

International Development Committee Inquiry: Aid Spending in the UK Submission by the International Rescue Committee UK

1. Introduction

- 1.1. The International Rescue Committee (IRC) helps people whose lives have been shattered by conflict and disaster to survive, recover and rebuild. Founded in 1933 at the call of Albert Einstein, we first helped people fleeing violence and persecution in Europe.
- 1.2. Today, we work in over 40 crisis-affected countries, with 17,000 employees and 20,000 volunteers in 200 field sites around the world. We deliver aid in the top-ten most fragile states and the world's most dangerous conflict zones and we work with refugees from the moment they are displaced by crises or conflict, until they find safety and support. In 2021, the IRC served 31.5 million clients in countries affected by conflict and crisis.
- 1.3. We also help refugees and other vulnerable people integrate into their new communities across dozens of places in Europe and the Americas - including the UK. Building on our decades long experience in refugee resettlement and integration in the US, we work in partnership with local councils to provide integration support to resettled refugees in South East England and will shortly be expanding our services elsewhere in England.
- 1.4. In 2021 IRC UK launched the RISE programme, our first programme in the UK, working in partnership with local councils to provide integration support to refugees in Southeast England. Today, we host a range of activities across England such as; group cultural orientation training to give refugees the knowledge and skills to navigate local services, employment counselling and peer mentorship schemes, as well as working with school teachers to integrate refugee children into the classroom.
- 1.5. Since 2021, we are proud to have supported over 400 clients to integrate successfully in the UK, including many Afghans resettled to the UK through the Afghan Relocations and Assistance Policy (ARAP) and Afghan Citizens Resettlement Scheme (ACRS). This includes supporting refugees to access employment, drawing on our network of corporate partners. Most recently we have launched our Ukraine Response Project which empowers Ukrainians to navigate British institutions such as the NHS through a cultural orientation course and includes a 6-week job readiness course to help them find employment in the UK.

2. Summary of Recommendations

- 2.1. While covering in-donor costs is permitted in accordance with OECD DAC rules, IRC UK do not believe the current unprecedented levels of ODA spend in the UK to be the best use of a stretched aid budget, nor do we believe it to be efficient, effective or ethical. We also do not consider it to be in line with the 'conservative approach' outlined in Clarification 5.
- 2.2. IRC UK recommendations include:
 - 2.2.1. Where the Government uses ODA to support new arrivals to the UK, it should be done so within a framework that supports swift decision making and applies a cost-effective approach. ODA in the UK is most effectively spent when it is intended to

deliver on the protection and inclusion of vulnerable communities, rather than contribute to approaches modelled on deterrence.

- 2.2.2. The Government should prioritise ODA investment in people living in fragile and conflict affected countries such as Ethiopia and Afghanistan, particularly women and girls. IRC UK recommends doing this by ringfencing at least 50% of ODA for spend in fragile and conflict affected countries, where needs are highest, and where the UK can have the most impact – supporting the world’s most at risk people.
- 2.2.3. In addition, the Government should continue to build on and invest in its leadership on cash assistance as a tool for responding to humanitarian crises, as well as advancing gender equality through long-term funding of programmes such as What Works to end violence against women and girls.
- 2.2.4. The Government should put into place a stronger oversight mechanism that allows for better transparency of ODA spend outside FCDO. This could be built into the new HMT/FCDO Governance Committee.

3. What proportion and sum of the overall aid budget (a) has been since 2015, (b) is and (c) is planned to be expended on supporting refugees in the UK;

- 3.1. According to OECD statistics, since 2015 the UK has spent an increasing amount of ODA on in-country refugee costs. The proportion of total ODA that this represents has also increased over time.¹
- 3.2. The below table shows UK reported spending on refugees in donor countries from 2015-2021, alongside the UK’s total ODA spending during this period:

Year	2015	2016	2017	2018	2019	2020	2021
UK ODA spending on in-donor refugee costs (£million) ²	£256	£425	£382	£370	£477	£628	£898
Total UK ODA spending (£million) ³	£12,136	£13,377	£14,051	£14,542	£15,176	£14,477	£11,423
Proportion of total UK ODA	2.1%	3.2%	2.7%	2.5%	3.1%	4.3%	7.9%

- 3.3. According to the Center for Global Development, these costs increased over a hundred-fold between 2009 and 2021: from £9m to £918m (at constant 2020 prices). This was due to the decision to report refugee hosting as official development assistance (ODA) from 2013, and an increase in asylum applications over the same period.⁴

