable. Equally, those in transit, and both irregular and regular migrants who have not declared their intent to seek asylum are not considered refugees under DAC rules and any related costs are therefore not eligible to be counted ODA.³

Refugees do not have to come from countries eligible for ODA, only that they are outside their home country because of fear of persecution, unrest, or war.⁴ However, in previous reports to the DAC the UK said those from non-

¹ OECD, [ODA](#). All sources accessed 2 and 3 November 2022, 30 March 2023 and 26 April 2023 unless stated.

² PQ 95853 [[Development aid: Asylum](#)], 29 November 2022

³ DAC, [Clarification to the statistical reporting directives on in-donor refugee costs](#), October 2017, pp5-6

⁴ As above, pp3, 4, 7

ODA countries are excluded from UK aid figures (note Ukraine [is an ODA-eligible country](#)).⁵

The DAC advises that countries should adopt a “conservative” approach to accounting and that some spending, such as processing asylum applications and municipalities' costs for integrating and settling refugees, do not count as ODA.⁶

Legitimate costs include basic health care, food, temporary accommodation and some training and education (such as language skills).⁷

The DAC justifies the inclusion of in-country refugee costs as ODA, stating it:

- Emphasises refugee protection is a legal obligation under the 1951 Geneva Convention Relating to the Status of Refugees and 1967 Protocol.
- Is a form of humanitarian assistance.
- Is time limited. After 12 months from the date of entry or application of asylum, refugees are considered resident under DAC rules.⁸

Individual countries are responsible for ensuring their reported ODA spend is in line with OECD rules.

Further reading

- OECD, [In-donor refugee costs in ODA](#). Includes profiles of how each member country reports its spending in line with the OECD.
- Independent Commission for Aid Impact (ICAI), [Update on ODA eligibility of funding for refugees in the UK](#), September 2023. Assessment of the potential impact of the Illegal Migration Act on UK aid spending. The Government has emphasised it will continue to report its aid spending in line with ODA rules,⁹ while the DAC has not made a formal assessment of the Act's significance.¹⁰

⁵ OECD, [UK: In donor-refugee costs in ODA](#) (PDF), 2021, paras 20, 24, 25, 30,

⁶ DAC, [Clarification to the statistical reporting directives on in-donor refugee costs](#), October 2017, p9

⁷ As above, p7

⁸ As above, pp4, 6

⁹ HL Deb, [5 September 2023](#), c311

¹⁰ ICAI, [Update on ODA eligibility of funding for refugees in the UK](#), September 2023, para 3.2

2

Refugees in the UK

UK programmes to support refugees

The conflict in Afghanistan and ongoing instability in the country under Taliban rule, and Russia's invasion of Ukraine in February 2022, have caused the displacement of many thousands of people.

The UK Government has launched several schemes to help refugees from these countries and said meeting the needs of "people seeking sanctuary in the UK" from these two conflicts will affect planned aid spending.¹¹

Specific schemes that are funded, at least in part, from the aid budget include the Homes for Ukraine, Ukraine Family scheme, Ukraine Extension scheme, and Afghan Citizens Resettlement scheme. The Afghan Relocations and Assistance Policy is not being funded through UK aid.¹²

The Home Office has said no aid funding has been used at migrant processing centres or facilities, such as Manston and Western Jet Force in Kent.¹³

Numbers of visas issued and arrivals

As of 26 October 2023, the Home Office says around 243,700 Ukrainian scheme visas have been issued (either under the family scheme or sponsorship scheme), and [there have been 191,000 arrivals into the UK](#).¹⁴

To September 2023, the Government [said around 21,500 people had arrived into the UK from Afghanistan](#) under the UK's Afghan Citizens Resettlement Scheme, or the Afghan Relocations and Assistance Policy.¹⁵ However, the figures for Afghanistan are not final and include some British nationals.

