



DEBATE PACK

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Spending of the Department for International Development

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Summary

On Monday 1 July there will be an Estimates Day debate on the spending of the Department for International Development.

The subject for this debate was selected by the Backbench Business Committee as part of the new process for choosing subjects of Estimates Day debates, following the publication of the 2019-20 Main Estimates on 9 May 2019. The application to the Committee was made by Laurence Robertson MP.

According to the application to the Backbench Business Committee, the debate is intended to look at the targeting of the aid budget in order to reach the world's poorest people and to support the UK's overall aid and trade policies.

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The House of Commons Library prepares a briefing in hard copy and/or online for most non-legislative debates in the Chamber and Westminster Hall other than half-hour debates. Debate Packs are produced quickly after the announcement of parliamentary business. They are intended to provide a summary or overview of the issue being debated and identify relevant briefings and useful documents, including press and parliamentary material. More detailed briefing can be prepared for Members on request to the Library.

1. Background

General background on UK aid is available in the Library's briefing [UK aid: frequently asked questions](#). When we talk about 'aid' in this briefing, we are referring to 'Official Development Assistance' (ODA), the internationally agreed definition of aid.¹

1.1 The 0.7% target

In 1969 a World Bank Commission chaired by former Canadian Prime Minister Lester Pearson [proposed](#) that ODA "be raised to 0.70% of donor GNP by 1975, and in no case later than 1980". The target was formally recognised on 24 October 1970 by the UN General Assembly.

The target was later modified from GNP to 'Gross National Income'.

The Pearson Commission argued that if this target was met by all rich countries and accompanied by appropriate policies, aid would be unnecessary by the end of the 20th Century.

This is not what has happened. Only eight OECD DAC member countries have ever met the target – Sweden, Norway, Denmark, Netherlands, Finland, Luxemburg, Germany and the UK. The US, the world's biggest aid donor, does not accept the target and has never met it. Although there was a small [decrease](#) in 2017, overall aid spending by OECD DAC countries has gone up in recent years. But the 0.7% target is still a long way from being achieved.

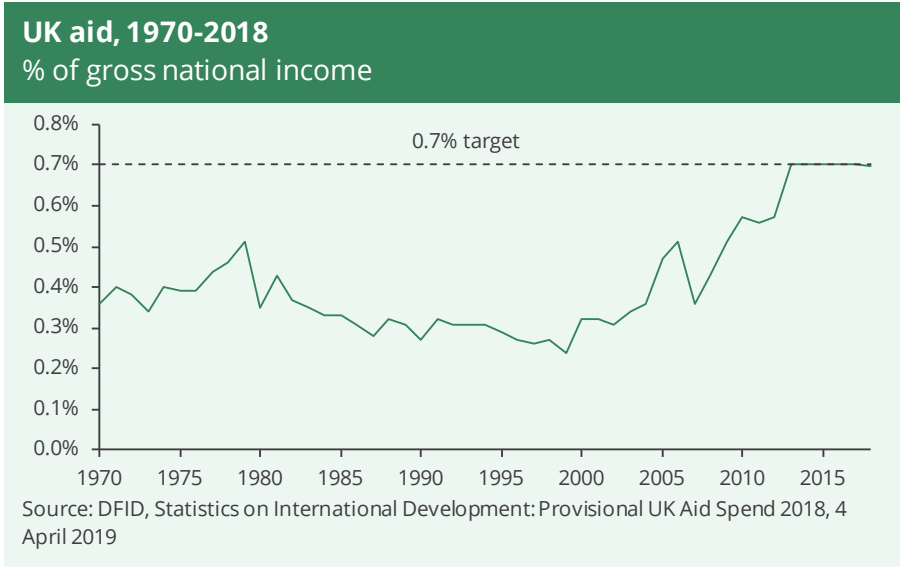
The UK first endorsed the 0.7% target in 1974 but no date was set for achieving it. It was only from the mid-2000s onward that levels of UK aid spending began to approach the target.

