



Department for
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14 June 2021

Dear Tom

I am writing to you in response to your letter on 24th May, concerning the impact that the change in ODA funding for this financial year has had on my Department's ODA-funded programmes.

My Department's ODA funding falls under two broad categories: International Climate Finance (ICF), shared with the Foreign, Commonwealth and Development Office (FCDO); and Research and Development (R&D) ODA, covering the Global Challenges Research Fund (GCRF) and the Newton Fund. I have addressed your four questions below for both areas of my Department's ODA spend.

1. A list of all programmes you have been running under ODA funding and what was the rationale for supporting the programme?

My Department's ODA portfolio has been developed in line with HMG's Strategic Framework for ODA and focuses particularly on Climate Change and biodiversity and Science, research, technology, where BEIS holds the right expertise and comparative advantage to deliver. This ensures that, despite difficult fiscal circumstances, BEIS is helping to deliver UK aid better across Government.

ICF

Climate is the top international, and international development, priority for HMG, as evidenced by the doubling of UK ICF support to at least £11.6 billion between 2021/22 to 2025/26, building on the successful delivery of £5.8 billion of programmes tackling climate change in developing countries between 2016/17 and 2020/21. BEIS ICF programmes target climate change mitigation and support clean growth in developing countries where the bulk of future greenhouse gas emissions lie. This reduces the impact of climate change and the poverty it will bring for the world's most vulnerable. It is a key element of meeting our Paris Agreement commitments. My Department has spent climate finance for 12 years and is a major contributor to ICF results: current and previous ICF programmes are expected to reduce, or avoid, 750Mt of CO₂e and have mobilised £6.3 billion. Given the urgency of climate action and our commitment to providing climate finance under the Paris Agreement, ICF spending has continued following the ODA cuts, with the overarching goals, ambitions and rationale for supporting the portfolio of BEIS ICF programmes remaining unchanged.

R&D ODA

BEIS's two R&D ODA funds leverage the best UK science and research capacity to reduce poverty and address development challenges across 73 low- and middle-income countries, through the development and use of new knowledge and technology. The BEIS Funds directly address the Strategic Framework for UK ODA priority of supporting development through science, research and technology; as well as other objectives such as global health and climate change. The Funds also support the ambitions set out in the Integrated Review, in establishing the UK as a science superpower and leveraging this soft power to deliver on our Global Britain diplomatic objectives.

- 2. A list of changes made to those programmes including: which programmes will be cancelled altogether; which will be suspended and for how long; which will have activities scaled back; and, which will remain unchanged.**

ICF

As a result of ODA reduction to 0.5%, the BEIS ICF budget for 2021/22 decreased to £466 million from £618 million in 2020/21. No BEIS ICF programmes currently underway have been cancelled or suspended as a result of this, and my Department has continued to drive progress forward in the year of COP26 and to support a green recovery after COVID-19.

The decrease in budget has partly been managed through identifying naturally occurring savings, for instance where programme timelines have been extended for operational reasons unrelated to the ODA reduction. A number of programmes were already coming to a planned end at the end of the previous Spending Review period, and we have prioritised the pipeline of new programmes in line with available resources, also making funding available for COP26 related priorities and R&D climate spend.

In particular, savings were made from not proceeding with an anticipated, but not yet committed, extension to the UK Climate Investments (UKCI) programme. The original £200m commitment from BEIS to this programme, that commenced in 2016, is anticipated to be completed in 2021/22. Due to the need to prioritise ICF budget, we decided not to extend the UKCI programme for a further investment period. The already existing UKCI programme is continuing to progress and deliver against its objectives, scaling up private climate finance flows into grid scale renewable energy and energy efficiency projects, and establishing new business models for replication.

R&D ODA

A breakdown of the allocations for R&D ODA by Programme (Fund) and by delivery partner is provided in the Annex A table. Neither the GCRF nor Newton Fund has been terminated/ suspended, but both have been scaled back significantly, including with some projects within them being cancelled. (Newton Fund by 62%, GCRF by 71%

compared to 20/21 equivalent budgets – these figures cover the entire breadth of delivery partners – the figures below cover solely UKRI).