In addition to those originating in Afghanistan and Ukraine, there has also been an increase in the number of people from other countries applying for refugee status. The Home Office says the increase in asylum applications is "likely linked to a sharp increase in small boat arrivals to the UK of which almost all currently claim asylum."¹⁶ In the year to June 2023, the Home Office reports [around 44,500 people arrived by small boats](#). They come from multiple countries, including Iran, Afghanistan, and Albania.¹⁷

¹¹ PQ 76103 [[Development Aid](#)], 7 November 2022

¹² ICAI, [UK aid to refugees in the UK](#), March 2023, para 3.14 and table 6

¹³ PQ 82341 [[Development aid: Detention centres](#)], 17 November 2022

¹⁴ Home Office, [Ukrainian Family Scheme, Ukraine sponsorship scheme and Ukraine extension scheme visa data](#), updated 21 September 2023

¹⁵ Home Office, [Afghan resettlement programme: Operational data](#), 19 September 2023

¹⁶ Home Office, [How many people do we grant asylum or protection to?](#), 23 September 2023

¹⁷ Home Office, [Irregular migration to the UK](#), 24 August 2023, sections 3.1 and 3.3

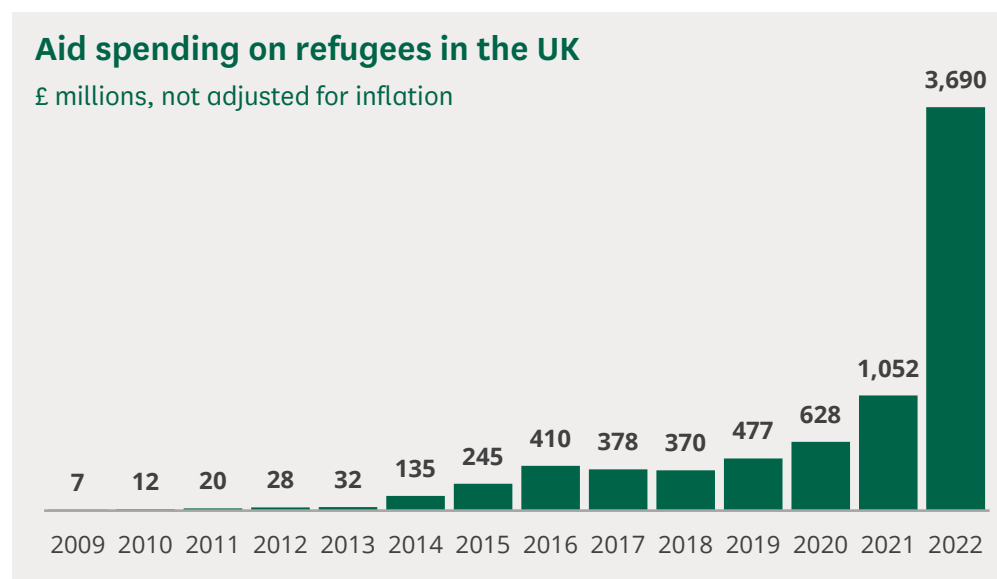
3 How much aid has been spent on assisting refugees in the UK?

3.1 The UK has reported an increasing amount

The UK routinely reports spending to support refugees in the UK as aid. This included from 2015, when several thousand Syrian refugees arrived in the UK under the [Syrian Vulnerable Persons Resettlement Scheme](#) (PDF).¹⁸

In 2010, the UK reported in-donor refugee costs as aid for the first time, backdated to 2009. It has continued to report annually since then.¹⁹ Some groups, such as Action Aid, criticised the decision to include in-donor spending on refugees, arguing it does not contribute to poverty reduction abroad.²⁰

As the chart below shows, from 2014 onwards the UK began to report increasingly large amounts of spending on refugees as aid, reaching £3,690 million in 2022.



Source: FCDO, [Statistics on International Development: final UK aid spend 2022](#), 14 September 2023

This also represented an increasing proportion of the overall aid budget, going from less than 0.5% of all aid spending in 2009-13 to 3.1% in 2016. It then rose to 9.2% in 2021 with the introduction of the Afghan Citizens

¹⁸ National Audit Office, [The Syrian Vulnerable Persons Resettlement Programme](#) (PDF), September 2016 and UK Visas and Immigration, [VPRS and Vulnerable Children's Settlement Scheme](#), 2021

¹⁹ ICAI, [UK aid to refugees in the UK](#), March 2023, para 3.7

²⁰ International Development Committee (IDC), [Aid under pressure: Support for development assistance in a global economic downturn](#), HC 179, 19 May 2009, para 102 (PDF)

Resettlement Scheme, and then increased further to 28.8% in 2022 because of several schemes introduced following Russia's invasion of Ukraine.