Following pledges in the 2010 Conservative and Liberal Democrat manifestos, the coalition government [committed](#) to meet the 0.7% target by 2013 – which it did – and to enshrine it in law. A Private Member's Bill was eventually [passed](#) in 2015.

In each year from 2013 onwards, the UK's total aid expenditure has been 0.7% of national income.

The chart below shows the UK's performance against the target over the last 40 years or so.

¹ The full definition is administered by the OECD, and can be found [on their website](#).



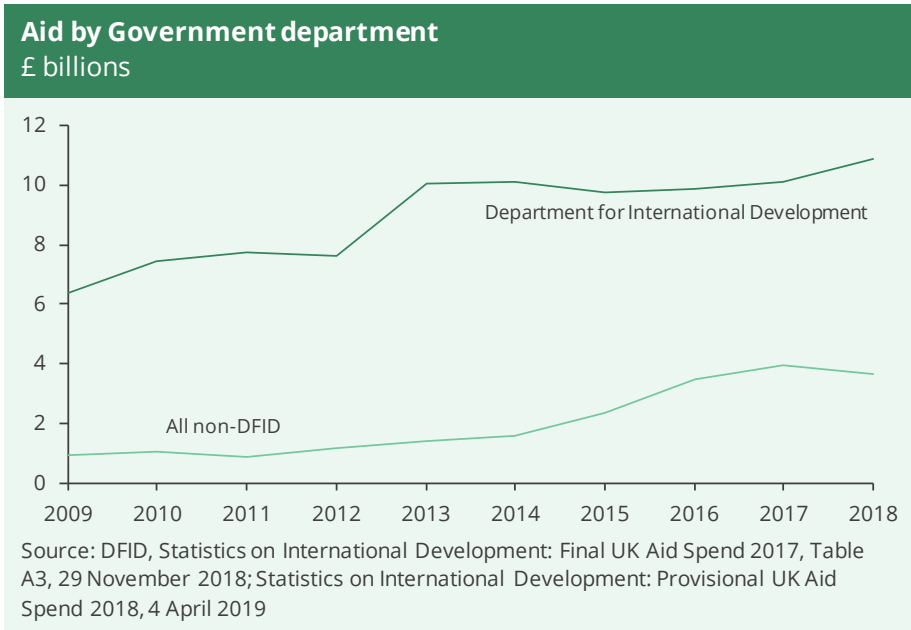
In the 2017 General Election, the Conservatives, Labour, Liberal Democrats and Scottish National Party all committed themselves to maintaining the target in their manifestos. All continue to back it today. Labour did so in a March 2018 [policy paper](#).

In its 2017 manifesto, the Conservative Party also included a [pledge](#) to change the way that aid is defined, either by working with “like-minded countries” to ensure that the OECD’s rules “better reflect the breadth of our assistance around the world” or, if that does not work, by changing UK law.

As the current Conservative government has sought to negotiate the terms of the UK’s exit from the EU and define the country’s future international priorities, some have [re-opened debate](#) about the target, arguing that while it should be retained post-exit, the UK should unilaterally redefine what can be counted towards it – for example, by including spending on UK peacekeeping operations and the operations of the BBC World Service. Critics have [said](#) that going down this road would undermine the reputation of the UK as a responsible country that adheres to international rules.

