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# UK aid and China

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## Summary

In 2010, the then Secretary of State for International Development, Andrew Mitchell, said the [UK Government would end direct aid to the Chinese Government](#). While government-to-government aid has ended, some aid and technical assistance focused on China has continued.

As China is the world's second largest economy, [continuing UK aid has been controversial](#), particularly in the [context of recent reductions in the UK aid budget](#). Since 2021, the UK Government has stated it will further scale back its aid on China, but also said that the [UK will need to collaborate with the country to address global issues such as climate change and health security](#).

This briefing describes the UK aid relationship with China, including levels of spending and policy priorities, and commitments to further reduce or end aid.

## What was announced in 2010, and why?

In 2010, the Department for International Development announced it would [move away from a “traditional” aid relationship to a “partnership” arrangement with some middle-income economies](#), including China. Direct government-to-government aid was to be phased out, and there would be a greater emphasis on identifying shared interests (such as climate change).

The UK Government argued [China no longer required aid assistance due to its economic growth and ability to finance its own development](#). In 2009, the Commons International Development Committee also judged that funding could be scaled down, but said continuing some aid [would help support sustainable and green development in the country](#).

China is now classed by the World Bank as an [upper-middle income country](#) and has been the [world’s second largest economy](#) since 2010. [World Bank data shows poverty in China has fallen substantially since the 1970s](#), and the Chinese Government invests significant amounts overseas through its [Belt and Road infrastructure initiative](#).

## How much UK aid has been spent in China since 2009?

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The UK has provided no aid to the Chinese Government since 2011

From 2009 to 2021, [UK bilateral aid to China totalled £537 million](#). During this period, spending was highest in 2009, at £75 million. Aid was [focused on priorities](#) such as economic prosperity, climate change, and human rights.

Between 2015 and 2022, recorded UK bilateral aid to China was primarily spent by two departments: the Foreign, Commonwealth and Development Office (FCDO) and its predecessors, and the Department for Business, Energy, and Industrial Strategy (BEIS).

[No aid has been sent to the Chinese Government since 2011](#). Instead, UK aid has primarily been spent through civil society organisations and UK universities and diplomats. Aid related to research, universities and diplomatic engagement is mostly spent through UK-based institutions.

Reflecting the range and geography of China-related aid spending, the UK’s Independent Commission for Aid Impact (ICAI) notes that [while China “is formally recorded as the recipient, most of the assistance goes to UK research and government institutions working with China,”](#) with the intention to benefit other countries and secure secondary benefits for the UK.

## Will all UK aid to China end?

In 2021, then Foreign Secretary, Dominic Raab, said [aid programming in China from the FCDO would be reduced by 95%](#), to £900,000. Any continuing FCDO programmes would [focus on promoting democracy and human rights](#).

In July 2023, the ICAI, which scrutinises the UK’s official development assistance, [said UK aid to China has “fallen rapidly”](#) and is expected to total £10 million in 2023/24 (centred on educational and cultural engagement, which did not form part of the government’s 2021 commitment).

In 2023, [some UK MPs have called for an end of aid to China](#). Speaking in February 2023, the Minister of State for Development and Africa, [Andrew Mitchell, said there must be a “very strong case” for any future aid in China](#). However, he has [defended education programmes such as Chevening scholarships and the work of the British Council](#) that encourage people to study in the UK. These are currently counted within the aid budget for China.

In 2022, BEIS minister George Freeman said his department [would end all its bilateral aid in China by the end of the 2022/23 financial year](#), though non-aid assistance and research engagement on shared challenges would continue.

# 1 UK aid and China

## 1.1 China’s developing economy

In 2010, [China became the world’s second largest economy](#), overtaking Japan.<sup>1</sup>

The World Bank now considers [China to be an upper-middle income country](#) (the same status as Brazil and Russia), with a gross domestic product (GDP) per person of US\$12,556 in 2021.<sup>2</sup>

Extreme poverty in China has fallen substantially since the 1980s (defined as US\$1.90 per day), though some relative poverty remains. In 2022, the World Bank said [770 million people had been lifted out of poverty since 1978](#). This partly reflects an average economic growth rate of 8% a year from the 1970s.<sup>3</sup>

China also has its own foreign aid budget, supporting economic development and poverty reduction overseas. While it does not publicly report its aid