This increase was partly offset by a large reduction in all other aid spending. Between 2021 and 2022, aid spending on everything other than refugees in the UK fell from £10,370 million to £9,105 million, a decrease of 12%.

In both 2021 and 2022 bilateral aid on refugees in donor countries was the largest single sector of UK bilateral aid spending—exceeding, for example, health, education, and humanitarian aid.²¹

Since 2018, the UK has reported a relatively detailed breakdown of where its spending on refugees has gone. In total between 2018 and 2022, a large majority (64%) of all aid on refugees was spent on food and shelter. The next largest category was health (6%), followed by training (5%). Aid not allocable to any particular sector made up 21% of the total.²²

These pressures on the aid budget are likely to continue beyond 2022, as the 12-month limit will extend into 2023 for many refugees. Speaking in December 2022, International Development Minister Andrew Mitchell said he [expected the costs to then be at their peak](#).²³

Which departments are spending in-donor aid?

In 2022, the Home Office spent 65% of the £3.6 billion on in-donor refugee related aid, at £2.4 billion, followed by the Department for Levelling Up, Housing and Communities (£524 million). The latter is primarily focused on the Homes for Ukraine scheme.²⁴

Around £1.9 billion of Home Office ODA was spent on initial accommodation, including hotels and other contingency accommodation.²⁵

The Independent Commission for Aid Impact (ICAI), which is responsible for scrutinising UK aid spending, [argued in March 2023 that there was “little incentive” for the Home Office or other departments to control their expenditure in this area](#), given the lack of limits on the proportion of the aid budget that can be spent on in-donor refugee costs. Officials have stressed the importance of value for money.²⁶

A summary of the ICAI report is provided in section 4, below.

²¹ FCDO, [Statistics on International Development: final UK aid spend 2022](#), 14 September 2023

²² FCDO, [Statistics on International Development: final UK aid spend 2022](#), 14 September 2023

²³ IDC, [Oral evidence: Future of UK aid](#), HC 891, 6 December 2022, Q395

²⁴ FCDO, [Statistics on international development: Provisional UK aid spend 2022](#), 5 April 2023, supplementary table 1

²⁵ ICAI, [UK aid to refugees in the UK](#), 29 March 2023, Table 5

²⁶ As above, para 4.20

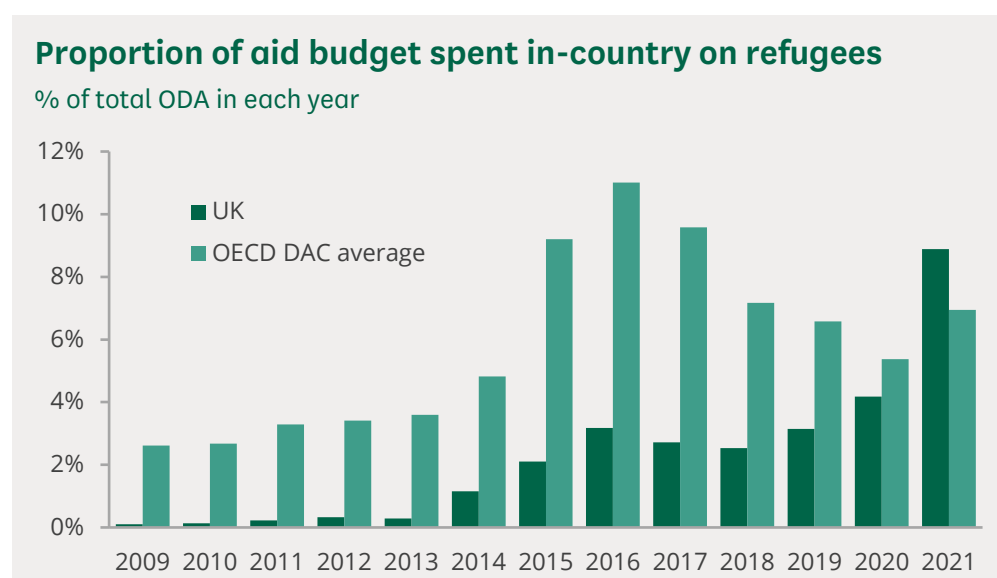
3.2

How does UK spending compare?

Several major aid donors have typically spent proportionally more than the UK on refugees within their own borders in recent years.

