

What we know and don't know about the aid cuts: Preliminary analysis of the FCDO's FY21-22 ODA budget

On Thursday 21 April, the foreign secretary laid out the Foreign, Commonwealth and Development Office's (FCDO) spending plans for 2021-22 in a written statement, specifying the amounts that will be spent against each of the seven priorities he outlined in November 2020. This follows a written statement made in January which presented a breakdown of the 2021-22 aid budget by department.

Understanding the implications of this new budget and how what will be spent compares with spending in previous years is complicated by how the information has been presented. There are three main reasons a year-on-year comparison is so difficult, even taking 2019 as a baseline.

1. The seven priority areas do not directly align with the categories used in the Statistics for International Development series or in available IATI reporting data. This makes it difficult to know if we are comparing like with like.
2. Aid budget data is presented using different time periods for different purposes. Some use calendar year (CY), others use financial year (FY), which are not the same thing. The 0.7% commitment is based on calendar year and in line with OECD DAC reporting, as are the Statistics for International Development. The FCDO's budget has been presented for the current financial year (FY – April-March). This means the time periods don't correspond.
3. Other aid spending government departments have not released similar budget breakdowns by priority areas (or otherwise), so we do not have a complete picture of how UK aid will be spent in FY 2021-22.

Therefore, drawing year on year comparisons to understand where the FCDO's FY 21-22 budget means cuts have fallen is difficult. It is clear, however, that these are significant cuts across the board, and even within the government's recently stated priorities.

The FCDO's budget for FY 21-22 by priority

- Below are the figures available for each announced area and what we can (and can't) conclude based on the different data available. The lack of clear published information from the government about how the planned FY 21-22 aid budget compares with previous years means some of this analysis is speculative. We hope the government will be transparent about where they have planned significant cuts and what impact this will have on the world's most vulnerable communities as soon as possible.
- Overall, the FCDO will spend £8115m, 80% of total ODA, in 2021-22. This is slightly more than FCO and DFID jointly spend in 2019 (77.6%) and 2020 (73.7%). This is in line with decision to re-centralise aid spending under the auspices of the FCDO.
- In real terms, it represents a reduction of £2547m compared to FCO & DFID spend in 2020 and of £3671m compared to 2019.

Climate and biodiversity

CY 2019 Official Government Aid statistics – all departments	CY 2020 Estimates from Development Initiatives analysis of IATI	CY 2020 Government Provisional Aid statistics – FCDO spend	FY 2021-22 FCDO spend
No data	£438m	Not reported	£534m
	2021-22 budget = 22% increase, likely more as BEIS, a significant spender on climate, have not yet made their spend public.		

Global health

CY 2019 Official Government Aid statistics – all departments, bilateral only	CY 2019 Official Government Aid statistics – all departments, bilateral and imputed multilateral	FY 2019-20 Estimates - Save the Children UK analysis of IATI	CY 2020 Estimates - Development Initiatives analysis of IATI	FY 2020-21 Estimates - Save the Children UK analysis of IATI	CY 2020 Government Provisional Aid statistics – FCDO spend	FY 2021-22 FCDO spend
£1431m	£2200m	£1164m	£2016m	£1518m	Not reported	£1305m
2021-22 budget = 9% reduction, don't yet know other departmental spend	2021-22 budget = 41% reduction, don't know other departmental spend or whether 2021 figure includes multilaterals	2021-22 budget = 12% reduction	2021-22 budget = 35% reduction	2021-22 budget = 14% reduction		

Girls' education

2019 Official Government Aid	FY 2019-20 Estimates - Save the Children UK	CY 2020 Estimates from Development Initiatives	FY 2020-21 Estimates - Save the Children UK analysis of IATI	CY 2020 Government Provisional Aid	FY 2021-22 FCDO spend

statistics – all departments	analysis of IATI	analysis of IATI		statistics – FCDO spend	
No data	£536m	No data	£424m	Not reported	£400m
	2021-22 budget = 25% reduction		2021-22 budget = 6% reduction		

Humanitarian preparedness and response

CY 2019 Official Government Aid statistics – all departments	FY 2019-20 Estimates - Save the Children UK analysis of IATI	CY 2020 Estimates from Development Initiatives analysis of IATI	FY 2020-21 Estimates - Save the Children UK analysis of IATI	CY 2020 Government Provisional Aid statistics – FCDO spend	FY 2021-22 FCDO spend
£1536m	£1613m	Unknown. Emergency response alone was £1353m.	£1377m	Not reported	£906m
2021-22 budget = 41% reduction, but don't yet know other departmental spend	2021-22 budget = 44% reduction		2021-22 budget = 34% reduction		

