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Sarah Champion MP
Chair, International Development
Committee
House of Commons
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20 March 2024

Dear Sarah

Thank you for your letter about the Home Office's (HO) Official Development Assistance (ODA) spend, the impact on the FCDO's programmes in 2023-24, and the FCDO's Supplementary Estimate memorandum for 2023-24.

Overall proportion of ODA spent by the FCDO and Home Office

You asked for the overall proportion of ODA the FCDO and HO expect to spend this year.

ODA is reported on a calendar year basis. Preliminary figures on UK ODA spend in 2023, including the proportion of ODA spent by the FCDO and HO, will be published in the provisional Statistics on International Development on 10 April. The Code of Practice for Statistics states that all users should have access to figures at the same time to protect the integrity and trustworthiness of UK national statistics. We cannot, therefore, share 2023 ODA spend figures ahead of this publication. In 2022, the FCDO spent 59.7% of total UK ODA and HO spent 18.7%.

Regarding 2024, we will receive the initial ODA spending estimates from the HO and Other Government Departments in April. There are many moving parts that determine the proportion of spend in the FCDO and the HO each year. The FCDO, as ODA spender or saver of last resort, adjusts its spend to respond to changes in Gross National Income (GNI), ODA spend in the calendar year by Other Government Departments and non-departmental spend such as debt relief and gift aid. A reasonable estimate of the proportions for 2024 are not yet available. Nevertheless, the FCDO works closely with other ODA spending departments, including through

governance arrangements that include the Home Office and HM Treasury. A cross government steering group on in-donor refugee costs will meet regularly throughout the year.

Provisional figures for 2024 ODA spend will be published in Spring 2025. Planned 2024-25 FCDO ODA allocations were published in the FCDO Annual Report and Accounts in July 2023. These allocations may change during the financial year to respond to emerging ODA needs and priorities.

FCDO ODA spending in 2023-24 and 2024-25

You also asked for details of any FCDO programmes, projects or funding commitments that had to be reprioritised or cancelled in 2023-24 to accommodate the increase in Home Office ODA expenditure.

As set out in the 2022 Autumn Statement, £2.5 billion of additional ODA resources were allocated across 2022-23 and 2023-24 to help meet the exceptional costs incurred supporting people from Ukraine and Afghanistan. To manage the remainder of the expected pressure on ODA budgets, the FCDO, as ODA spender or saver of last resort, planned savings from its Spending Review 2021 allocations, delivering a £1.7 billion saving in 2022-23 and anticipating a saving of £1.5 billion in 2023-24 and £1 billion in 2024-25. The 2023-24 and 2024-25 ODA allocations published in the 2022-23 Annual Report and Accounts reflected the anticipated savings required.

Bilateral 2023-24 ODA programme budgets across the FCDO's network were reduced to contribute to the savings target. FCDO Ministers were able to decide targeted increases to some bilateral budgets, informed by the Equality Impact Assessment provided to your Committee in Minister Mitchell's 19 July 2023 letter. Decisions about which programmes to reduce to achieve the savings target were delegated to Directors and Heads of Mission across the network, with instructions to achieve the best value for money possible and to take account of the FCDO's strategic priorities.

The FCDO's payments to multilateral organisations were also reprofiled in 2023-24 and 2024-25, to help smooth the Department's overall spending plans in those years. The FCDO continues to meet all its financial commitments to multilateral organisations.

In December 2023, Minister Mitchell wrote to you setting out that, because of an increase in the value of 0.5% GNI and a reduction in forecasts for non-FCDO ODA spending, the £1.5 billion planned FCDO ODA saving in 2023-24 was no longer required. Ministers decided that, at the late stage in the calendar year, it was not possible to use this resource to restore 2023-24 bilateral budgets. Instead, the FCDO brought forward planned multilateral spend from 2024-25 and 2025-26, to create new space in the ODA budget. In 2024-25, this fiscal space allowed funding for ministerial strategic priorities, including targeted bilateral ODA budget increases. Full details of 2023-24 FCDO ODA spend will be published in the FCDO Annual Report and Accounts in July 2024. Regarding 2024-25, as we are anticipating in-donor refugee costs to remain high this year, the FCDO is proceeding on the assumption the £1 billion planned saving will be required. We are working closely

with the Other Government Departments to monitor whether this needs to be adjusted.

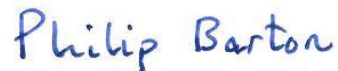
Requests regarding future memoranda

You also asked future memoranda to include: i) inter-departmental use of the ODA budget and ii) reprioritisation of projects and programmes that has taken place in-year to accommodate redistribution of the ODA budget between departments.

We are committed to making the Estimates memorandum as useful as possible for Select Committees. We will consider adding additional information on the FCDO's ODA ring-fenced budget within Section 2.3 (Ring-fenced budgets) of future memoranda. Information on ODA budget ringfences within other government departments can be found within Section 2.3 of their respective memoranda.

Significant changes to the FCDO's ODA budget that result from transfers of ODA budget to other Government Departments would be detailed within Section 2.1 of the memorandum (Explanation of changes in spending). Full details of FCDO ODA spending will be published within Annex A of the FCDO's Annual Report and Accounts as usual.

Yours sincerely



**Sir Philip Barton
Permanent Under-Secretary
Foreign Commonwealth & Development Office**