As the chart below shows, donors on the OECD's Development Assistance Committee (DAC) (this includes most of the world's largest donors) spent on average about 3-5% of their budgets on in-country refugee costs from 2009 to 2014, rising to 11% in 2016.

However, between 2017 and 2020 the proportion steadily decreased, meaning that the trends for the UK and other major donors have gone in opposite directions. Even when the proportion spent in-donor increased again in 2021, this increase was not as large as in the UK.



Source: OECD.Stat, [database DAC1](#), retrieved 13 April 2023

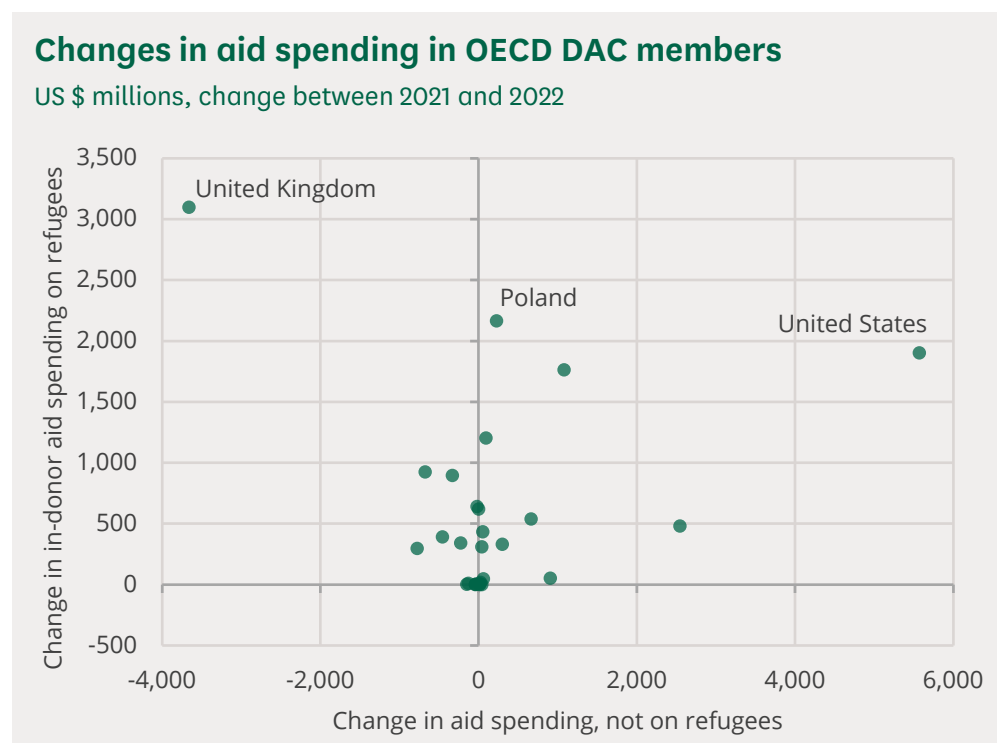
Different countries on the DAC have chosen to change their aid spending in different ways in response to the crisis in Ukraine (see below, section 3.3, for the policies they have adopted on reporting in-donor refugee costs as aid).

As the chart below shows, of the 28 countries on the Committee, 26 increased their in-donor spending on refugees between 2021 and 2022.²⁷

However, of these 26 countries, 15 also increased their aid spending on other areas (see the right-hand side of the chart). The largest change was from the United States, which increased its refugee spending by US\$1.9 billion and its aid spending on everything else by US\$5.6 billion.

²⁷ The two that did not were Belgium (which reduced in-donor refugee spending by US\$1.8 million) and Hungary (US\$0.2 million).

The remaining 11 countries, including the UK, partly or wholly funded their increase in refugee spending by cutting aid spending in other areas (see the left-hand side of the chart). Although the UK increased its in-donor refugee spending by more than any other DAC country, it also introduced the DAC's largest spending cuts in other areas.



Source: OECD.Stat, [database DAC1](#), retrieved 13 April 2023

3.3 Other policy responses to the war in Ukraine

The war in Ukraine has seen many DAC members host an increased number of refugees.

