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The Rt Hon the Baroness Anelay of St Johns
Chair, International Relations and Defence
Committee
House of Lords
London SW1A 0AA

21 April 2021

Dear Baroness Anelay,

In my letter of 25 March I said that the FCDO internal business planning process was nearing conclusion. I previously committed to update the International Development Committee once this process was complete and the FCDO ODA budget for 2021-22 was finalised. I am writing now to provide that update, which will be published in a Written Ministerial Statement today.

This year FCDO will spend £8,115m of ODA, which represents over 80% of the UK ODA budget in 2021/22. The financial conditions have required difficult but necessary decisions. There will be reductions in all sectors compared to 0.7%. However, I have worked to ensure every penny of ODA is allocated to our priorities, bringing maximum strategic coherence, impact, and value for money. We will sustain the UK's commitment to the world's poorest people and the UK will spend more on international aid in 2021 as a proportion of our national income than the majority of the G7.

As I set out to Parliament in November, the FCDO will allocate our resources for the purposes of poverty reduction to seven priorities: climate and biodiversity, Covid and global health, girls' education, science and research, open societies and force for good, humanitarian assistance, and trade. This reflects the vision set out in the Integrated Review: an independent and sovereign global Britain, acting act as a force for good in the world.

The 2021/22 ODA portfolio marks a strategic shift. The merger producing the FCDO puts our aid budget to work alongside our diplomatic network, our science and technology expertise and our economic partnerships in tackling global challenges. The alignment of departments at Posts – and the cross-government Country Plans which will now underpin delivery – have helped to drive this integration.

Thematic allocations

The final thematic allocations set out at Annex A will focus our spend on:

- **Climate.** FCDO will maintain a strong climate and biodiversity portfolio of £534m as we host COP26. In total, the FCDO will deliver more than £941m of

activities this year, across all themes that count towards the UK's flagship £11.6bn International Climate Finance target.

- **Health.** FCDO will spend £1,305m on health. We will focus on the UK's position at the forefront of the international response to Covid-19, through our commitments to COVAX, GAVI and WHO, and through bilateral spend where the need is greatest in Africa.

Girls' education. FCDO will spend £400m on girls' education. We will invest directly in over 25 countries and in the Global Partnership for Education which we are proud to co-host this year. Our investment will help to achieve the global target to get 40 million girls into education.

- **Humanitarian preparedness and response.** FCDO will spend £906m on humanitarian work. We will maintain the UK's role as a force for good at times of crisis. I have aligned our country portfolio with those countries most affected by the current risk of famine: Afghanistan, DRC, Nigeria, Somalia, Sudan, South Sudan, Syria, and Yemen. I am also creating a £30m crisis reserve enabling us to respond within 24 hours to new crises.
- **Science & Technology.** The FCDO will spend £251m on R&D across themes and £38m specifically on science and technology. I have focused the FCDO portfolio tightly on the priorities of the Strategic Framework, including innovations in satellite imagery and AI to support humanitarian response, new affordable treatments for Covid-19, and new climate resilient technologies and crop varieties.
- **Open societies and conflict resolution.** FCDO will spend £419m on open societies and conflict resolution. We will develop a UK USP on conflict management and resolution, as outlined by the Integrated Review, including a focus on Yemen, Somalia and Cyprus; and focus on core campaigns on media freedom, human rights and freedom of religious belief to support our G7 ambitions. We will further drive impact and support democratic values and institutions through our diplomacy, including our new sanctions policy, which will shortly be extended to cover corruption. I have also taken action to protect Civil Society programmes as much as possible, particularly Comic Relief, Commonwealth Veterans, Jo Cox Memorial grants within UK Aid Direct, UK Aid Match and VSO.
- **Economic development and trade.** FCDO will spend £491m on economic development and trade. We will target support for new trade relationships with developing country partners in Africa and the Indo-Pacific, complementing our multilateral and capital investments to build the trade and investment partners of the future. We will use CDC and our multilateral contributions much effectively to drive mutually beneficial growth with our strategic partners.

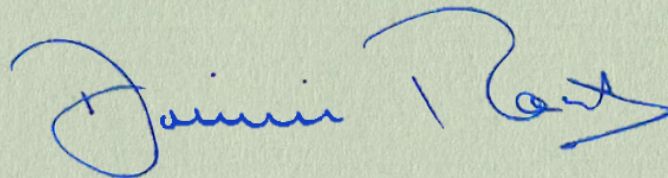
Geographic allocations

Geographically these allocations ensure that the UK continues to act as a major force for good in Africa and strategically tilts towards the Indo-Pacific:

- We will spend around **50% of FCDO bilateral ODA in Africa**, where human suffering remains the most acute. We will focus 60% of that bilateral Africa spend on East Africa, where the UK has a long history of engagement, a unique role and clear national strategic interest, particularly in Ethiopia, Kenya, Somalia and Sudan.
- We will spend approximately **32% of FCDO bilateral ODA in the Indo-Pacific and South Asia**, reflecting our tilt to the region, promoting open societies, reinforcing trade links and promoting climate change collaboration. We will fund the public commitments of our ASEAN Dialogue Partner bid, alongside our diplomatic and policy work; and an India portfolio which follows the UK-India Road Map.
- **In China**, I have reduced FCDO's ODA for programme delivery by 95% to £0.9m (with additional ODA in this year only to meet the contractual exit costs of former programmes). The remaining £0.9m will fund programmes on open societies and human rights.
- We will spend approximately **18% of UK ODA in the rest of the world**. In the **Eastern Neighbourhood**, FCDO will focus spend on countering malign external influence and encouraging regional stability.

These allocations ensure that the UK remains a world leader in international development and aid by deepening more effectively against our strategic priorities, and driving a more integrated approach facilitated by the creation of the FCDO, integrating diplomacy and development to achieve greater impact. We will return to our commitment to spend 0.7% of gross national income on ODA when the fiscal situation allows.

Following the FCDO merger, Integrated Review, and Spending Review, the next step will be to set out our long-term approach in a new international development strategy, building on the priorities set out (above) and ensuring the sustained alignment of our development capability with the objectives set out in the Integrated Review. I look forward to your ongoing input over the coming months.



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Annex A - thematic allocation

Thematic allocation

Thematic area	FCDO ODA allocation 2021/22, £m
Climate change and biodiversity	534
COVID and global health	1,305
Girls' education	400
Humanitarian preparedness and response	906
Open societies and conflict	419
Science, research and technology	38 (plus thematic R&D)
Trade and economic development	491
Financial transactions	863
Programmes with cross cutting themes	1,940
ALBs, International Subscriptions and other fixed costs	1,219
Total	8,115