¹ <https://stats.oecd.org/Index.aspx?DataSetCode=TABLE1>
² N.B. OECD figures are originally in USD and converted to GBP using [these average annual exchange rates](#).
³ Source: Statistics on International Development 2021: Final UK Aid Spending 2021 Additional Tables: <https://www.gov.uk/government/statistics/statistics-on-international-development-final-uk-aid-spend-2021>

3.4. Future planned spend is unclear, but it has been estimated that up to £3 billion (a quarter of the UK's annual aid budget) has or will be spent on hosting refugees in 2022.⁵

4. What goods and services to support refugees in the UK have been purchased using the aid budget;

4.1. We understand that most goods and services purchased have been food and shelter.⁶ Other in-donor costs reported by the Government in 2021 were education and healthcare for asylum seekers based in Scotland, Wales and Northern Ireland.⁷

4.2. ODA provides funding for pathways to safety such as the UK Resettlement Scheme, and the Afghan Citizens Resettlement Scheme, and all of the costs associated with Ukrainian refugees through the aid budget.⁸ We know that costs associated with the Ukraine Sponsorship Scheme include: payments to sponsors of £350 per month per address for up to 12 months (and an increase to £500 for those that continue),⁹ £10,500 payment to Local Authorities for every arrival under this scheme, and an extra tariff for children's education costs.¹⁰

5. How the use of the aid budget to support refugees in the UK relates to OECD guidance on development spending;

5.1. According to OECD guidance, costs related to support for asylum seekers and resettled refugees within the first year of their arrival can be counted as ODA if it is humanitarian in nature. This includes temporary accommodation and basic services, but not efforts aimed at longer-term integration.

5.2. However, clarifications to the DAC rules also specify that Governments should adopt a conservative approach to counting refugee costs under aid (Clarification 5).¹¹

5.3. Therefore, under OECD guidance the UK is allowed to count refugee-hosting costs as ODA under internationally agreed rules, but it is one of only a few countries, and the only G7 country, to fund all the costs of Ukrainian refugees from its existing aid budget. When other countries spend on refugees this often adds to the total aid spent, rather than reducing non-refugee spending.¹²

5.4. We estimate the UK is currently spending about 8% of the overall budget on hosting refugees in the UK (based on the UK's in-country donor stats reported to the OECD, and then the total ODA spend as reported in the UK's statistics on international development). In addition, we understand there is no cap on this spend. We do not consider an unlimited

⁴ <https://www.cgdev.org/publication/projections-uk-hosted-refugees-and-implications-uks-aid-budget-and-spend>

⁵ <https://www.cgdev.org/publication/projections-uk-hosted-refugees-and-implications-uks-aid-budget-and-spend>

⁶ <https://commonslibrary.parliament.uk/research-briefings/cbp-9663/>

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

⁸ <https://www.cgdev.org/publication/projections-uk-hosted-refugees-and-implications-uks-aid-budget-and-spend>

⁹ <https://www.telegraph.co.uk/news/2022/12/14/payments-hosting-ukrainian-refugees-increase-40pc/>

¹⁰ <https://questions-statements.parliament.uk/written-questions/detail/2022-07-12/h11714>

¹¹ <https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/refugee-costs-oda.htm>

¹² <https://www.cgdev.org/publication/projections-uk-hosted-refugees-and-implications-uks-aid-budget-and-spend>

and uncapped use of ODA on hosting refugees as a 'conservative approach' as per Clarification 5.

6. What effect the use of the aid budget to support refugees in the UK has had on the delivery and maintenance of UK-funded programmes in low-income countries;

- 6.1. The Department for International Development (DFID) and now the Foreign, Commonwealth and Development Office (FCDO) has historically been the department responsible for adjusting its own ODA spending to make sure the UK Government's target for ODA spending in a calendar year is not exceeded.
- 6.2. 2021 has been challenging for FCDO, not only due to increased spending of the aid budget by other government departments on in-country refugee costs, but the lack of clarity over exactly how much is being spent, and therefore, how much is available to FCDO to spend on activities such as support to programmes in low-income countries.
- 6.3. A 'pause' on non-essential spending was instigated by the Treasury in late July 2022 to enable FCDO and other ODA spending departments to revisit their departmental budget allocations. During this time, it was communicated that only "essential" spend such as humanitarian work would be exempt from the pause, but this was not transparently and clearly defined.
- 6.4. During the 'pause', FCDO officials' ability to accurately communicate and agree plans for current and new programmes was hampered. The National Audit Office report released earlier this year on Managing Reductions in Official Development Assistance Spending found that a lack of transparency in the Government's approach to and outcome of ODA changes had affected the quality and scrutiny of allocation decisions and contributed to uncertainty in the sector.¹³
- 6.5. This ambiguity has in turn been challenging for FCDO's delivery partners to manage, for example in cases where budget envelopes for existing projects are no longer certain and routine administrative processes such as contract amendments are unable to proceed in the originally anticipated timeframe. The 'pause' was lifted in November 2022, and FCDO officials are only now starting to receive confirmation of the available budgets for this financial year, with less than four months remaining.
- 6.6. IRC UK are expecting FCDO to delay spending on projects where they can, pushing activities and payments into the next financial year where possible. We also anticipate significant - or in the words of the Minister for Development "fierce and draconian"¹⁴ cuts where delaying spending is not possible or enough to meet the budget savings required.
- 6.7. The implications for UK-funded programmes in low-income are only starting to be seen, but ultimately, with an anticipated cut of around 30% to FCDO's bilateral budget this year,¹⁵ fewer resources will be available to deliver critical humanitarian and development work.