However, the Center for Global Development (CGD) notes that no G7 country (US, Germany, France, Canada, Italy, Japan) other than the UK is funding all the costs of hosting Ukrainian refugees from their existing aid budget.²⁸

Of other DAC states, Sweden and Norway initially planned to finance these costs through their existing aid budgets, though their governments later said they would restore their full aid budgets.²⁹

²⁸ CGD, [Projections of UK-hosted refugees, and the implications for the UK's aid budget and spend](#), 26 September 2022

²⁹ Devex, [Sweden restores more global aid after lower Ukrainian refugee forecast](#), 25 August 2022 and Devex, [Nordic nations partially walk back foreign aid cuts](#), 28 June 2022

Like the UK, Denmark and the Netherlands intend to use some of their existing ODA budget to meet the cost of hosting Ukrainian refugees in 2022.³⁰

The UK ICAI has argued the UK is not adopting a “conservative” approach towards in-donor refugee costs, in comparison to other DAC members.

It cites the below examples of states that have narrower limits on what activity is counted towards their ODA budgets.

How do other states account for in-donor refugee costs?	
Austria	Declares no asylum or refugee costs as ODA
Luxembourg	Declares no asylum or refugee costs as ODA
Belgium	Does not include support cost for asylum seekers whose refugee status application fails
Iceland	Does not include costs for asylum seekers arriving from safe countries where close to 100% of applicants from that country are rejected
France	Does not include education costs
Belgium	Does not include most education costs
Sweden	Limits in-donor refugee costs to a maximum of 8% of its aid budget

Source: ICAI, [UK aid to refugees in the UK](#), March 2023, paras 4.23-4.27

In July 2023, the Government said it was in contact with Iceland to understand what might be applicable in a UK context, “particularly around making conservative cost estimate[s].”³¹

3.4 How much other aid is spent in the UK?

Other ODA additional to that for hosting refugees is also spent in the UK. In 2022, this total came to £775 million, and included “part of the running costs of FCDO...raising development awareness, cost of UK experts and UK scholarships.”³²

³⁰ Donor Tracker, [Netherlands announces US\\$150 million in ODA will go to in-country Ukrainian refugee costs](#), 1 June 2022; The Local, [Four countries lose Danish development aid as funds diverted to help Ukrainian refugees](#), 24 March 2022

³¹ [FCDO and Home Office response to ICAI review of UK aid funding for refugees](#), 6 July 2023

³² FCDO, [Statistics on International Development: final UK aid spend 2022](#), 14 September 2023, section 5.1.5. Total calculated by the Library based on table C8 and underlying data.

4

Criticism of UK approach by ICAI and International Development Committee

In March 2023, the Commons International Development Committee and the Independent Commission for Aid Impact (ICAI) both published critical reports on the level of aid being used to support refugees in the UK.

Section 5 sets out how the Government has responded to these spending pressures and their recommendations.

Committee: “Political choice” to provide support at cost of wider aid reductions

The International Development Committee argued that while the UK has a legal and moral responsibility to help refugees, [it is a “political choice” by Government to oversee an increase in aid spending within the UK](#) “at the expense of vulnerable and marginalised people living in the world’s poorest countries.”³³

Citing FCDO data for 2020 and estimates by the Center for Global Development and Save the Children (see the appendix of this briefing, page 18), the Committee judged the estimated increase in the proportion and sum of aid disbursed on supporting refugees in the UK as “unsustainable.”³⁴

Recommendations

The Committee resultingly called for:

- Tighter control and transparency of Home Office aid spending
- Additional aid funding from the Treasury beyond the £2.5 billion announced in November 2022 (see below, page 14).
- A ring-fencing of the equivalent of 0.5% of Gross National Income for aid delivered outside the UK from April 2023, to protect funding for poverty-reduction and development overseas.³⁵

³³ International Development Committee, [Aid spending in the UK](#), HC 898, 2 March 2023, para 1

³⁴ As above, para 3

³⁵ As above, paras 6, 10, 11, 14

ICAI: Control of the budget is “inadequate”

In its March 2023 report, the [ICAI was also critical of the lack of incentives for the Home Office to control its spending](#) on in-donor refugee costs, and its wider effects on the UK aid budget.