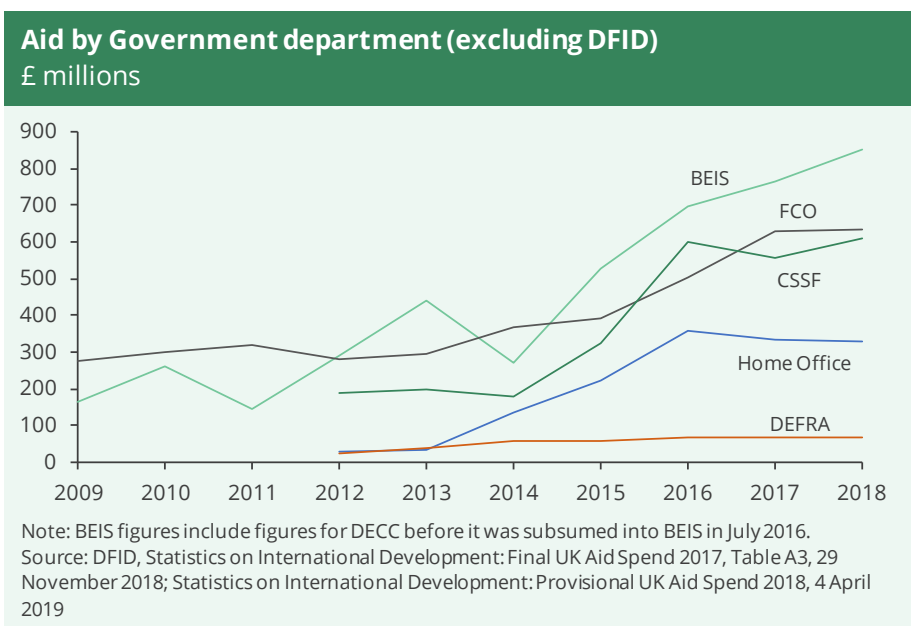
1.2 Administration of the aid budget

Set up in 1997, DFID has the main responsibility within government for spending UK aid. Its share of aid spending has decreased in recent years, but it continues to spend significantly more aid than all other government departments put together.



The volume of UK aid that other government departments distribute varies across years, but the Department for Business, Energy and Industrial Strategy (£849 million in 2018), the Foreign and Commonwealth Office (£633 million) and the Home Office (£329 million) currently have significant aid budgets.

The overall trend in recent years has been towards other government departments spending a higher proportion of ODA relative to DFID. The ratio today is 25:75. There has been [criticism](#) of this trend (see below), and in 2018 it began to reverse itself, going down from a ratio of around 30:70 in 2017. It remains to be seen whether the trend will continue.



The relative lack of detail in the aid reporting of other government departments, along with the fact that they are not bound by the obligations of the *International Development Act 2002* (and therefore [do not necessarily have poverty reduction as their main focus](#)), has led

some to express concern about a lack of transparency and effectiveness in their spending.

The International Development Committee recently carried out an inquiry into the definition and administration of ODA. Its [report](#), published on 5 June 2018, concluded that there were concerns about the capacity of departments other than DFID to administer ODA effectively, and that DFID should maintain oversight of aid spending:

We are concerned that the movement of ODA from DFID to other government departments appears to have been started before adequate systems and standards were in place, and further capacity building is required across Whitehall to achieve the necessary standards required. The Government must ensure that UK ODA is delivered to a consistently high standard, regardless of whether it is delivered by DFID or another government department. Accordingly, DFID should take the lead in promoting excellence in ODA administration across Whitehall.²

1.3 The 2017 aid budget

In 2017, the most recent year for which we have complete data, the total aid budget was £14.1 billion.³ Of this, £8.8 billion was bilateral aid (aid for a particular project or purpose) and £5.3 billion was multilateral (core budget contributions to organisations such as the [International Development Association](#)). Some bilateral aid is channelled through multilateral organisations; this appears in aid statistics as ‘bilateral via multilateral’ aid, and is counted in these figures as part of bilateral aid.

