

Supplementary Estimates memorandum (2019-20) for the Department for International Development

1 Overview

1.1 Objectives

The Department for International Development's (DFID) objectives, as set out in its published Single Departmental Plan¹, are as follows:

1. Peace - Strengthen global peace, security and governance
2. Planet – Strengthen resilience and response to crisis
3. Prosperity - Promote global prosperity
4. People - Tackle extreme poverty and help the world's most vulnerable
5. Partnership – Support a strong and resilient international system
6. Quality - Improve the value for money and transparency of UK aid

1.2 Spending controls

DFID's spending is broken down into a several different spending totals, for which Parliament's approval is sought.

The spending totals which Parliament votes are:

- Resource Departmental Expenditure Limit ("**Resource DEL**") - money that is spent on resource and administration costs
- Capital Departmental Expenditure Limit ("**Capital DEL**") - money that is spent on investments and assets to create growth in the future for either the UK or our partner governments.
- Resource Annually Managed Expenditure ("**Resource AME**") - annually managed expenditure, for spending that is considered difficult to control within fixed budgets due to its size or volatility
- Capital Annually Managed Expenditure ("**Capital AME**") - annually managed capital expenditure. DFID are required to record capital injections in DFID's wholly owned self-financing public corporation, CDC Group plc (CDC) as prescribed by the Government budgeting rules.

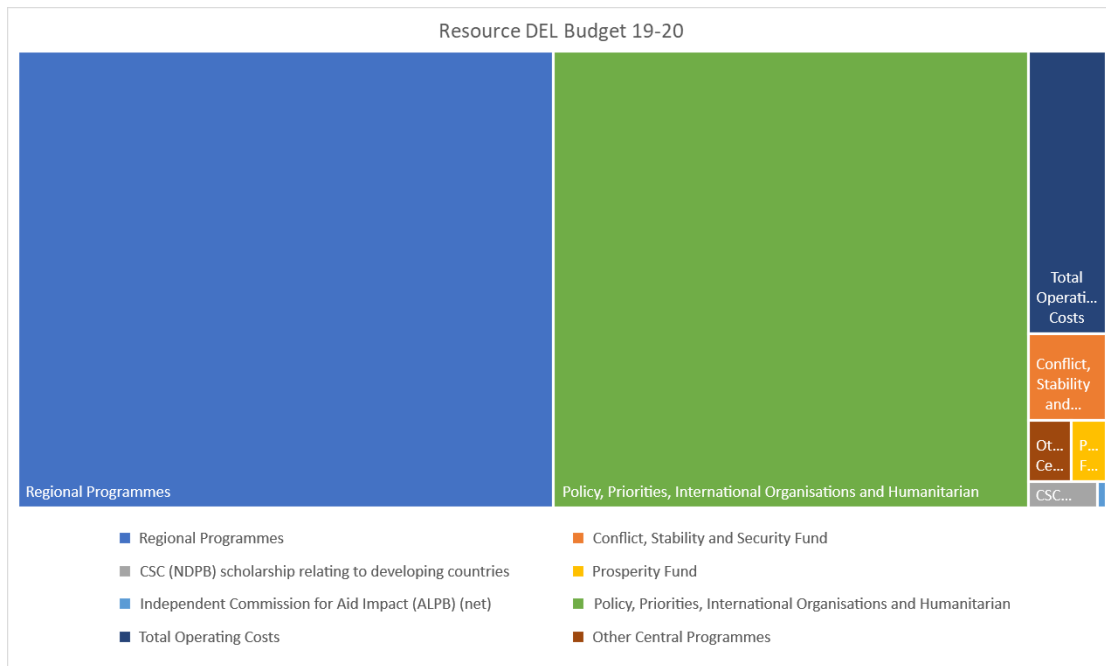
In addition, Parliament votes a net cash requirement, designed to cover the elements of the above budgets which require DFID to pay out cash in year.

1.3 Main areas of spending

The graphic below shows the main components of DFID's proposed budget for the current year, after taking account of the latest Supplementary Estimate, and the proportions of funds spent on its main activities.

