

**Submission of written evidence for
the International Development Committee inquiry on
Aid spending in the UK**

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Note: This evidence is specifically in response to the following element of the inquiry's terms of reference: "*Whether the use of the aid budget to support refugees in the UK is sufficiently transparent to facilitate scrutiny by Parliament, taxpayers and civil society.*"

Executive Summary and key findings

1. In order to respond to this inquiry, we have reviewed information relating to in-donor *refugee costs (IDRC)* the three main sources of UK aid budget and expenditure data: the OECD-DAC Creditor Reporting System (CRS),¹ the UK's own Statistics for International Development (SIDs),² and International Aid Transparency Initiative (IATI) data.³
2. We acknowledge that other announcements and specific data are provided on an ad hoc basis across government, including on IDRC. However, to ensure systematic, comparable, and timely data is available the CRS, IATI and SIDs data are not only preferred, but these are also the accepted standards adhered to by FCDO and other ODA spending departments across government. In our analysis precedence is given to IATI data as this is the means by which UK aid budgets and actual spending are typically shared in a timely, granular and comparable way. Timely information is vital for coordination and accountability. Ultimately much of the information we're talking about here relates to public money which has already been spent.
3. Our findings were as follows:
 - a) **Up to date IDRC budget and spending information is less transparent than for other ODA spending:** Traditionally, IATI data relating to UK aid spending is the most up to date source of information. However, IDRC activities are often being funded through departments whose IATI data is less transparent than FCDO⁴. However, even taking this into consideration, the IATI data for IDRC activities is less frequently updated, lacking budgets, and lacking detail generally, as compared to other UK aid activities.
 - b) **Department-level IDRC spending is not available in a timely manner:** Departmental breakdowns of actual expenditure are only available with a 12-18 month time lag from the CRS data. The UK has not updated its IATI IDRC activities for over 21 months (since April 2021) resulting in poor coverage and timeliness of activity-level data.
 - c) **Where up to date IATI data is available disaggregated actual spend is not available:** The UK's IATI data is the only source containing transaction level data. Where these are available, they are rolled up into quarterly amounts with little detail on the intended use of funds.
 - d) **Calculating disaggregated IDRC costs by combining the available aid data with other sources is currently the only way to estimate the where and how the UK is spending it's ODA on IDRC.** Whilst it may be possible to combine the UK's aid data with other sources such as immigration statistics that show numbers in receipt of section 95/98 support in a given month (however we don't know how many of these people are within one year of their arrival), in order to calculate estimated budgets for departments and activities, these remain as estimates, are not systematic, ignore the official reporting cycles of UK ODA and are often inaccurate.

¹ <https://stats.oecd.org/DownloadFiles.aspx?DatasetCode=CRS1>

² https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1119765/Statistic-s-on-International-Development-Final-UK-Aid-Spend-2021.pdf

³ http://d-portal.org/ctrack.html?reporting_ref=GB-GOV-13%2CGB-GOV-12%2CGB-GOV-7%2CGB-9%2CGB-GOV-10%2CGB-GOV-1%2CGB-GOV-6%2CGB-GOV-8#view=sectors

⁴ <https://www.publishwhatyoufund.org/projects/improving-uk-aid-transparency/>

- e) **The UK government has rejected FOI requests from journalists and other actors** – when requests have been made for detail on actual IDRC spend (after the point at which this spend had been made), these have been declined citing an “evolving situation” despite the money having already been spent.
- f) **We recommend that capacity building within IDRC spending government departments be immediately prioritised in order to enable the publication of granular and up to date IATI data on IDRC spending** – the 2019 UK Aid Transparency Review illustrated the extent to which many aid spending government departments are insufficiently transparent. Meanwhile, the UK aid cuts of the past year have highlighted the importance of good quality IATI data for holding government accountable on decision relating to UK aid.

Supporting evidence and background

4. Under rules set by the OECD’s Development Assistance Committee (DAC), clarified in 2017, the first-year costs of hosting asylum seekers or refugees (such as accommodation, subsistence, health and education) can be recorded as aid (ODA). This has been controversial, and not everyone agrees that in-country refugee costs meet the primary objective of ODA: to promote the economic development and welfare of developing countries.
5. The UK’s ODA allocated to in-country donor refugee costs (IDRC) costs has been increasing since 2009 from £9m per annum to £1,052m per annum in 2021 according to the UK’s international development statistics. In-country refugee costs accounted for the largest sector (14.7 per cent) of bilateral ODA in 2021⁵ As a consequence, bilateral ODA to other countries was decreased by 52.9 per cent (£3,421m) in 2021.
6. There are three main sources of data available to assess the UK’s ODA spend: The OECD-DAC Creditor Reporting System (CRS),⁶ the UK’s own Statistics for International Development (SID),⁷ and International Aid Transparency Initiative (IATI) data.⁸
7. The table below provides an overview of the kind of data available from each source:

Data source	Frequency of publication	Last activity start data as of Dec 2022	IDRC data disaggregation available	IDRC departmental spend break down	IDRC ODA coverage
IATI	various (monthly> less than annual)	Apr-21	Some rolled up quarterly disbursements provided	No	less than 20%
CRS	Annually	Dec-20	Project/programme level	Yes	100%
UK SIDs	Annually	Dec-21	Sector level	Yes	100%

8. Additional to these sources are ministerial budget statements⁹, which can provide more detail however, these are released ad-hoc and are not reliable.
9. The UK’s 2021 SID highlights the growing share that IDRCs have on the UK’s bilateral ODA. *Non-FCDO spend overall is on a smaller scale but includes the total spend on ‘Refugees in Donor Countries’ (£1,052m) which was the largest UK ODA sector in 2021.*¹⁰ This spending has largely fallen to the Other Government Departments (OGDs).

⁵https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1119765/Statistics-on-International-Development-Final-UK-Aid-Spend-2021.pdf

⁶ <https://stats.oecd.org/DownloadFiles.aspx?DatasetCode=CRS1>

⁷https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1119765/Statistics-on-International-Development-Final-UK-Aid-Spend-2021.pdf

⁸ http://d-portal.org/ctrack.html?reporting_ref=GB-GOV-13%2CGB-GOV-12%2CGB-GOV-7%2CGB-9%2CGB-GOV-10%2CGB-GOV-1%2CGB-GOV-6%2CGB-GOV-8#view=sectors

⁹ <https://questions-statements.parliament.uk/written-statements/detail/2021-01-26/hcws735>

¹⁰[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1119765/Statistics-on-International-Development-Final-UK-Aid-Spend-2021.pdf] p.41

10. The UK's aid statistics do provide some descriptive detail on the IDRC activities happening within the OGDs:

Home Office	In-country spend on support to asylum seekers and the resettlement of vulnerable people. This is linked to support and shelter for up to 12 months.
DWP	DWP spend for 2021 includes ODA-eligible benefits to refugees within the first twelve months of stay in the UK as part of the Vulnerable Persons Resettlement (VPR) programme.
Other In-country Refugee Costs	Education (for compulsory school age) and healthcare for asylum seekers based in Scotland, Wales and Northern Ireland. Only asylum seekers based in Scotland, Wales and Northern Ireland. Only asylum seekers within the first 12 months after they make a claim for asylum in the UK are included.

11. However, we are missing details on budgets and how effectiveness of this aid has been tracked.

12. The UK's IATI data can also be scrutinised by using the 'Refugees/asylum seekers in donor countries (non-sector allocable) 93010' sector assignment. By counting the number of activities and the last start date of this sub-set of activities, we see that the UK government is publishing very few activities in the data source. Only the Home Office and the MoD have publishing any data for their IDRCs.

Department name	Start date of last activity (ICRC activities)	# of activities (ICRC activities)	Total # activities	Proportion
DHSC	0	0	229	
BEIS	0	0	3313	
DCMS	0	0	4	
DEFRA	0	0	98	
Home Office	Mar-22	6	18	33%
MOD	Oct-15	2	43	5%
DWP	0	0	3	

13. All available IATI activities are summarised in table 3 below. Assessing the data it was found that:

- a. Where available, the lowest level of disbursement aggregation is quarterly
- b. Disbursements have not been updated since mid-2021
- c. Basic project information such as titles and descriptions are present and some activities have documents attached
- d. New activities have not been added for over a year (since April 2021)
- e. Considering the large increase of IDRC costs within these departments, the proportion of IATI activities (at its highest 33% from the Home Office) is very low and needs to be improved in order for there to be a better understanding of the UK's IDRC costs.

14. The total annual spend of IATI activities with the IDRC sector can be compared with the annual IDRC spend as reported in the CRS in order to get an estimate of the level of coverage that the IATI data provides. Using the most recent statistics from the DAC CRS 2021 preliminary figures¹¹, the UK spent 1.2M on IDRC in that year (representing 7.8% of its total ODA budget). Compared to the calculated annual disbursements from the IATI data we see that only 20% of average annual spend was recorded. Therefore, we are missing 80% of the actual spend from the IATI data, according to the reporting in the UK's 2021 CRS statistics.