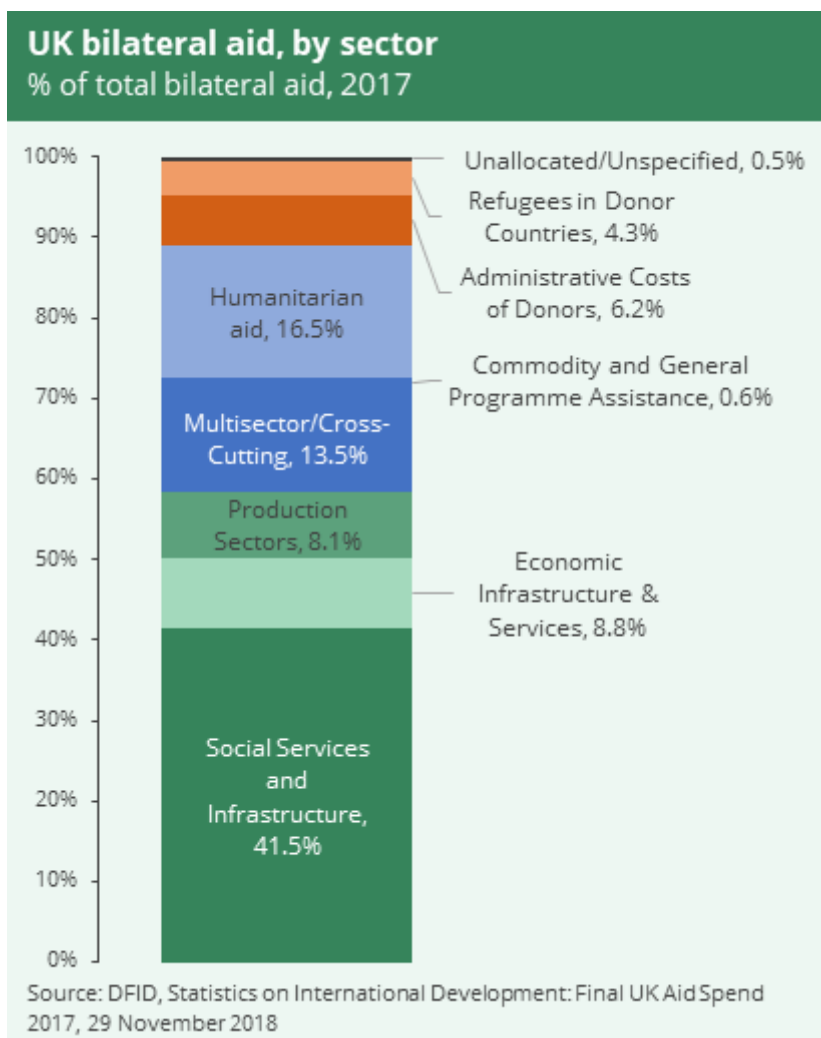
The five countries that received the most in UK bilateral aid funding in 2017 were Pakistan (£402 million), Nigeria (£327 million), Ethiopia (£326 million), Syria (£314 million) and Somalia (£282 million). More bilateral funding has also gone to regional projects and those not associated with a specific country – ‘Developing countries, unspecified’ accounted for £2.9 billion of aid.

Multilateral funding is distributed differently, because the multilateral organisations receiving this funding have their own priorities which do not necessarily match up with those of the UK. Details of multilateral funding are available later than those for bilateral funding, but we can see that in 2016 the largest recipient of multilateral funding was Turkey (with £290 million), followed by India (£215 million).

The bilateral aid budget in 2017 breaks down by aid sector as follows:

² International Development Committee, [Definition and administration of ODA](#), 5 June 2018, paragraph 89

³ The [provisional figure for 2018](#) is £14.5 billion.



Almost half of all bilateral aid went to improving social services and infrastructure, with the second largest sector being humanitarian aid. Humanitarian aid currently makes up a higher proportion of aid spending than at any time in at least the last eight years, because of greater need from events like the recent refugee crisis.

1.4 Evaluations of the aid budget

For some, official aid is crucial to international development; others are less convinced.

In practice, most argument is about when, where and why UK aid has a positive impact – and when, where and why it does not. One challenge in making meaningful assessments is that it is often difficult to know what would have happened anyway if no aid had been given.

The OECD carries out periodic 'peer reviews' of the aid performance of members of its Development Assistance Committee, including the UK. The most recent [review](#) of the UK was published in December 2014. It was largely positive.

In January 2018, the OECD carried out a '[mid-term review](#)', looking at how far the UK government had implemented recommendations flowing from the 2014 peer review. Once again, its verdict was positive. It said:

DFID remains a mission-driven, forward-looking department and we were particularly impressed by its efforts to balance risk-taking, transparency and value for money as it adapts to a constantly evolving environment.