¹ <https://www.gov.uk/government/publications/department-for-international-development-single-departmental-plan/department-for-international-development-single-departmental-plan--2>

Resource DEL (voted)



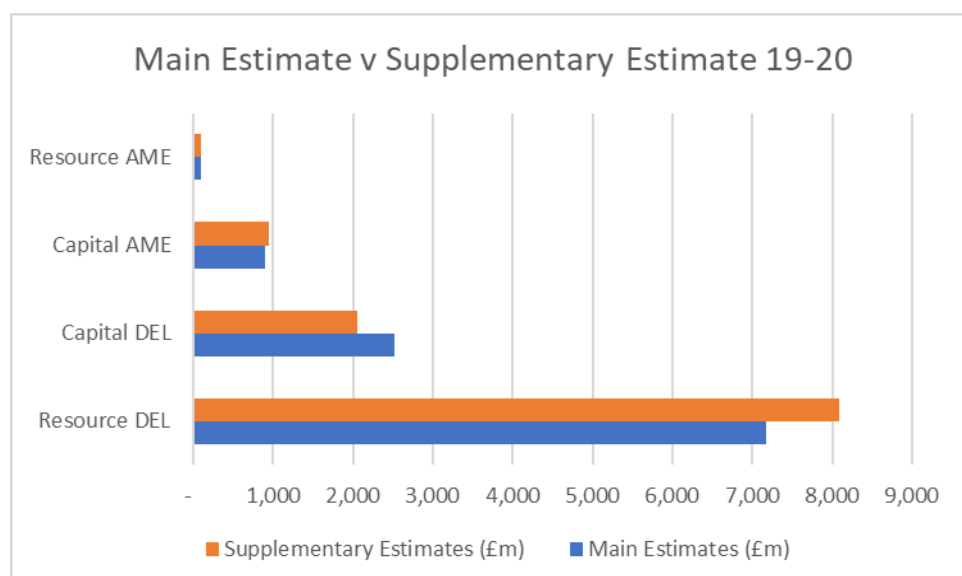
Capital DEL



1.4 Comparison of spending totals sought

The table and graphic below show how the totals sought for DFID compare with original budget set out in the Main Estimates:

Spending Total Amounts sought this year (Supplementary Estimate 2019-20)	Difference (+/-), compared to original budget this year (Main Estimate 2019- 20)			Difference (+/-), compared to final outturn last year (Outturn 2019-20)	
	£m	£m	%	£m	%
Resource DEL	8,079.7	903.2	12.6%	883.3	12.3%
Capital DEL	2,059.6	- 467.2	-18.5%	- 1,044.9	-33.7%
Capital AME	955.0	58.0	6.5%	219.0	29.8%
Resource AME	94.5	-	0.0%	249.3	161.1%



1.5 Key drivers of spending changes since original budget

The main causes of the changes are:

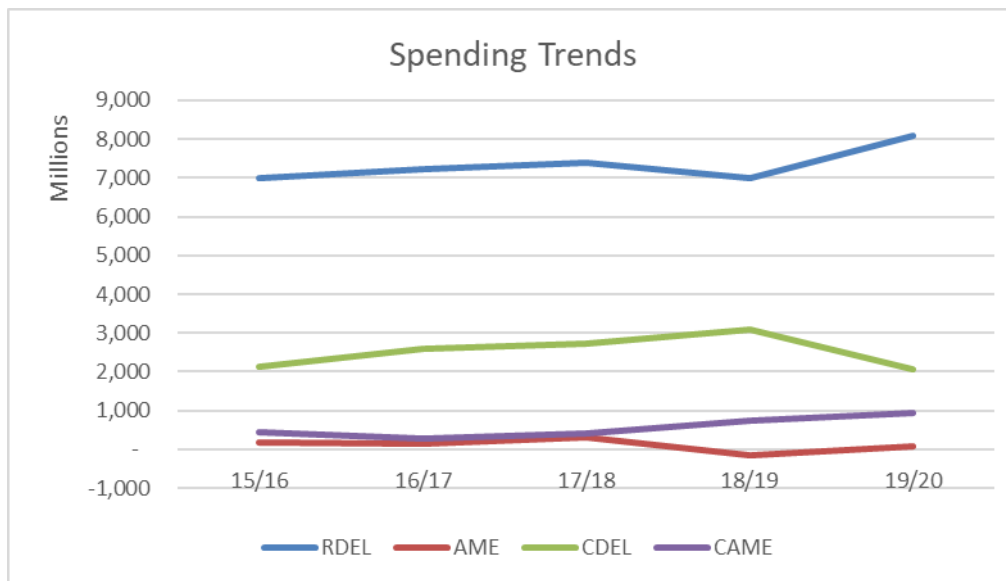
- i. RDEL (voted) budget has increased by £921m as follows:
 - £430m additional budget allocated from HM Treasury to provide DFID flexibility to meet the Government's commitment to spend 0.7% of GNI on international development;
 - £405m budget switch from CDEL to RDEL to deliver against our planned programming;
 - £18m budget switch from non-voted to voted;