Science & technology

CY 2019 Official Government Aid statistics – all departments	CY 2020 Estimates from Development Initiatives analysis of IATI	CY 2020 Government Provisional Aid statistics – FCDO spend	FY 2021-22 FCDO spend
No data	No data	Not reported	£38m

Open societies and conflict resolution

CY 2019 Official Government Aid statistics – all departments	FY 2019-20 Annual Reports, FCO & DFID	CY 2020 Estimates from Development Initiatives analysis of IATI	CY 2020 Government Provisional Aid statistics – FCDO spend	FY 2021-22 FCDO spend
£1313m on government and civil society	£751m	£518m on government and civil society	Not reported	£419m
2021-22 budget = 68% reduction, likely more as don't know conflict spend for 2019	2021-22 budget = 44% reduction	2021-22 budget = 19% reduction, likely more as don't know conflict spend for 2019		

Economic development and trade

CY 2019 Official Government Aid statistics – all departments	CY 2020 Government Provisional Aid statistics – FCDO spend	FY 2021-22 FCDO spend
Not reported	Not reported	£491m

Financial transactions

CY 2019 Official Government Aid statistics – all departments	CY 2020 Estimates from Development Initiatives analysis of IATI	CY 2020 Government Provisional Aid statistics – FCDO spend	FY 2021-22 FCDO spend
£1195m on economic infrastructure and services	£543.6m on banking and financial services	Not reported	£863m on financial transactions
Unable to compare due to different classifications	Unable to compare due to different classifications		

Multilateral partners and global funds

- The Foreign Secretary announced £3159m to meet the government's cross-cutting contributions to multilateral partners and global funds, including multilateral development banks and arms-

length bodies and FCDO operating costs. This puts together categories that have previously been reported separately and is not directly comparable with previous years reporting of multilateral spending.

- A similar amount of funding is referred to elsewhere in the statement as “programmes with cross-cutting themes” and “ALBs, International Subscriptions and fixed costs”. The ambiguous language around the stated commitment to multilateral partners and these two categories mean we are unable to draw a like-for-like comparison with previous years’ multilateral spend at this time.
- Other commitments, including that of health, also contain reference to multilateral commitments. We currently do not have enough information to compare planned multilateral spending in 2021-22 with previous years. There is a risk of double counting as well as not comparing like with like.

Africa

CY 2019 Official Government Aid statistics – all departments	CY 2020 Estimates from Development Initiatives analysis of IATI	CY 2020 Government Provisional Aid statistics – FCDO spend	FY 2021-22 FCDO spend
50.6%	Unknown	55.4%	50%
~Equivalent to 2021 22 spend, but we don't yet know whether other departments will also spend 50% in Africa		2021-22 budget represents 5.4% reduction	

Indo-Pacific

CY 2019 Official Government Aid statistics – all departments	CY 2020 Estimates from Development Initiatives analysis of IATI	CY 2020 Government Provisional Aid statistics – FCDO spend	FY 2021-22 FCDO spend
Unknown – government used 'Asia' category rather than 'Indo-Pacific'	Unknown	Unknown – government used 'Asia' category rather than 'Indo-Pacific'	33.3%

China

- The foreign secretary stated that there will be a 95% reduction in FCDO ODA to China to £0.9m. They have not yet published 2020 data on individual country spend, so we cannot verify this.
- The 95% reduction is caveated that there will also be spend “to meet the contractual exit costs of former programmes”. The amount is unspecified.
- Other aid spending departments have not published details of their spending plans, which may also include aid to China.

- For all of these reasons, the 95% figure may therefore be considerably less, depending on what these costs amount to.

Sources

1. FCDO Written Ministerial Statement, 21st April: <https://www.gov.uk/government/speeches/uk-official-development-assistance-oda-allocations-2021-to-2022-written-ministerial-statement>
2. 2019 UK Government Aid statistics: <https://www.gov.uk/government/statistics/statistics-on-international-development-final-uk-aid-spend-2019>
3. International Aid Transparency Index (IATI): <https://iatistandard.org/en/>
4. Development Initiatives Analysis of IATI: <https://devinit.org/resources/cuts-uk-2020-aid-budget-iati-data/> . In this analysis, where possible, Development Initiatives reclassified FCDO programming where no label had been assigned or where it had been nominated as 'cross-cutting' to give a more accurate reflection of FCDO spend.
5. 2020 UK Government Provisional Aid statistics: <https://www.gov.uk/government/statistics/statistics-on-international-development-provisional-uk-aid-spend-2020>
6. Annual FCO and DFID reports, Devtracker: <https://devtracker.fcdo.gov.uk/>