¹³ <https://www.nao.org.uk/wp-content/uploads/2022/03/Managing-reductions-in-Official-Development-Assistance-spending.pdf>

¹⁴ <https://committees.parliament.uk/event/16054/formal-meeting-oral-evidence-session/>

¹⁵ <https://www.devex.com/news/mitchell-uk-must-restructure-fcdo-to-regain-aid-superpower-status-104575>

- 6.8. For example, significant reductions in UK funding to East Africa has prevented the rapid mobilisation of aid seen in previous crises. In 2016-2018, when East Africa (Somalia, Kenya and Ethiopia) last experienced drought and the risk of famine conditions, the UK provided fast and significant funding, galvanising the global donor response with a combined £700m aid and development spend. Today, UK Aid funding to the region stands at just one fifth of the levels provided in 2016 – just £156m allocated, which has not yet all been disbursed despite the number of people facing acute hunger across the region now estimated to be at over 36 million – 15 million more people than were under threat in 2016-2018.
- 6.9. This increased pressure on the ODA budget, in part due to domestic refugee-hosting costs, comes at a time when global humanitarian need is dramatically increasing. From 2019 - 2023, number of people in need globally has increased by 157%. These increases have been particularly acute in Afghanistan, Ethiopia and Somalia. From 2019 - 2023, number of people in need in Afghanistan increased by 349%. In the same time period, in Ethiopia this number increased by 257% and in Somalia by 86%.¹⁶

7. Whether spending from the aid budget to support refugees in the UK is an (a) efficient, (b) effective and (c) ethical use of public money;

- 7.1. While covering in-donor costs is permitted in accordance with the rules, it does not make it the best use of a stretched aid budget. IRC UK does not consider this spending at this unprecedented level to be an efficient, effective or ethical use of ODA.
- 7.2. It is not efficient, as while the UK has developed a methodology for how it calculates and reports 'in-donor refugee costs' to the DAC, this spending is not linked to a particular strategy, objectives or programming which undermines its ability to ensure cost-effective interventions and value for money.
- 7.3. It is not ethical as under OECD guidance, a number of expenditures may be allocated as ODA, but just because it can, does not mean it should. The UK Government must spend its ODA wisely, strategically, and where it is needed most. It should be spent where, in the new Development Minister's own words, it does "the maximum amount of good", has the most impact for the British taxpayer and the world's most at risk people.
- 7.4. It is also currently not what IRC UK would consider to be effective spend, as it does not deliver on a number of key criteria for effective domestic refugee protection, For instance, for safety to be delivered effectively to refugees, it is critical that pathways remain robust tools for refugee protection.
- 7.5. One of the challenges with Homes for Ukraine were the reports of some Ukrainian women feeling at risk from their sponsors.¹⁷ This underscores the importance of adequate safeguards and rigorous oversight of matching efforts. If sponsorship efforts are to be scaled up in the UK, it is crucial that safeguarding and training initiatives are fully resourced in line with best practice and to ensure effective refugee protection.¹⁸

¹⁶ These figures are IRC calculations based on the Global Humanitarian Overview.