Poor control of spending

The ICAI report concluded there were few incentives for the Home Office to control its spending, given the lack of limitation on how much of the UK aid budget can be used to meet in-donor refugee costs.³⁶

It argued there has been a lack of long-term planning in the Home Office to arrange sustainable accommodation, with a “cycle of emergency fixes.” The ICAI said the Department only began to plan for a longer-term solution towards the end of 2022. In addition, the ICAI noted, the backlog in asylum claims meant that more people are dependent on Home Office-provided accommodation for a full 12-month period.³⁷

Despite the FCDO being responsible for managing ODA spending overall, the ICAI report found cross-government oversight and cooperation of the in-donor refugee cost budget to be insufficiently transparent and “inadequate” to protect the aid budget.³⁸

The UK is not taking a conservative approach to cost

While noting OECD rules allow for in-donor refugee costs to be counted as ODA, the ICAI argued the Government is not following OECD guidelines on adopting a “conservative approach.” The ICAI cited Luxembourg and Austria as countries who do not count any refugee or asylum costs as ODA at all (see above, page 10).³⁹

Likely to damage wider aid budget and priorities

As set out below, section 5, the rise in Home Office ODA spending caused a pause in “non-essential” aid programmes for part of 2023 and a delay in forward financial planning by the FCDO.

The ICAI judged that the pause in aid spending and additional £2.5 billion announced in aid for 2022 to 2024 would “only partly mitigate” the disruption

³⁶ ICAI, [UK aid to refugees in the UK](#), March 2023, para 4.20

³⁷ As above, paras 4.28, 4.31

³⁸ As above, paras 4.21-4.22

³⁹ As above, para 4.25

to the aid budget and would be “insufficient” to offset the scale of in-donor refugee costs.⁴⁰

The report also argued in-donor refugee costs have led to “dramatic reductions” in the UK’s bilateral humanitarian assistance, and related funding will “continue on a downward trajectory.”

The ICAI cited the example of UK aid committed in response to the Pakistan floods of August 2022. By January 2023, the UK had pledged £36 million, compared to £316 million by France and £74 million by Germany.⁴¹

The review concluded that shifting spending to in-donor refugee costs means the UK is now “able to help far fewer crisis-affected people overall.”⁴²

ICAI recommendations

The ICAI made six recommendations, including the below:

- The UK Government should introduce either a cap on the proportion of the aid budget that can be spent on in-donor refugee costs or a floor to the FCDO’s aid spending, to protect the aid budget spent overseas.
- The UK should review its methodology of cost reporting, with a view of adopting a more conservative approach to their calculation.
- The Home Office should strengthen its management of accommodation and related contracts to drive value for money.⁴³

⁴⁰ ICAI, [UK aid to refugees in the UK](#), March 2023, para 4.7

⁴¹ As above, paras 4.10, 4.11

⁴² As above, para 4.15

⁴³ As above, ‘recommendations’

5

UK Government response to spending pressures

Pause in “non-essential” aid spending

From July 2022 to November 2022, non-essential aid spending was paused by the FCDO in order to ensure that increased aid spending does not push the aid budget above 0.5% of GNI in 2022.⁴⁴

In October 2022, the International Development Minister, Andrew Mitchell, said the pause would be extended [until the Treasury’s Autumn statement on 17 November 2022](#) (PDF). He said this would allow discussions with the Treasury on how to manage the ODA budget.⁴⁵

Exemptions in place under the pause included for spending that protects against immediate threats to life and wellbeing and prevents people falling into humanitarian need.⁴⁶

It is uncertain how much planned and new activity was paused because of the decision.⁴⁷ Members of the IDC have been critical of the uncertainty over what is regarded as essential.⁴⁸

The Government has released extra funding

In November 2022, the Treasury announced that in response to increased spending to help people from Ukraine and Afghanistan seek refuge in the UK, it will provide an additional £2.5 billion from 2022 to 2024 to meet these costs.

Funding will come from the Treasury reserve and is additional ODA funding.⁴⁹

However, neither the International Development Committee nor ICAI judge this action to be sufficient to protect wider aid budgets (see above, section 4).