The Funds are run on a delegated delivery model, through which Delivery Partners appraise and determine the research projects (activity) delivered. Based on our ongoing engagement with delivery partners, a summary of the impact on specific activities by partner is provided below.

UK Research & Innovation (by far the largest delivery partner for the BEIS R&D ODA Funds) will deliver its 21/22 ODA allocation (£106.4M GCRF and £18.8M Newton) through reducing the expenditure of GCRF and Newton projects by 65% and 24% respectively. UKRI also stopped £51.3m of approved new grants which had not yet started. These financial reductions to UKRI ODA budget will have implications for researchers, research outcomes and the beneficiaries of research across the UK and the world.

In addition, UKRI has agreed to a formal review of the GCRF Hubs (large multi-year commitments). The Hubs have been informed that future funding is dependent on the outcome of this review, as well as the upcoming Spending Review.

British Council has stopped new calls for recurring programmes such as Institutional Links, Researcher Links Travel and Workshop grants and the Newton Fund Impact Scheme due to their reduced allocation. They are continuing to support most of their active projects, albeit in some cases at a reduced level this year.

Academy of Medical Sciences have been able to cover all legal commitments for 21/22 within their reduced allocation. However, planned activity not legally committed at the time of the SR will now not take place.

Royal Society has scaled back their International Collaboration Awards, and significantly reduced its Future Leaders African Independent Research Fellowship programme, in order to remain within their reduced 2021/22 budget.

The Met Office's Newton Fund partnerships necessitated scaling back on planned activity and service development. However, an additional £3.5m of BEIS ICF ODA funding was provided to lessen the impact of the reduced budget and ensure continued delivery of impactful research and innovation, recognising the strategic importance of weather and climate focused international partnerships in the run up to COP26.

British Academy's planned further activities supported through both the Newton Fund and the Global Challenges Research Fund (GCRF) will not be going ahead in 21/22, including interdisciplinary projects, workshops with early career researchers, and professional development activities; however, the British Academy does have ongoing Newton and GCRF activities in 21/22 that are being supported fully until their completion.

Royal Academy of Engineering will be scaling back much of their planned activity this year, including the Leaders in Innovation Fellowships and Transforming Systems through Partnerships programmes, Engineering for Development Research

Fellowships, and the Africa Prize. All planned programmes will proceed but with reduced numbers of participants and levels of support to participants.

Since its inception, GCRF has supported a **Quality-Related (QR) Research** funding stream at approximately 25% of the fund total, allocated to Higher Education Institutions to support the balance of full economic costs associated with research grant activities and to fund ODA research activities directly. Given the scale of BEIS R&D ODA budget reduction in 2021/22, BEIS will not be making an accompanying QR allocation for GCRF this academic year, in order to preserve funding for programme activity.

3. What are the implications for the recipient community of the reduction in funding?

ICF

As the change in ODA funding has been managed through internal savings and by not extending investment periods, ICF programmes underway in 21/22 have been able to meet their pre-existing commitments.

Given the single year Spending Review and the potential for some BEIS ICF programmes to be transferred to FCDO in 2022/23, BEIS is seeking to manage any uncertainty for recipients by working closely with FCDO on multi-year programming and including appropriate provisions in grants and contracts to provide future flexibility.

R&D ODA

Given the broad and long-term nature of GCRF and Newton projects, it is difficult to quantify specifically the change in impact that the reduction in this year's ODA allocation has had.

As a result of how my Department has implemented this year's allocation, by limiting new activity, protecting legal commitments and activities with ethical considerations, prioritising the most impactful and those with most value-for-money, we have been able to limit the negative impact on our beneficiaries. The UK greatly values our international partnerships, however, in light of the severe impact that the covid pandemic has had on the UK economy, it has been necessary to make these temporary budgetary changes.

4. What are the knock-on implications for the UK?

As ODA Funds, neither ICF nor R&D ODA are intentionally designed to deliver benefits to the UK. However, it is possible to give a high-level overview of the importance of ODA Funds for the UK and of the likely impact the rapid change in funding levels will have.