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<sup>1</sup> “[China overtakes Japan as the world’s second largest economy](#)”, BBC News, 14 February 2011. All sources in the briefing accessed 30 March 2023 and 22 September 2023

<sup>2</sup> The World Bank, [Data: China](#)

<sup>3</sup> The World Bank, [Data: China; The World Bank in China; Lifting 800 million people out of poverty](#), April 2022

spending in the same way as the UK, the Organisation for Economic Cooperation and Development (OECD) estimated [China's foreign aid budget was around US\\$2.9 billion in 2020](#).<sup>4</sup>

China has also spent an estimated US\$1 trillion on the [Belt and Road infrastructure initiative](#) in Asia and Africa since 2013.<sup>5</sup>

## 1.2

### Commitment to end some aid, 2010

In 2010, the Conservative–Liberal Democrat Coalition Government reviewed UK aid spending and priorities. Following the review, the then Secretary of State for International Development, Andrew Mitchell, said the UK would move towards a “partnership” model with some middle-income states who had previously been recipients of UK aid.<sup>6</sup>

Citing China's economic growth and the intended focus of UK aid on poverty reduction and the “bottom billion,” [the UK Government announced the UK would end all aid to the Chinese Government](#), as well as to Russia.<sup>7</sup>

However, the pledge did not mean an end to spending on China-related programmes, such as through universities or civil society groups.<sup>8</sup>

#### UK aid to India

As part of its wider review of priority countries for UK aid, in 2012 the UK Government said it would [end bilateral aid to India by 2015](#) (meaning flows from government sources directly to the recipient country). Continuing funding would focus on technical assistance and private sector development.<sup>9</sup>

The Government has not provided any direct aid to the Indian government since 2015.<sup>10</sup>

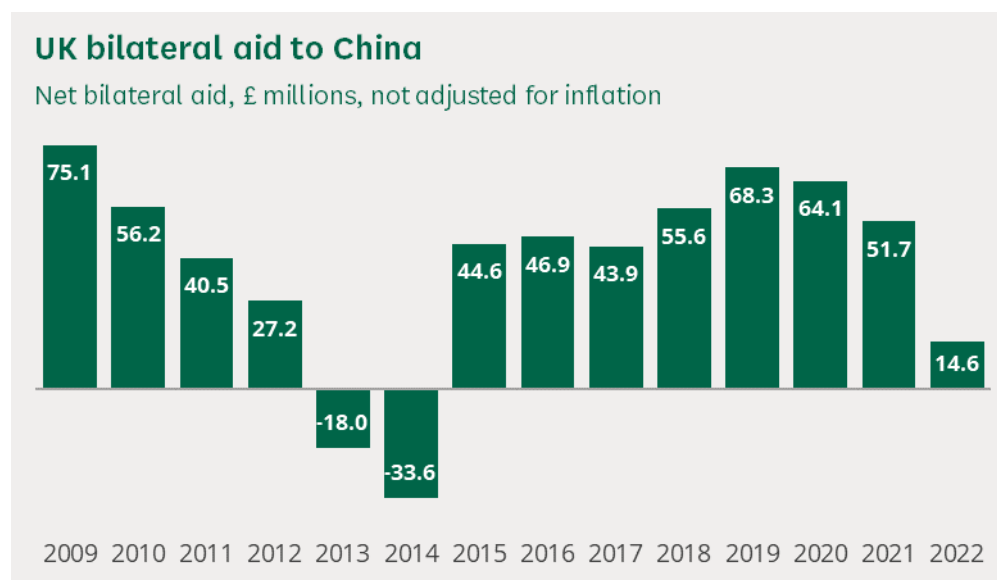
In March 2023, [the Independent Commission for Aid Impact \(ICAI\) estimated that around £2.3 billion in UK aid went to India from 2016 to 2020](#) through investments and research partnerships, which offset the decline in traditional grant aid. The ICAI concluded UK engagement “lacked convincing development rationale”, though was generally effective in its objectives (such as job creation and clean energy).<sup>11</sup> The Government has defended its spending, arguing it helps address poverty, promotes economic growth and supports India adapt to climate change. It also stresses much aid is “investment”, generating a return to the UK.<sup>12</sup>

<sup>4</sup> OECD, [Development cooperation profiles: Other official providers not reporting to the OECD](#), 2022

<sup>9</sup> DFID, [Justine Greening: Update on aid to India](#), 9 November 2012

## 1.3 UK aid to China since 2009

Between 2009 and 2022, the UK provided £537 million in bilateral aid to China. The breakdown of this is shown in the chart below. Since 2011, the highest annual sum was £68.3 million in 2019.