The OECD has relatively little to say about the impact of specific UK aid-funded activities. This is mainly assessed by ongoing monitoring and evaluation of those activities by the UK government itself, by parliamentary committees and bodies that report to them – most notably, the National Audit Office – and by the Independent Commission for Aid Impact (ICAI), which was established in 2010. Civil society groups also conduct monitoring and evaluation of UK aid.

Here are some examples:

- In 2018 the International Development Committee published a [report](#) on the definition and administration of Official Development Assistance, finding that aid delivered through the Prosperity Fund was “insufficiently focused on the poorest”.
- In March 2019 ICAI published a [report](#) on the UK government’s development finance institution, the CDC Group, finding that it had not done enough to “maximize the impact of its UK aid investments”.
- On 20 June the NAO published a [report](#) on the effectiveness of UK Official Development Assistance. It [found](#) that:

departments have put in place structures to support target setting and performance assessment. And there is good evidence of individual programmes securing impact. However, taking ODA expenditure as a whole, government has placed insufficient emphasis on demonstrating its effectiveness and on progress against the UK Aid Strategy. The NAO found that government has only just started to consider the effectiveness of ODA expenditure across departments and what this says about progress in implementing the UK Aid Strategy.

The government has [welcomed](#) the NAO report, adding that it is already addressing some of the issues raised by it.

- On the same day, the ICAI published another report on [The current state of UK aid: A synthesis of ICAI findings from 2015 to 2019](#). This report looks at the UK’s aid programme in the context of global changes; it points out some success stories, and also suggests areas (such as addressing conflict) where the UK’s aid strategy could improve.
- On 17 June, the UK coalition of development NGOs, BOND, published a [report](#) on the UK’s global contribution to the Sustainable Development Goals, finding that there “critical gaps in the UK’s own policy programming and political commitment, which mean the UK is lagging compared to other countries.”

1.5 Main Estimates: 2019-20 spending plans

Departmental spending plans for 2019-20, known as the ‘[Main Estimates](#)’, were published on 9 May 2019. DFID also published an [explanatory memorandum](#) to the Main Estimates.

DFID plans a Resource DEL (day-to-day spending) of £7,177 million in 2019-20, 2% below last year's final budget of £7,285 million. The main components of DFID's spending are:

- Regional programmes: £3,201 million (reduction of 10% from last year);
- Policy priorities: £2,790 million (increase of 3% from last year);
- Conflict, Stability and Security Fund: £68 million (reduction of 45% from last year);
- Operating costs: £338 million (increase of 7% from last year);
- Other central programmes: £204 million, compared with a revised budget of only £9 million last year. The explanation for this large difference is that Other central programmes includes the redeployable crisis reserve, meaning that funds are to be transferred out of this budget line in year as/when crises occurred.
- Scholarships: £27 million (increase of 3% from last year);
- Independent Commission for Aid Impact: £4 million (reduction of 23% from last year);
- The Prosperity Fund: £61 million (this budget item was introduced in 2018-19, and the final budget for that year was £10 million);
- European Union Attributed Aid: £483 million (reduction of 6% from last year). (These are amounts attributed to DFID to reflect spending on development activities by the European Commission from its budget).

In addition to the above, as a result of a Machinery of Government change, the Equality and Human Rights Commission has transferred from DFID to Cabinet Office. The final 2018-19 budget for this item was £40 million, which no longer features in DFID's Main Estimate this year.

A significant proportion of DFID's spending is 'protected' and set to increase in the 2015 Spending Review plans because the 2015 International Development (Official Development Assistance target) Act commits the Government to achieving the UN target of spending 0.7% of Gross National income (GNI) on Overseas Development Aid.

DFID plans a Capital DEL (investment budget) of £2,527 million in 2019-20, 19% below last year's final budget of £3,128 million. The Spending Review always planned lower capital spending by DFID in 2019-20 compared to last year. It is likely, however, some of DFID's resource budget will be transferred to capital later in the year when the nature of projects and programmes supported is clearer.