- £60m transfer in from the Prosperity Fund; and
 - £8m of transfers from various other government departments
- ii. CDEL budget has decreased by £467m as follows:
 - £405m budget switch to RDEL to deliver against our planned programming;
 - £58m budgets switch to CAME to reflect for our full capital injections to CDC; and
 - £4m of transfers to various other government departments.
 - iii. CAME budget has increased by £58m in line with increase capital injections into CDC.
 - iv. Net Cash Requirement has increased by £984m due to our increase in overall budget and additional cash required for the encashment of promissory notes this financial year.

Detail of transfers in/out can be found in Annex A

1.7 Spending trends

The charts below show overall spending trends for the last five years and plans presented in Estimates for 2019-20.



- Resource DEL has remained broadly stable in the past 5 years with increases in 17-18 as additional budget received at supplementary estimates was utilised on Programme RDEL.
- Capital DEL budget has increased year on year between 15-16 and 18-19 as DFID's financial transactions ring-fenced budget has increased over the period and CDEL multilateral commitments have increased. The significant reduction in 2019/20 is predominantly as a result of a reduction in some of our key multilateral commitments as we approach their next replenishments.
- Resource AME is used primarily for accounting adjustments to provisions and financial instruments such as loans and shares. In line with ODA rules DFID

has decreased the number of loans being issued resulting in a reduction in Resource AME in 2018/19 and remain consistent in 2019/20.

- Capital AME budget is used to make investments in DFID's wholly owned self-financing public corporation, CDC Group plc (CDC). Capital injections into CDC contributes towards DFID's financial transactions target.

1.8 Administration costs and efficiency plans

Administration costs are set to fall by 3% in 2019-20 compared to last's year final outturn. This is predominantly due to Government Equalities Office expenditure recorded in 2019/20.

Spending Total		Difference (+/-), compared to original budget this year (Main Estimate 2019-20)		Difference (+/-), compared to final outturn last year (Outturn 2019-20)	
Amounts sought this year (Supplementary Estimate 2019-20)		£m	%	£m	%
Administration Costs	£m 120	-	-	-	4 -3%

DFID is on track to make almost £500 million in efficiency savings by 2019/20, higher than the £400m target set in the 2015 Spending Review. The department's overall administration budget has decreased as a percentage of Total DEL from 1.58% (£123 million) in 2011-12 to 0.73% (£120 million) in 2019-20.

2. Spending detail

2.1 Explanations of changes in spending

Resource DEL

The table below shows how DFID's spending plans for Resource DEL compare with earlier this year. Resource DEL budget has increased by £903m (£921m increase in voted and £18m decrease in non voted).

Subheads	Description	Resource DEL				note number
		£ million				
		Main Estimate	Supp Estimate	change from original		
£	%					
A	CSC (ALB) (net) scholarship relating to developing countries	27.3	28.0	0.7	2.6%	
B	Total Operating Costs	337.8	336.4	- 1.4	-0.4%	
C	Independent Commission for Aid Impact (ALB) (net)	3.8	3.5	- 0.3	-8.0%	
D	Conflict, Stability and Security Fund	68.1	104.0	35.9	52.7%	1
E	Regional Programmes	3,200.7	3,745.4	544.7	17.0%	2
F	Other Central Programmes	204.4	40.2	- 164.1	-80.3%	3
G	Policy, Priorities, International Organisations and Humanitarian	2,790.4	3,324.7	534.3	19.1%	4
H	Prosperity Fund	61.0	32.5	- 28.5	-46.8%	5
Non-Voted Expenditure						
<i>Of which:</i>						
K	European Union Attributed Aid	483.0	465.0	- 18.0	-3.7%	
total voted and non voted		7,176.5	8,079.7	903.2	12.6%	
spending in Annually Managed Expenditure (AME)						
Voted expenditure						
<i>Of which:</i>						
L	Other Central Programmes	94.5	94.5	-	0.0%	
M	Policy, Priorities, International Organisations and Humanitarian					
Total spending in AME		94.5	94.5	-	0.0%	
Total for Estimate		7,271.1	8,174.2	903.2	12.4%	

Differences of more than 10% which are more than £10 million are explained below. Numbers relate to the relevant row in the table above.