ICF

Effective climate action is urgent and firmly in the UK's interest. The UK's upcoming COP26 presidency, for which ICF spend is significant, makes it even more critical we deliver on our climate priorities both domestically and internationally and that we are seen as a trusted partner, so we have prioritised climate commitments.

R&D ODA

Supporting UK science is a clear Government priority in both the Strategic Framework for ODA and the Integrated Review. By funding UK scientists and researchers to address global development challenges, the BEIS R&D ODA Funds have the dual effect of driving development impact and cementing the UK's Global Britain status as a science superpower. This includes supporting the UK research base to lead in novel areas of science and research, as well as facilitating partnerships around the world that position the UK as a research partner of choice for many emerging economies.

In addition, UK universities and research institutes have grown and developed a world-leading capability in the field of development research partly as a result of these, and other HMG R&D ODA Funds, and the Government being a leading funder in this area.

Yours sincerely,



RT HON KWASI KWARTENG MP
Secretary of State for Business, Energy and Industrial Strategy

Annex A – Breakdown of R&D ODA Allocations by Programme (Fund) and Delivery Partner

Newton Fund		
Delivery Partner	2020/21 budget¹ (£m)	2021/22 allocation (£m)
UKRI	55.2	18.8
Met Office	19.7	10.5
AMS	1.6	1.3
BA	0.6	0.1
RAENG	8.0	1.8
RS	4.8	1.1
British Council	11.6	4.0
BEIS operating costs	4.1	3.0
Total	105.6	40.6

Global Challenges Research Fund		
Delivery Partner	2020/21 budget¹ (£m)	2021/22 allocation (£m)
UKRI	287.1	106.5
AMS	2.1	0.4
BA	16.7	1.1
RAENG	8.8	2.9
RS	20.9	8.2
UKSA	23.2	6.0
QR	90.5	-
BEIS operating costs	4.1	4.3
Total	453.6	129.4

Other ODA²		
	2020/21 Target³ (£m)	2021/22 Target (£m)
Total	175	70

¹ Post 2020 ODA savings exercise

² R&D activity funded from BEIS core R&D (non-ODA) budgets, determined to have ODA eligibility

³ HMT-determined target



Foreign Affairs Committee

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From the Chair
Tom Tugendhat MP

24 May 2021

Rt Hon Kwasi Kwarteng MP
Secretary of State
Department for Business, Energy and Industrial Strategy

Dear Mr Kwarteng,

Together with the International Development Committee, the Foreign Affairs Committee is responsible for scrutiny of Official Development Assistance. In light of the Government's announcement that ODA spending will reduce from 0.7% to 0.5% of GNI, we are writing to all recipient departments to establish the impact of these cuts.

As a recipient of ODA, your department is likely to be in the process of reallocating resources. To date, the detail of the impact on programmes and implementing partners has been limited. Information in the public domain has mostly been provided by estimates from statisticians and statements from stakeholders (such as NGOs and multilateral organisations) who have received confirmation of changes to pre-agreed funding arrangements. It would be very helpful to have clarity on which programmes are continuing, which have been stopped and the reasons behind the decisions.

I am aware of the information the Foreign Secretary has provided to the International Development Committee that announcements for specific countries and programmes will be made through DevTracker as and when they are decided. I am also aware of the information shared regarding the consultation with multilateral and NGO partners which pre-empted the decision-making process.

I write on behalf of the Committee to ask that you provide us with detailed information on which programmes will receive changes to pre-agreed budgets and in which countries. I would like to know:

1. A list of all programmes you have been running under ODA funding and what was the rationale for supporting the programme?
2. A list of the changes made to those programmes including:
 - which programmes will be cancelled altogether,
 - which will be suspended and for how long,
 - which will have activities scaled back, and
 - which will remain unchanged.
3. What are the implications for the recipient community of the reduction in funding?
4. What are the knock-on implications for the UK?

We would like to know details of any consultation pertaining to changes to programme budgets that your department undertook with stakeholders.

It would be helpful to have your response by 13 June and I intend to place your answer in the public domain.

Best wishes,

TOM TUGENDHAT