¹⁷ <https://www.unhcr.org/uk/news/press/2022/4/6256b5144/unhcr-statement-on-the-uks-homes-for-ukraine-scheme.html>

¹⁸ <https://www.unhcr.org/handbooks/ih/social-connections/promoting-integration-through-social-connections>

- 7.6. Moreover, to be an effective use of spend it is important that sponsorship schemes maintain their character as robust tools for refugee protection at the same time as complementing other routes such as government-led resettlement commitments. This is crucial to the delivery of the Global Compact on Refugees and in line with UK Government commitments under that framework.
- 7.7. Also of note is the difference in rights and entitlements both within and across the UK's resettlement schemes. If ODA is to be spent effectively and ethically on the Afghan schemes, then it is imperative that refugees on the schemes have equal access to rights such as family unity. Afghans on pathway one of the Afghan Citizens Resettlement Scheme (ACRS) receive indefinite leave to remain, but not currently an automatic right to refugee family reunion. However, those on pathway two have access to family reunion rights available to resettled refugees and pathway three allows for some family members to be resettled in the UK alongside the main applicant.¹⁹
- 7.8. Lastly, while IRC UK does not work with asylum seekers directly yet, we note the grave concerns raised in relation to their care at centres such as Manston and wider concerns regarding asylum accommodation. IRC UK urges that wherever aid money is spent, it is most effectively done so when it is intended to deliver on the protection and inclusion of vulnerable communities, rather than contributing to approaches modelled on deterrence.
- 7.9. Instead, IRC UK recommends that efficient, effective and ethical spending of ODA means focusing aid where needs are highest, where the UK can have the most impact – supporting the world's most at risk people - people living in fragile and conflict affected countries such as Ethiopia and Afghanistan, particularly women and girls.**
- 7.10. By 2030, 85 percent of the extreme poor—some 342 million people—will live in fragile and conflict-affected states (FCAS). The World Bank has warned that conflict is responsible for 80% of all humanitarian need, and that the only way to end extreme poverty is by focusing on fragile and conflict-affected settings. The UK has historically been one of the strongest donors responding to humanitarian crises. The UK's 2015 aid strategy committed to spending 50% of DFID's budget in these countries, which it described as “a major investment in global stability”. **IRC UK recommends prioritising investment in these countries, as this spend provides the greatest opportunity to drive down global humanitarian need and create more stability and prosperity in fragile regions, specifically IRC UK recommend ringfencing 50% of ODA for spend in FCAS.**
- 7.11. In addition, the UK's leadership on cash assistance as a tool for responding to humanitarian crises and supporting women's economic empowerment has been instrumental. Cash is an exceptionally cost-effective and impactful mode of assistance that provides the UK taxpayer excellent value for money. **IRC UK recommends FCDO continue to utilise cash assistance as an effective use of ODA.**
- 7.12. The UK also has had great success in advancing gender equality, with DFID's Strategic Vision for Gender Equality a vital framework. The multi-sectoral approach of the Strategic Vision to achieving gender equality centred around evidence-based programming across the Strategic Vision's five foundation areas – violence against women and girls, sexual reproductive health, girls' education, women's economic empowerment and women's

¹⁹ <https://www.gov.uk/guidance/afghan-citizens-resettlement-scheme>

political empowerment proved invaluable. The success of this approach is due in no small part to the way it is responsive both to local contexts and evolving best practice.

7.13. In the case of violence against women and girls the UK aid-funded What Works to end violence against women and girls programme is an example of a successful large-scale UK monitoring, evaluation and learning initiative. **IRC UK recommends FCDO continue to build on investments of this kind.**

8. 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.

8.1. In Publish What You Fund's 2022 Aid Transparency Index (ATI), the UK dropped out of 'very good' for the first time since the categories were introduced in 2013. ATI noted that the FCDO has performed significantly worse in the 2022 Index compared with DFID's performance in 2020.²⁰

8.2. In addition, in October 2022 the Independent Commission for Aid Impact (ICAI) said there had been "minimal transparency around the recent aid budget reductions", a "lack of information on aid spending priorities for individual countries" and "lack of a full FCDO departmental budget for 2022-23". ICAI notes this restricted the ability of Parliament and civil society to hold the government to account.²¹

8.3. However, there is even less information about spend by other Departments. As noted by the Centre for Global Development, it is not clear how the UK has arrived at its reported in-donor refugee costs ODA spend. As the Committee notes, the Committee alongside other Parliamentarians have been asking the Home Office for information about its aid spending since the summer, but have not yet received responses to these questions.

8.4. As noted above, this spend currently has no public overarching strategy or objectives. Therefore, IRC UK do not currently consider this spend to be sufficiently transparent to enable effective scrutiny. **IRC UK recommends that the Government put into place a stronger oversight mechanism that allows for better transparency of ODA spend outside FCDO. For example, we see an opportunity with the current Minister for Development's creation of joint HMT/FCDO Governance Committee and recommend building oversight of non-FCDO spending into that structure.**

²⁰ <https://www.publishwhatyoufund.org/the-index/2022/>

²¹ <https://icai.independent.gov.uk/fcdo-must-maintain-a-clear-commitment-to-aid-transparency-to-strengthen-aid-effectiveness-and-accountability/>