1. **Conflict Stability and Security Fund** – Increased requirement for conflict funding in DFID regional programmes.
2. **Regional Programmes** – Increased funding allocated from the Crisis Reserve and also additional funding from the £430m increase from HMT for humanitarian activity.
3. **Other Central Programmes** - At main estimate the Central Programmes held the £200m crisis reserve budget. The budget has now been allocated to Regional Programmes and Humanitarian as and when crisis occur. Budget allocated so far this year for crises in Democratic Republic of Congo, Yemen, South Sudan and Somalia.
4. **Policy, Priorities, International Organisations and Humanitarian** – Increased RDEL funding from the CDEL to RDEL budget switch to meet programming requirements.
5. **Prosperity Fund** - budget has been reduced and funding returned to HM Treasury.

Capital DEL

The table below shows how spending plans for Capital DEL compare with the Main Estimate. Capital DEL budget has decreased by £409.2m (CDEL reduction of £467m offset by CAME increase of £58m).

Subheads	Description	Capital DEL				note number
		£ million				
		Main Estimate	Supp Estimate	change from original		
		£	%			
A	CSC (ALB) (net) scholarship relating to developing countries	-	-	-	-	
B	Total Operating Costs	-	-	-	-	
C	Independent Commission for Aid Impact (ALB) (net)	-	-	-	-	
D	Conflict, Stability and Security Fund	-	0.2	0.2	100.0%	1
E	Regional Programmes	442.0	384.3	-57.7	-13.1%	2
F	Other Central Programmes	7.2	9.2	2.0	27.8%	3
G	Policy, Priorities, International Organisations and Humanitarian	2,057.6	1,645.9	-411.7	-20.0%	4
H	Prosperity Fund	20.0	20.0	-	0.0%	
Non-Voted Expenditure						
<i>Of which:</i>						
K	European Union Attributed Aid	-	-	-	-	
total voted and non voted spending in Annually Managed Expenditure (AME)		2,526.8	2,059.6	-467.2	-18.5%	
Voted expenditure						
<i>Of which:</i>						
L	Other Central Programmes	-	-	-	-	
M	Policy, Priorities, International Organisations and Humanitarian	897.0	955.0	58.0	6.5%	5
Total spending in AME		897.0	955.0	58.0	6.5%	
Total for Estimate		3,423.8	3,014.6	-409.2	-12.0%	

Differences of more than 10% which are more than £10 million are explained below.

- Conflict, Stability and Security Fund** – increased due to the classification of a small CDEL programme.
- Regional Programmes** - Capital DEL spending plans set out at Main estimate reduced during the year due to a technical re-classification of programme expenditure to RDEL.
- Central Programming** - Increase in CDEL expenditure is due to additional CDEL funding for central programmes.
- Policy Priorities, International Organisations and Humanitarian** – Reductions in CDEL expenditure is due to reduced level of multilateral commitments. Therefore, funding moved to RDEL programming.

Capital AME

- Policy Priorities, International Organisations and Humanitarian** – Increase of £58m from main estimates represents an increase in budget to DFID's wholly owned self-financing public corporation, CDC Group plc (CDC)

2.2 Ring fenced budgets

Within the totals, the following elements are ring fenced i.e. savings in these budgets may not be used to fund pressures on other budgets

Ring Fenced Budgets	Supplementary Estimates (£m)	Main Estimates (£m)	Change (£m)	% Change
Financial Transactions	1,020.0	1,020.0	-	0.0%
International Climate Fund	648.0	648.0	-	0.0%

The Financial Transaction budget has remained the same, however, budget has been transferred from Capital DEL to Capital AME for DFID's capital injection into CDC. DFID remains on track to deliver its 19-20 International Climate Fund ringfence.

2.3 Changes to contingent liabilities

There have been 3 material changes to our contingent liabilities:

- At 31st May 2019, DFID and International Bank for Reconstruction and Development entered in to a guarantee agreement with respect to the Bank's loan to Jordan up to a maximum of \$250m.
- As part of the wider UK capital contribution to the World Bank Group, DFID increased its share of the International Bank for Reconstruction and Development callable capital. This contingent liability is valued in at £1.45bn.
- The guarantee in relation to the European Civil Protection and Humanitarian Aid Operations, (formerly known as the European Community Humanitarian Aid Office (ECHO)) has expired and therefore has been removed.

3. Accounting Officer Approval

This memorandum has been prepared according to the requirements and guidance set out by the House of Commons Scrutiny Unit, available on the Scrutiny Unit website.