⁴⁴ FT, [UK Treasury blocks “non-essential” overseas aid payments](#), 24 July 2022

⁴⁵ [Minister for Development to IDC](#), 31 October 2022 (PDF)

⁴⁶ [Minister for Development to the IDC](#), 17 October 2022 (PDF)

⁴⁷ IDC, [Oral evidence: FCDO annual report](#), 18 October 2022, Qs 15-21

⁴⁸ As above, Qs 25-31

⁴⁹ HM Treasury, [Autumn statement](#), 17 November 2022, “Spending”; IDC, [Oral evidence: Future of UK aid](#), HC 148, 2022-23, 6 December 2022, Q401

Total aid will rise slightly above 0.5%

In 2020, the UK Government [announced it would reduce aid spending from 0.7% to 0.5% of Gross National Income \(GNI\)](#), in response to the impact of the Covid-19 pandemic on the UK's economy and public finances.⁵⁰

In 2021, [UK aid spending fell 21% compared to 2020](#) to stand at £11.4 billion.⁵¹

While spending is not expected to be restored to 0.7% until at least after 2027/28, the Government has also said spending will be “around 0.5%” during this period.⁵²

In May 2023, the Treasury confirmed that the additional aid spending for 2022 to 2024 “will result in ODA spending exceeding 0.5% of GNI.”⁵³ Final aid statistics for 2022 confirm spending stood at 0.51% of GNI in 2022.⁵⁴

Rejected recommendation for ring-fencing overseas aid spending

In May 2023, the Treasury responded to the International Development Committee's report into aid spending in the UK. It rejected the central recommendation of the committee to ring-fence the equivalent of 0.5% of GNI in the ODA budget for spending on aid outside the UK from April 2023.

The responding Minister, John Glen, said the Government could not accept the recommendation “as it is not affordable in the current highly challenging economic and fiscal context.” The Minister instead highlighted the additional resources for 2022 to 2024 committed in November 2022 (see above, p14), as well as steps government departments are taking to ensure spending is recorded in line with OECD rules on aid reporting.⁵⁵

The Committee's Chair, Sarah Champion MP, criticised the Government's response [as being contrary to the purpose of UK aid spending](#), namely “to alleviate the conditions faced by people living in the world's poorest countries.”⁵⁶

⁵⁰ Commons Library, [Reducing the UK's aid spending in 2021](#), section 1

⁵¹ FCDO, [Statistics on international development: Final UK aid spend 2021](#), 23 November 2021, p53

⁵² Commons Library, [The 0.7% aid target](#)

⁵³ [Government response to the Committee's sixth report of session 2022-23](#), 22 May 2023

⁵⁴ FCDO, [Statistics on international development: Final UK aid spend 2022](#), 14 September 2021

⁵⁵ [Government response to the Committee's sixth report of session 2022-23](#), 22 May 2023

⁵⁶ International Development Committee, [‘Mealy-mouthed’ Government response to spending aid in the UK misses the point](#), 22 May 2023

The Government similarly rejected ICAI recommendations for a cap on spending, citing its £2.5 billion additional commitment.⁵⁷

Reduced FCDO aid budget

In its [most recent annual report](#), published in September 2022, the FCDO said that ODA spending incurred through the Afghan resettlement programme and support for Ukrainian refugees means that the Government had to revisit its ODA allocations to ensure it remains within the 0.5% target during 2022.⁵⁸

[Indicative spending plans for 2022/23 and 2023/24](#) were announced by the FCDO in March 2023. These remain subject to change. In 2022/23, FCDO ODA is expected to stand at £7,572 million and rise to £8,095 million in 2023/24 (ODA will also be spent by other departments).⁵⁹

Both figures are lower than the settlement for 2021/22, when the FCDO was allocated £8,229 million,⁶⁰ and 2021 spending review plans for £9.3 billion of FCDO aid spending in 2022/23 and £10 billion in 2022/23.⁶¹

FCDO country allocations were published in July 2023. The department is planning further reductions in 2023/24 before a rise in 2024/25. For more on these plans, see section 7.2 of the Commons Library research briefing on [UK aid: Spending reductions since 2020 and outlook from 2023](#).

Greater FCDO control of UK aid spending

The [Government's integrated review refresh](#), published in March 2023, said a new FCDO-Treasury governance structure will be established to improve oversight of all government aid spending, including that of the Home Office.⁶²

The International Development Minister, Andrew Mitchell, says the board will:

- “Probably” meet three or four times a year.
- Focus on spending over £60 million.
- Have the ability to scrutinise all ODA spending across government
- Assess ODA spending plans against the priorities of the international development strategy.

