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The Rt Hon Baroness Anelay of St Johns
Chair, International Relations and Defence
Committee
House of Lords
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23 February 2021

Dear Baroness Anelay,

Thank you for your letter of 4 February regarding Official Development Assistance (ODA). I have responded separately to your letters on related subjects of 25 November 2020 (my response dated 2 December 2020) and 3 and 16 December 2020 (my response to both dated 25 January 2021).

Further to those earlier letters, you asked me to clarify the rationale for the policy decision to reduce the ODA budget. This difficult – but temporary – decision was driven by the impact of the global pandemic on the UK economy and the public finances. The UK is facing the worst economic contraction in over 300 years, and a budget deficit of close to £400 billion. At 19% of GDP this is around double that of the last financial crisis. We must protect the economy during the pandemic. We remain a world leading donor and based on current GNI forecasts will spend over £10bn of ODA in 2021.

You also asked for further clarification about the seven themes of the ODA Strategic Framework, how these relate to Ministers' statements in the House of Lords in December, and their consistency with the International Development Act 2002. The seven themes of our new ODA Strategic Framework, which I set out in my letter to you of 2 December, are those which will guide the UK's ODA spend in 2021/22. They are those where we can make the most difference to the world's most important challenges, both for our citizens and our partners; and are in the overarching pursuit of poverty reduction, consistent with section 1 of the International Development Act 2002.

As Baroness Goldie described on 14 December, I carried out an earlier and separate exercise to identify the changes to UK ODA budgets for 2020 required to ensure the government would continue to meet, but not exceed, the 0.7% commitment last year given the decrease in the size of the UK economy. I previously wrote to your Committee on 22 July 2020 to describe the process for that exercise, the criteria and priorities on which it was based, and its results.

Your most recent letter asked for further information on four issues. I have answered these here as fully as I am currently able, though you will understand that further details will depend on the decisions I and other FCDO Ministers are yet to take about the allocation of ODA budgets for 2021/22.

Question 1 – Return to 0.7 and future legislation

The economic situation we face is difficult to predict and therefore we are monitoring the situation and planning accordingly. The PM, Chancellor and I are all in agreement that the UK will return to 0.7 as soon as the fiscal situation allows. The International Development (Official Development Assistance Target) Act 2015 provides for accountability to Parliament in circumstances where the 0.7% target is not met, and I will report to the House in the proper way. I am looking very carefully at the requirements of the legislation and will set out further detail on how we intend to proceed in due course.

Question 2 – ODA reductions in 2020 and 2021

FCDO Ministers have not yet taken decisions on country or thematic ODA budget allocations for 2021/22. Those budgets will be allocated based on the seven core priorities which I have set out for the UK's aid budget. This will also take into account considerations of need, including levels of poverty, ability of countries to self-finance poverty reduction and the UK's comparative advantage, to ensure that every penny we spend on ODA goes as far as possible and has the greatest impact the UK could help achieve.

The UK has a world-renowned reputation on transparency and is committed to aid transparency both legally and publicly. A breakdown of ODA spend in 2020 will be published in the Provisional Statistics on International Development in the Spring.

Question 3 – Strategic framework

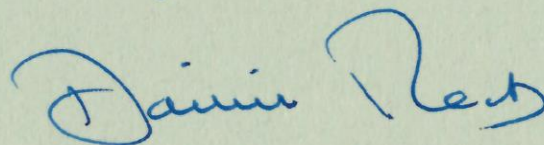
The ODA Strategic Framework for 2021/22 is as I set out to you in my letter of 2 December 2020, my statement to the House of Commons of 26 November 2020, and my Written Ministerial Statement of 26 January 2021. In my evidence to the International Development Committee on 26 January 2021 I spoke of the 'SR' in reference to the 2020 Spending Review.

The Prime Minister has asked me to lead a cross-departmental review on a new development strategy to ensure close alignment of UK aid with the objectives to be set out in the Integrated Review of Security, Defence, Development and Foreign Policy, from 2022 onwards. This work will necessarily follow the publication of the Integrated Review in March 2021.

Question 7 – Oversight of ODA

The cross-government review I led of 2021/22 ODA budgets has delivered on the Prime Minister's ambition to bring greater coherence and strategic oversight to the UK aid budget. The Government will drive forward this agenda in 2021 through clear ministerial accountability and oversight for all our development spend. I am currently considering the appropriate mechanisms for this oversight.

Yours sincerely,



THE RT HON DOMINIC RAAB MP