2. Press Articles

Please note: the Library is not responsible for either the views or accuracy of external content.

[Public mistrust of foreign aid budget is 'valid criticism'](#) (subscription required)

The Daily Telegraph, 17 July 2018

[Boris Johnson calls for UK's aid department to be closed](#)

FT.com, 11 January 2019

[Boris Johnson backs call for multibillion cut to UK aid budget](#)

The Guardian, 10 February 2019

[Priti Patel joins calls for radical shake-up of aid budget rules](#)

The Guardian, 18 March 2019

[Allocating £14bn UK aid budget across government means the world's poor miss out](#)

telegraph.co.uk, 19 June 2019

[Britain's foreign aid shambles: New report reveals payments to wealthier nations from the £14bn budget have INCREASED and ministers cannot prove it provides value for money](#)

Daily Mail, 20 June 2019

[UK aid should focus on climate and putting British experts into the field](#)

telegraph.co.uk, 26 June 2019

[Overseas aid: Stewart says funding may be shifted 'away from humans'](#)

BBC News, 26 June 2019

3. Parliamentary material

3.1 Parliamentary Questions

PQ [HL14517](#): Overseas Aid

Asked by Baroness Brady

Asked on: 13 March 2019

Department for International Development

To ask Her Majesty's Government what measures are in place to test the effectiveness of aid spending through the UK Official Development Assistance budget.

Answered by: Lord Bates

Answered on: 25 March 2019

UK ODA is scrutinised by the Independent Commission for Aid Impact (ICAI), which focuses on the delivery of value for money and maximising the impact and effectiveness of UK aid. ICAI reports directly to Parliament through the International Development Committee (IDC) ensuring both independence and accountability of the ODA. The National Audit Office also scrutinises departmental spending including the effectiveness of ODA spending.

As part of DFID's programme approval process, an accredited Evaluation Advisor reviews the evaluation plan for the ongoing effectiveness of the programme. DFID reviews all programmes annually, providing an assessment of performance, ongoing relevance, value for money, lessons learned, and any remedial action required. Individual government departments are responsible for design, evaluation and governance of their Overseas Development Assistance (ODA) budget. However, DFID makes available some relevant evaluation tools to support other departments.

PQ [233552](#): Overseas Aid

Asked by Andrew Rosindell (Romford)

Asked on: 18 March 2019

Department for International Development

To ask the Secretary of State for International Development, if she will make an assessment of the potential merits of her having sign-off and accountability for aid spending by other Government Departments.

Answered by: Alistair Burt

Answered on: 25 March 2019

Aid spending is subject to the same rules as all other public expenditure. In line with Treasury rules on Managing Public Money, departments through their accounting officers have ultimate and direct responsibility for their share of the aid budget and remain accountable to Parliament and UK taxpayers for how they spend it. The Government has well

established mechanisms to govern aid spending and DFID provides support to other government departments to help strengthen the quality of their aid spending and maximise its impact on poverty.

PQ 239335: Overseas Aid

Asked by Andrew Rosindell (Romford)

Asked on: 01 April 2019

Department for International Development

To ask the Secretary of State for International Development, for what reasons the Government provides development assistance to countries with a space agency.

Answered by: Harriett Baldwin

Answered on: 08 April 2019

UK aid aims to achieve the United Nations' Sustainable Development Goals and the Government's objectives as set out in the 2015 UK Aid Strategy. This is firmly in the UK's national interest. As such, the UK focuses most of its aid spending on countries with the highest need; in low-income, fragile, and conflict-affected regions. However, in some middle-income countries there are still enduring high levels of poverty. These countries may no longer need grant aid in the form that we have previously provided, but may require assistance in other ways, such as technical expertise or help raising their own revenue to reduce poverty. This assistance may continue after a country has reached middle-income status and its economy modernises. The 2016 bilateral and multilateral development reviews set out our approach to allocations in more detail. As the Secretary of State has made clear, DFID will not just spend aid well, but will ensure that it could not be spent better.

