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Sarah Champion MP
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Dear Sarah,

Thank you for taking the time to speak on the telephone earlier this week. Following our conversation, I wanted to write to set out further detail about the change in next year's Official Development Assistance (ODA) budget.

This decision has been taken with real regret. The global pandemic has forced us to reduce our budget. However, our commitment to be a world-leading donor does not change. We will spend 0.7 per cent this year and it is our intention to return to this when the fiscal situation allows.

Despite next year's adjustment, and using the latest official figures from the OECD (from 2019), the UK will likely be the second most generous ODA spending country in the G7 as a percentage of our national income (GNI) in 2021.

In real terms, this is likely to mean more than £10 billion to fight poverty and climate change, improve global health, support open societies, invest in scientific research and help to achieve the UN's Sustainable Development Goals. This means still helping countries to become self-sufficient; ending preventable deaths of mothers, new-born babies and children by 2030; and fighting diseases like Coronavirus, Ebola or Malaria.

I am also determined to get the best impact for the money we spend. Too often aid has lacked coherence, oversight or appropriate accountability across Whitehall. On 26 November, I set out in the House of Commons new measures to ensure every penny we spend goes as far as possible and makes a world-leading difference. We will make ODA more strategic and effective than ever, under a new strategic framework for ODA, which will replace the 2015 UK aid strategy.

The framework will set out new measures to more deliver better outcomes.

This includes three ways to focus aid on strategic priorities:

- First, to end the proliferation of policy priorities across Whitehall, all aid will be focused on **seven global challenges** where the UK can make the most difference. These are:
 - **Climate Change and biodiversity:** A greener and cleaner path to growth in developing countries. This will include maintaining our five-year commitment to spend £11.6 billion on climate change, investing in research and science, and supporting countries to develop their own climate action plans.
 - **COVID and global health security:** Combat Covid-19 and support healthier and more resilient populations in developing countries. We will do this through major investments in global initiatives such as the GAVI vaccine alliance, core funding to the World Health Organisation, and by supporting fragile health systems in developing countries.
 - **Girls' education:** A global commitment to get 40 million girls into education and 20 million more girls reading by the age of 10.
 - **Science, research, technology:** Deliver cutting edge technology and research-led solutions in health, education, resilience, low carbon technologies, agriculture and economic development, conflict and poverty. This includes leveraging global science partnerships, drawing on the UK's own science expertise.
 - **Open societies and conflict resolution:** Strengthen democratic institutions, human rights, free media and effective governance. This includes international campaigns on democracy, human rights and media freedom, and maintaining an independent UK sanctions regime to tackle global corruption.
 - **Humanitarian preparedness and response:** Lead stronger collective international response to crises and famine. This includes reforming the international humanitarian system, maintaining a minimum FCDO crisis aid reserve, and promoting science and digital technology to offer faster and cheaper delivery to those affected by crises.
 - **Trade and economic development:** Build trading and investment partners of the future. This includes helping countries to trade, create better investment environments, infrastructure and access to finance, backed by investment from CDC and UK Export Finance.
- Second, we will focus only on **countries where the UK's development, security and economic interests align**, such as sub-Saharan Africa and the Indo-Pacific region. The FCDO will ensure the UK's development and diplomatic efforts are combined.
- Third, our **core investment in multilateral development banks** will be based on these strategic objectives. The UK will remain the largest donor to the World Bank and a major donor to the World Health Organisation in order to help shape global development.

We will also introduce three measures to improve the quality of aid across Government:

- **FCDO will decide the final allocation of ODA** to other Departments, in line with these strategic objectives and with agreement of relevant Secretaries of State. This will mean 93.5 per cent of the UK's aid will either be spent by – or allocated to others by – the FCDO. This includes moving the Prosperity Fund to FCDO's baseline to better integrate its work. The Conflict Stability and Security Fund provisional discretionary ODA will be reviewed as part of this process.
- All aid projects will be **assessed through this process, led by FCDO**. Programmes will be judged against how they fit with the UK's strategic objectives, evidence of impact achieved, and whether they are value for money. Failing or underperforming projects will be weeded out and closed.

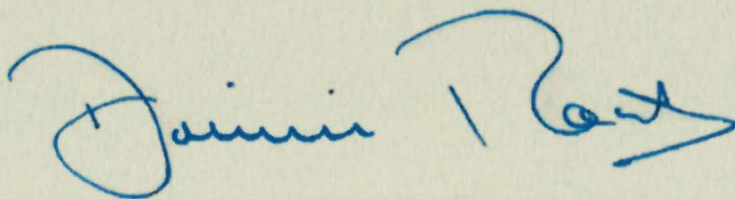
As part of this, aid programmes will be chosen using the best evidence, with clear understanding of likely impact, including through advice from FCDO's Head of Mission, and judged through agreed delivery frameworks and Key Performance Indicators.

Bilateral programmes, with their advantages of effectiveness, local ownership and strategic impact will be the default, except for obvious exceptions such as global research, policy influencing, partnership with UK centres of excellence, or core multilateral activity.

All other centrally managed programmes should move to bilateral or regional delivery models where it is more cost-effective or efficient to do so.

- Finally, restrictive and outdated spending limits – known as Total Operating Cost controls – which forced Departments like DFID to outsource work to expensive consultants will be lifted, allowing **greater flexibility to design the best project**. I believe that a genuine choice of delivery mechanisms, rather than the reliance on mega-contracts with delivery agents, will deliver better results. FCDO and HMT will now design a new administrative cost framework to deliver this.

Taken together, these reforms will make aid more effective. This is more crucial than ever. As we recover from the pandemic and prepare to hold the G7 presidency and host COP26 next year, must make our investment go as far as possible. I look forward to discussing these proposals with you in the coming weeks.

A handwritten signature in blue ink, appearing to read 'Dominic Raab', with a stylized flourish at the end.

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