Note: Aid recording methods changed in 2015, which may explain the change from negative aid in that year. See below, “Role of British International Investment”, for more details.

Source: FCDO, [Statistics on International Development](#), multiple editions

These figures show bilateral aid – that is, aid provided for a specific programme or purpose. Because some forms of investment can also be counted as aid, income from returns on those investments counts as negative amounts of aid, which explains why the overall total was negative in 2013 and 2014.

The Independent Commission for Aid Impact (ICAI) notes that a “relatively small part of UK aid to China is spent in China.” In the case of the Newton Fund, for example, which constituted around £33 million in aid in 2019, funding is primarily to UK universities to support research collaboration with Chinese institutions (see below for the Fund).<sup>13</sup>

<sup>6</sup> See Independent Commission for Aid Impact (ICAI), [When aid relationships change](#), 2016, ‘summary’

<sup>7</sup> Department for International Development (DFID), [Aid budget to be refocused to deliver better results](#), 16 June 2010; Commons Library, [China: development aid \(UK & other donors\)](#), September 2010

<sup>8</sup> ICAI, [The UK’s aid engagement with China](#), July 2021

<sup>9</sup> DFID, [Justine Greening: Update on aid to India](#), 9 November 2012

<sup>10</sup> ICAI, [UK aid to India](#), March 2023, ‘summary’

<sup>11</sup> As above

<sup>12</sup> [FCDO response to ICAI review UK aid to India](#), 25 April 2023

<sup>13</sup> International Development Committee Sub-Committee on the work of the ICAI, [ICAI information note on UK’s aid engagement with China](#), HC 716, 22 September 2021, Q2

## Growth of BEIS aid and Prosperity Fund

The ICAI has noted that from 2015 [UK aid spending on engagement with China was “scaled up”](#), with increased spending from departments other than the former Department for International Development (DFID).

Notably, the Department for Business, Energy, and Industrial Strategy (BEIS) was responsible for around half of aid from 2015 to 2019. BEIS funding was mostly focused on the Newton Fund and Global Challenges Research Fund, which promote research partnerships and collaboration with UK-based institutions.<sup>14</sup> Both funds have not been renewed.<sup>15</sup>

The cross-government Prosperity Fund was also responsible for around 10% of aid between 2015 and 2020. The fund launched in 2015 to promote economic development, poverty reduction and global business opportunities for the UK. In China, its programmes primary focused on climate change and health. The [Prosperity Fund closed in 2021](#).<sup>16</sup>

## Role of British International Investment

Most of the large negative amounts of aid recorded in 2013 and 2014 were linked with investments by CDC, the UK Government’s development finance institution (since renamed [British International Investment](#) or BII).<sup>17</sup>

Since 2015, BII’s operations have not been recorded as aid in their own right; instead, the Government’s funding of BII has been counted as aid. This means that although income from these investments may have continued to flow and may even have outstripped other aid spending (as in 2013 and 2014), any such income does not appear in the statistics from 2015 onwards. Any profits that the BII makes are reinvested in its work.

The BII ended new operations in China in 2014, though legacy operations remain.<sup>18</sup>

## Themes in UK aid

UK aid engagement with China is organised under strategic objectives set by the National Security Council (the cabinet committee responsible for foreign policy and national security). These objectives have not been published, but reportedly include supporting human rights, Hong Kong, and China’s

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<sup>14</sup> ICAI, [The UK’s aid engagement with China](#), July 2021, see ‘BEIS’

<sup>15</sup> [Government scraps major ODA-financed R&D Funds](#), Research Professional News, 21 February 2022

<sup>16</sup> ICAI, [The UK’s aid engagement with China](#), July 2021, ‘Prosperity Fund’

<sup>17</sup> See the Commons Library briefing [British International Investment: Aid and trade](#) for more.