PQ 242917: Poverty: Overseas Aid

Asked by Preet Kaur Gill (Birmingham, Edgbaston)

Asked on: 09 April 2019

Department for International Development

To ask the Secretary of State for International Development, pursuant to the Answer of 25 March 2019 to Question 238674 on Department for International Development: Secondment, whether the essential delivery objectives of her Department includes ending extreme poverty.

Answered by: Harriett Baldwin

Answered on: 15 April 2019

All Government departments have been requested to restrict their work to essential business only, allowing all other staff to be available for EU exit related priorities. For DFID, the definition of essential work is spending 0.7% of GNI (Gross National Income) on international development in an effective and value for money way and providing lifesaving humanitarian response. Ending extreme poverty remains a departmental strategic priority.

PQ [253556](#): Overseas Aid

Asked by Fiona Bruce (Congleton)

Asked on: 13 May 2019

Department for International Development

To ask the Secretary of State for International Development, whether the aid budget is used to influence overseas governments to make policy changes.

Answered by: Harriett Baldwin

Answered on: 16 May 2019

UK aid directly and indirectly informs and supports policy changes in partner countries in line with their challenges and priorities and consistent with a focus on eradicating poverty and achieving the Sustainable Development Goals. This also serves the UK's national interest.

PQ [262268](#): Overseas Aid

Asked by Paul Farrelly (Newcastle-under-Lyme)

Asked on: 10 June 2019

Department for International Development

To ask the Secretary of State for International Development, what steps his Department is taking to ensure that Official Development Assistance is allocated to (a) ethical, (b) sustainable and (c) environmentally-sound projects.

Answered by: Harriett Baldwin

Answered on: 13 June 2019

The Department for International Development's approach to design and implementation of development projects is governed by a set of rules and standards that reflect good development practice.

These rules and standards emphasise the principle of doing no harm. This ensures that interventions do not reinforce social exclusion and predatory institutions; exacerbate conflict; contribute to human rights or safeguarding risks. The rules also emphasise the importance of sustainability and resilience to generate lasting benefits for poor people. This includes ensuring that our interventions do not create or exacerbate resource scarcity, climate change and/or environmental damage.

PQ [228061](#): Overseas Aid

Asked by Mr Tanmanjeet Singh Dhesi (Slough)

Asked on: 04 March 2019

Department for International Development

To ask the Secretary of State for International Development, whether it remains her policy to allocate 0.7 per cent Gross National Income to poverty reduction programmes overseas.

Answered by: Harriett Baldwin

Answered on: 07 March 2019

The UK Government is committed to spending 0.7% of GNI as Official Development Assistance each year; a commitment which is enshrined in law. All of 0.7% must meet the ODA rules which means activities have the promotion of the economic development and welfare of developing countries as their main objective.

PQ [227987](#): Overseas Aid

Asked by Andrew Rosindell (Romford)

Asked on: 04 March 2019

Department for International Development

To ask the Secretary of State for International Development, what steps she is taking to ensure that aid spending supports the UK's political, commercial and diplomatic priorities.

Answered by: Harriett Baldwin

Answered on: 11 March 2019

As set out in the 2015 Aid Strategy, spending 0.7 on aid each year to strengthen global peace, strengthen resilience and respond to crises, promote global prosperity and tackle extreme poverty are all Government priorities and serve in our national interest. This spending is key to the Government's Global Britain vision and makes a strong contribution to the UK's soft power and our ability to influence across the globe.

3.2 Debates

On 9 October 2018, Kate Osamor MP asked an Urgent Question on [Government Overseas Aid Commitment: Private Investment](#).

There was a Private Notice Question in the House of Lords on [Overseas Aid](#) on 30 January 2019. The discussion covered the 0.7% commitment and the targeting of aid.

Tanmanjeet Singh Desi MP led a debate in Westminster Hall on 27 February 2019 on the [Future of DFID](#).

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