The information in this Estimates Memorandum has been approved by the Departmental Accounting Officer.

Matthew Rycroft CBE
Accounting Officer
Permanent Secretary
Department for International Development
3 February 2019

Annex A

Transfers to/from Other Government Departments

From	To	Description	Value of Transfer	
			RDEL £m	CDEL £m
Budget Cover Transfers:				
FCO	DFID	CSSF	35.90	
FCO	DFID	CSSF	5.00	
FCO	DFID	Global Trade Programme	4.50	
FCO	DFID	Africa Investment Summit	1.50	
FCO	DFID	Return of Funding: Strengthening Political Participation Dhaka	0.55	
DIT	DFID	Africa Investment Strategy	0.40	
HMT	DFID	Increased Funding from HM Treasury	430.00	
DIT	FCO	Prosperity Fund underspend	0.71	
FCO	DFID	Prosperity Fund underspend	56.00	
CO	DFID	Prosperity Fund underspend	2.34	
DFID	BEIS	Africa Strategy	(0.06)	
DFID	HMRC	Capability Building Unit	(0.07)	
DFID	MoD	Africa Strategy	(0.08)	
DFID	CO	Government Commercial Service	(0.13)	
DFID	BEIS	Delivering ambition of the United Nations	(0.15)	
DFID	HMT	HM Treasury funding	(0.20)	
DFID	HO	Africa Strategy	(0.21)	
DFID	HMT	Prosperity Fund Underspend to Treasury Reserve	(23.77)	
DFID	HMRC	Africa Strategy	(0.25)	
DFID	FCO	Preventing Sexual Violence in conflict	(0.30)	
DFID	DCMS	ODA transitional funding	(0.34)	
DFID	DIT	Africa Strategy	(1.10)	
DFID	DEFRA	Tackling Illegal Wildlife Trade	(1.30)	
DFID	FCO	UK Trade Partnerships Programme	(1.29)	
DFID	DCMS	Prosperity Funding for International Tech Hubs	(1.60)	
DFID	MoD	Ex-gratia Redundancy Scheme Afghanistan	(1.64)	
DFID	DIT	Development Team ODA Funding	(1.66)	
DFID	FCO	Africa Strategy	(3.45)	
DFID	FCO	Contribution to Estates Project Costs	(1.51)	
DFID	HMRC	Africa Strategy CSSF		(0.04)
DFID	FCO	1HMG Capital Costs		(0.16)
DFID	DEFRA	Monitoring, Evaluation and Learning from the ICF		(0.17)
DFID	BEIS	Monitoring, Evaluation and Learning		(1.64)
DFID	FCO	Contribution to Estate Project Costs		(2.19)
Net budget transfers in/(out) between DFID and Other Government Depts			497.79	(4.20)
Net Transfer in to DFID			493.59	

Table B: How DEL funding plans for 2019-20 have altered since Spending Review 2015

£ million				
	admin	programme	Resource DEL total	Capital DEL &AME
DEL baseline for SR2015 (2015-16)	120	7,901	8,021	3,091
SR2015 addition for 2018-19, compared to 2015-16 baseline				
Spending Review outcome	120	7,901	8,021	3,091
adjustments to reflect Estimates treatment (ie adding grants to academies and deducting academies' spending)				
Spending Review total on Estimates basis	120	7,901	8,021	3,091
Additional, new, money awarded since SR2015:-				
<i>Budget 2016</i>				
Increase / (Decrease) to DFID		-415	-415	415
<i>Budget 2017</i>				
Increase / (Decrease) to DFID		-287	-287	
Increase / (Decrease) to OGDs & Cross Gov Funds		-244	-244	
<i>Budget 2018</i>				
Increase / (Decrease) to DFID		-80	-80	186
Increase / (Decrease) to OGDs & Cross Gov Funds		-220	-220	
<i>Budget 2019</i>				
Increase / (Decrease) to DFID		402	402	-272
Estimating, forecasting and reprofiling changes:-				
			0	
Neutral funding changes between departments:-				
<i>Machinery of government changes:-</i>				
			0	
<i>Other funding transfers:-</i>				
Additional funding from HMT		430		
Switch from CDEL to RDEL		405		-405
Transfers in from Prosperity Fund		60		
Net transfers in from Other Government Depts		8		
2019-20 Supplementary Estimate totals as at April 2019	120	7,959	8,079	3,015