<sup>18</sup> ICAI, [The UK’s aid engagement with China](#), July 2021, see ‘History of UK-China development cooperation’

participation in the rules-based international order.<sup>19</sup> Since 2011, UK aid has supported:

- **research, educational and cultural partnerships** between UK and Chinese universities, and through the [British Council](#), [Newton Fund](#), and related programmes.
- **technical support for economic development** through the [Prosperity Fund](#) (which aimed to promote development in middle-income countries).
- **climate change and health partnerships**, including the Global Antimicrobial Resistance Innovation Fund, and the Climate Conference, COP 26.<sup>20</sup>
- **human rights promotion**, including research on [reported human rights violations in Xinjiang against the Uyghur community](#).<sup>21</sup>

Most funding is provided through UK research, academic and government institutions, as well as UK diplomatic channels.<sup>22</sup>

## 1.4 2021 commitment to reduce FCDO aid

The [Integrated Review of Defence, Security, Development and Foreign Policy](#), published in March 2021, set out the UK Government's intention to continue to engage with China on global issues, such as climate change.<sup>23</sup>

However, in April 2021 then Foreign Secretary, Dominic Raab, said [the FCDO would reduce its aid for programme delivery in China by 95%, to £900,000](#). He said some additional aid would be spent in 2021/22 to meet contractual exit costs of former programmes. Continuing FCDO aid would focus on open societies (such as the rule of law and free trade) and human rights.<sup>24</sup>

This statement on future spending refers only to FCDO programmes, which constituted around half of the UK's bilateral aid to China from 2015 to 2019. The ICAI estimates the spending reduction referred to around 22% of total government aid expenditure engaging China in 2020/21.<sup>25</sup>

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<sup>19</sup> ICAI, [The UK's aid engagement with China](#), July 2021

<sup>20</sup> As above

<sup>21</sup> PQ HL3837 [[China: Development aid](#)], 12 December 2022; see Commons Library, [The Uyghur tribunal](#), January 2022

<sup>22</sup> See ICAI, [The UK's aid engagement with China](#), July 2021, 'Overview of UK aid spending engaging China' and 'Mapping UK bilateral aid by department and fund'

<sup>23</sup> UK Government, [Integrated review](#), updated July 2021

<sup>24</sup> HCWS935 [[FCDO update](#)], 21 April 2021

<sup>25</sup> ICAI, [The UK's aid engagement with China](#), July 2021, 'July 2021 update'

The ICAI has criticised the nature of the announcement as lacking transparency. Through engagement with the FCDO, it determined that the commitment related to only a small proportion of spending and did not include FCDO funding to arms-length bodies such as the British Council.<sup>26</sup> However, in 2023 the ICAI confirmed that spending on FCDO programmes has declined in line with the commitment made by the Foreign Secretary.<sup>27</sup>

The ICAI report was considered in an [International Development Committee \(IDC\) oral evidence session with FCDO officials](#) in September 2021.

The FCDO stresses that some aid will continue to be reported for China as it relates to aid-eligible activities such as diplomatic engagement on climate change or Chevening scholarships, but this is “neither aid to China, nor aid programmes in China”.<sup>28</sup>

## 1.5 UK aid will be discontinued or scrutinised

### BEIS ended its bilateral aid in 2022/23

In May 2022, the then Science Minister, George Freeman, said [BEIS would end its bilateral aid funding in China by the end of 2022/23](#).<sup>29</sup> BEIS was responsible for around half of recorded UK bilateral aid to China between 2015 and 2019.<sup>30</sup>

In July 2023, the ICAI confirmed that the Department for Science, Innovation and Technology ended aid-funded climate partnerships with China in 2021/22 and research partnerships through the Newton Fund and Global Challenges Research Fund in 2022/23.<sup>31</sup>

Bilateral aid is spent on a specific programme or purpose in a country. It may be spent by a range of UK partners, including charities, non-governmental organisations, foreign governments, and some multilateral agencies. It contrasts with multilateral aid, that provided to an international organisation, such as the World Bank, which allocates it in accordance with its priorities. This aid is not designated by donor governments for specific programmes or policies.