⁵⁷ [FCDO and Home Office response to ICAI review of UK aid funding for refugees](#), 6 July 2023

⁵⁸ FCDO, [Annual report and accounts 2021 to 2022](#), updated 23 September 2022, p250

⁵⁹ HCWS705 [[FCDO programme allocations](#)], 30 March 2023

⁶⁰ FCDO, [Annual report and accounts 2021 to 2022](#), updated 23 September 2022, p87

⁶¹ FCDO, [Supplementary estimate memorandum 2021 to 2022](#), March 2022, section 1.9

⁶² Cabinet Office, [Integrated review refresh 2023](#), 13 March 2023, p14

- Anticipate and manage risks to the aid budget.
- Reach material outcomes through having the “right people in the room.”

He said the board’s advice would be considered by all departments when planning and approving spend.⁶³

The first board meeting was held in May 2023. The International Development Minister was joined by the Chief Secretary for the Treasury, the Minister for Immigration, and the Parliamentary Under-Secretary of State for Housing.

In June 2023, Andrew Mitchell told the International Development Committee that the board “agreed tangible actions to better manage the predictability of in-donor refugee costs and its impact on the ODA budget.”⁶⁴

The next meeting of the board in the summer considered international climate finance. That in the Autumn will consider in-donor refugee costs.⁶⁵

No further details on the outcomes of the two meetings held to date have been published.

The International Development Committee has previously said [that the new board is “unproven”](#) and argues it is “unclear” how the board will prevent the Home Office from using the aid budget “like a blank check.”⁶⁶ The Committee instead argued the Government should ring-fence 0.5% of GNI in the aid budget for spending outside the UK (see above, section 4).

Could the definition of ODA be amended?

Speaking in December 2022, the International Development Minister, Andrew Mitchell, says the Government will adhere to international aid rules and would not seek to reopen debate on aid definitions. He [argued this would risk a wider negotiation on ODA-eligible activities](#):

I have always believed that if Britain was able to reopen them [ODA rules] there would be an awful lot of people who would come after the money across Whitehall.⁶⁷

⁶³ International Development Committee, [Oral evidence: Aid spending in the UK](#), HC 898, 8 February 2023, Qs 163-65; [Minister of International Development to International Development Committee \(PDF\)](#), 7 February 2023 and [Minister for International Development to International Development Committee \(PDF\)](#), 11 June 2023

⁶⁴ [Minister for International Development to International Development Committee \(PDF\)](#), 11 June 2023

⁶⁵ As above

⁶⁶ International Development Committee, [Aid spending in the UK](#), HC 898, March 2023, para 11, para 11

⁶⁷ IDC, [Oral evidence: Future of UK aid](#), HC891, 6 December 2022, Q398

Appendix: Previous estimates of UK spending on in-donor refugee costs

Prior to the publication of FCDO data in April 2023, two estimates were published by NGOs on the amount of aid that may be spent on in-donor cost on refugees—these are based on some assumptions, described below.

These estimates are included here as they were used to inform the Commons International Development Committee report on hosting refugees in the UK (see section 4, above).

Center for Global Development (CGD) analysis

In September 2022, the CGD published an estimate that between £1.8 billion and £3 billion in UK ODA, or up to 25% of the aid budget, [would be spent on hosting refugees in 2022](#). It estimated additional spending may be around £919m compared to previous years.

The CGD estimate is based on around 270,000 arrivals in 2022 from three main sources: Ukrainians issued with visas under the UK schemes, small boat arrivals, and the Afghan Citizens Resettlement Scheme.

For costs, the CGD noted that because refugees would arrive throughout the year, not all require a full-year of ODA-eligible support in 2022, with some costs moving into 2023. It also assumed, based on past spending, that around £11,200 may be spent per recipient (2016-19 average), but this may be as high as £18,500 (the 2020-21 average).⁶⁸

Save the Children analysis

Analysis by Save the Children [estimated that as of August 2022](#):

- £1.6 billion had been spent on hosting Ukrainian refugees
- There was the potential for £1.4 billion more to be spent if those who have visas or were awaiting results of applications were deemed eligible.

This estimate was based on several assumptions, including the arrival of further refugees from Ukraine, the full use of allowances the Government is providing to local authorities and sponsors, and the level of demand that refugees place on education and healthcare.⁶⁹

⁶⁸ CGD, [Projections of UK-hosted refugees, and the implications for the UK's aid budget and spend](#), 26 September 2022

⁶⁹ Save the Children, [Is UK aid facing another round of major cuts?](#), 2 August 2022

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