¹¹ <https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/ODA-2021-summary.pdf#page=14>

OECD DAC- 2021 preliminary reporting	United Kingdom	Annual IDRC IATI spend <i>*calculated</i>
ODA Grant equiv. 2021	£ 15,814,000,000	-
In country refugee costs 2021	£1,235,000,000	£ 246,252,919
In-country refugee costs as a share of total ODA 2021	7.8%	-

IATI published activities with the in-country refugee sector code

iati-identifier	title	reporting-org	total-commitment GBP	Annual spend * calculated GBP	total-spend GBP	activity- status	end date	Start date	Last recorded disbursement date
GB-GOV-6-Asylum2	Asylum Support	UK - Home Office				2	Mar-22	Apr-21	
GB-GOV-6-MSVCC	Modern Slavery Victim Care Contract (MSVCC)	UK - Home Office				2	Mar-22	Apr-21	
GB-GOV-6-UKRS	UK Resettlement Scheme	UK - Home Office				2	Mar-22	Apr-21	
GB-GOV-6-VCC	Victim Care Contract	UK - Home Office				4	Mar-22	Apr-20	
GB-GOV-6-02	Asylum Support	UK - Home Office	£1,154,000,000	£192,333,333	£412,709,001	4	Mar-21	Apr-15	June 2021
GB-GOV-6-06	Resettlement Programmes	UK - Home Office	£372,100,000	£53,157,143	£138,280,000	2	Mar-21	Apr-16	Oct-2019
GB-GOV-8-Cyprus Refugee Camp	Cyprus Refugee Camp	UK - Ministry of Defence	£762,443	£762,443	£762,443	3	Dec-16	Oct-15	Dec-2016
GB-GOV-8- CyprusRefugeeCamp	Cyprus Refugee Camp	UK - Ministry of Defence				3	Dec-15	Oct-15	

15. Since the merger of the Department for International Development (DFID) with The Foreign and Commonwealth (FCO) the UK has not published any forward-looking budgets by sector or department¹². These means we are unable to get a clear picture of the ODA budgeted amounts for IDRC. The effective budgeting and monitoring of aid are required in order to ensure that this scare resource is properly funded.
16. In response to the lack of forward looking budgets and following the UKs 2021 Spending Review, on January 26th 2022 the FCDO Secretary of State provided an overview of departmental ODA allocations for 2021/22. By comparing these allocations to the total spend as reported later to the OECD -DAC it appears as though these departments had been under-allocated by an average of 9%, with the Home Office being under allocated by 121%. It should be noted that if IATI data were up to date this type of calculation by estimation and cross checking would not be necessary. Accuracy would be significantly improved.

<i>Department</i>	<i>21/22 Allocation (£m)</i>	<i>ODA reported in UK stats 2021</i>	<i>difference</i>	<i>% diff</i>
<i>Home Office</i>	£ 470,000	£ 1,041,000	-£571,000	-121%
<i>BEIS</i>	£706,000	£ 935,000	-£ 229,000	-32%
<i>CSSF</i>	£ 337,000	£ 426,000	-£ 89,000	-26%
<i>FCDO</i>	£8,115,000	£8,175,000	-£60,000	-1%
<i>DHSC</i>	£207,000	£226,000	-£ 19,000	-9%
<i>DCMS</i>	£6,000	£ 6,000	£ -	0%
<i>HMRC</i>	£ 4,000	£ 3,000	£1,000	25%
<i>HMT</i>	£ 3,000	£ 2,000	£1,000	33%
<i>ONS</i>	£ 3,000	£2,000	£ 1,000	33%
<i>Defra</i>	£ 92,000	£ 76,000	£ 16,000	17%
<i>Other</i>	£ 42,000	£21,000	£21,000	50%
<i>Total</i>	£ 9,985,000	£10,913,000	-£ 928,000	-9%

17. The UK's inability to properly cost the non-FCDO ODA spend since the beginning of 2021 led it to implement a freeze on non-essential ODA projects from July 2022¹³. The lack of any detail around budgets and actual spend for IDRC would have hindered proper ODA budgeting, particularly considering that this was a growing sectoral cost for the UK's ODA. The only detail we have available to us on how IDRC was costed comes from the methodology for calculating the IDRC budget activities as reported to the OECD-DAC¹⁴. These details are not actuals and show that the UK calculations are based on average daily costs refugees. It is still unclear how and if actual spend figures are being collected which is a major hindrance to transparency.

¹² <https://www.publishwhatyoufund.org/the-index/2022/uk-fcdo/>

¹³ <https://www.devex.com/news/brutal-suspension-to-uk-aid-to-last-at-least-until-september-103693>

¹⁴ <https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/oda-in-donor-refugee-costs-united-kingdom.pdf>