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<sup>26</sup> ICAI, [The UK's aid engagement with China](#), July 2021, Conclusion

<sup>27</sup> ICAI, [Update: The UK's aid engagement with China](#), July 2023, para 2.4

<sup>28</sup> [Minister of State for Asia and the Middle East to the Chair of the Sub-committee on the work of the ICAI](#) (PDF), 5 May 2022, p4

<sup>29</sup> HCWS32 [[Ending BEIS ODA spending in China](#)], 17 May 2022

<sup>30</sup> ICAI, [The UK's aid engagement with China](#), July 2021, see ‘Overview of UK aid spending engaging China’

<sup>31</sup> ICAI, [Update: The UK's aid engagement with China](#), July 2023, para 2.5



## FCDO is expected to scrutinise aid further

In December 2022, the Minister of State for Development and Africa, Andrew Mitchell, argued “[it does great damage to the reputation of the development budget to spend money in China](#)”.<sup>32</sup>

While defending Chevening Scholarships and British Council work relating to China, the Minister hoped that [future UK funding for these would instead be counted as thematic global spending](#), as it is primarily intended to encourage people to study in the UK.<sup>33</sup> Most aid funding for the Newton Fund and that related to universities is spent in the UK, for example, rather than in China.<sup>34</sup>

The IDC Chair, Sarah Champion, has [called for greater transparency](#) and ministerial leadership on the issue.<sup>35</sup> In 2023, some Conservative MPs, including Sir Iain Duncan Smith and David Davis, [have called for funding to China to be ended as soon as possible](#).<sup>36</sup>

Speaking in February 2023, the Minister of State for Development and Africa said [there would have to be a “very strong case” for future spending in China](#).<sup>37</sup>

## What UK aid is expected to continue from 2023/24?

In July 2023, the ICAI said, based on internal FCDO documents, that only a small number of programmes will remain active from 2023/24. Total spending will be around £10 million.

For 2023/24, the ICAI said the largest proportion of funding will relate to the British Council (£6.1 million), which supports programmes on education, including teaching the English language, arts, and culture.

Other continuing programmes will be Chevening Scholarships (which supports Chinese nationals to study in the UK), the Open Societies Programme, which is focused on human rights and civil society, and the Forest Governance programme, which seeks to reduce the illegal trade in timber.<sup>38</sup>

## All foreign aid to China is expected to end by 2026–2028

As a member of the OECD’s [Development Assistance Committee \(DAC\)](#), the UK abides by its rules that aid can only be spent in lower-income countries.

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<sup>32</sup> IDC, [Oral evidence: The future of UK aid](#), HC 148, 6 December 2022, Q413

<sup>33</sup> As above, Q413

<sup>34</sup> IDC, [ICAI’s information note on the UK’s aid engagement with China](#), 22 September 2021, Q2

<sup>35</sup> IDC, [Oral evidence: The future of UK aid](#), HC 148, 6 December 2022, Qs415, 417

<sup>36</sup> “[Stop sending foreign aid to China before next election](#)”, The Telegraph, 13 February 2023

<sup>37</sup> “[We should not be giving aid to China](#)”, Sky News, 12 February 2023, from 17:00 minutes

<sup>38</sup> ICAI, [Update: The UK’s aid engagement with China](#), July 2023, paras 2.9-2.14

In 2021, the per capita (person) threshold was US\$12,535 for a country to be eligible for ODA. Once a recipient country has met or exceeded this threshold for three consecutive years, it becomes ineligible to receive aid from DAC countries.<sup>39</sup>

Because of rising incomes, China is likely to become ineligible for funding from the aid budget in the next four to six years: World Bank data state the average income per person in China was US\$12,556 in 2021.<sup>40</sup>

However, this does not mean that all financial or technical assistance to China must end — only that from the aid budget. This could mean, for example, research partnerships could continue if they were funded from wider UK Government budgets

## Further resources on UK aid and China

- Independent Commission for Aid Impact (ICAI), [The UK's aid engagement with China](#), 2021 and FCDO, [Response to the Subcommittee on the work of the ICAI relating to the ICAI's China information note](#), May 2022
- ICAI, [Update note: The UK's aid engagement with China](#), 13 July 2023
- FCDO, [Aid by location: China](#). Summary of UK work and programmes.

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<sup>39</sup> ICAI, [The UK's aid engagement with China](#), July 2021, 'China as an aid recipient'

<sup>40</sup> World Bank, [GDP per capita-China](#)

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