

Department for International Development



Day-to-day Spending (Resource DEL)

DFID spends 2% of total Resource DEL

Spending Review 2015

DFID's spending was "protected" and set to increase in the 2015 Spending Review plans because the 2015 International Development (ODA target) Act commits the Government to achieving the UN target of spending 0.7% of Gross National income (GNI) on Overseas Development Assistance (ODA).

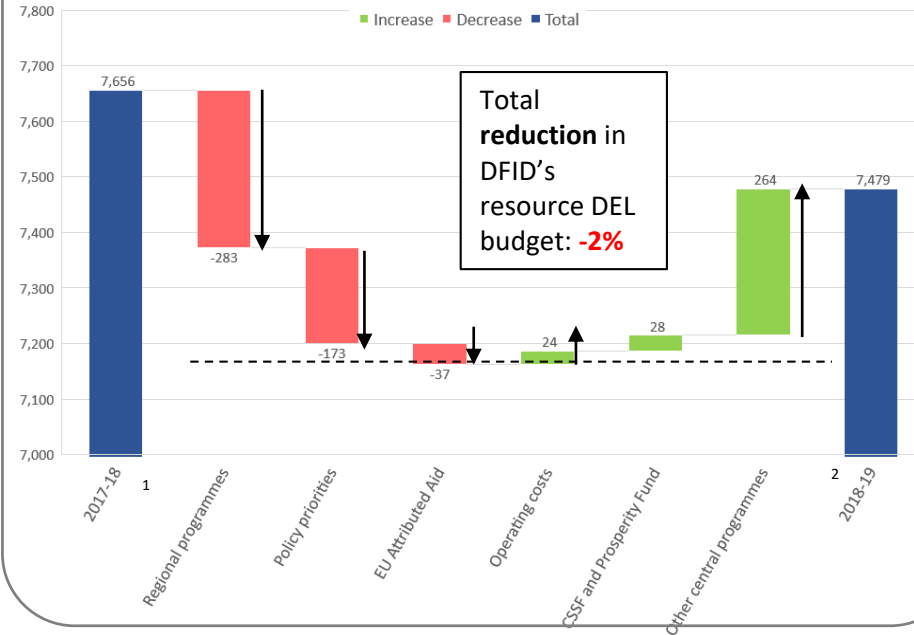
Trends

Since 2010/11 - 32% real terms increase (DFID increased expenditure substantively in 2010 Spending Review to achieve UN ODA target in 2013/14)

Since 2015/16 - Approx 1% real terms reduction since 2015/16

Although £526 million has been transferred from the investment budget (see next slide) increasing resource DEL, there has also been a reduction of £614 million from the Spending Review Settlement because **DFID needs to spend less than forecast for the Government to achieve its ODA target**. Overall the resource DEL budget is forecast to reduce in cash terms in 2018-19 and 2019-20, compared to 2017-18.

Breakdown of changes in budget from 2017-18 to 2018-19, £m

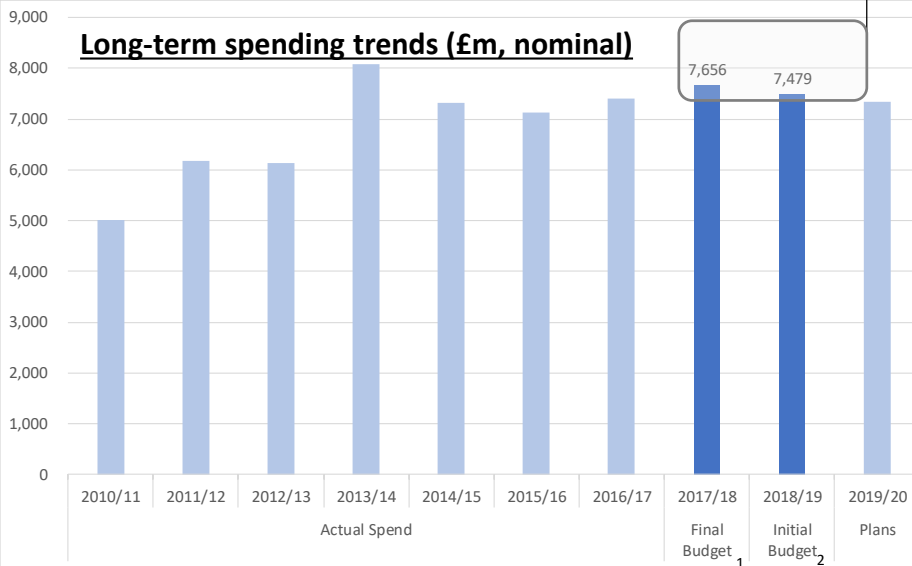


Changes from last year

Most of the 2% reduction from last year is shown in regional programmes/ and policy priorities which have reduced 8% and 6% respectively from last year's revised budget.

DFID's "other central programmes" budget shows a substantial increase of £264 million in the Main Estimate, compared to last year. However, in past years some of this funding has been transferred from that programme to other programmes, in the supplementary estimates later in the year.

Long-term spending trends (£m, nominal)



¹ Final budget at Supplementary Estimates 2017-18 (Feb 2018)

² Initial budget as at Main Estimates 2018-19 (April 2018)



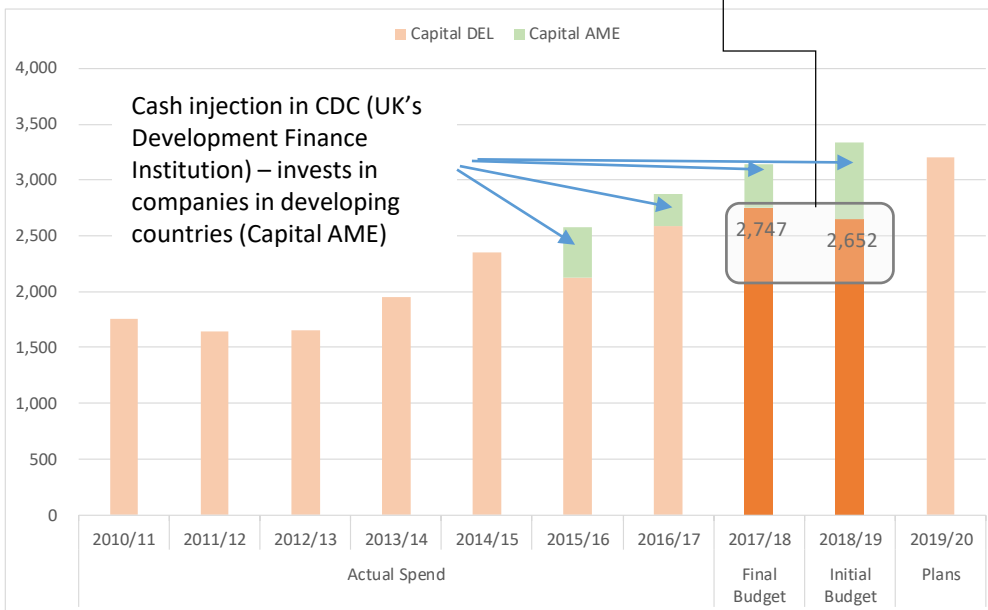
Investment Spending (Capital DEL)

DFID spends 4% of total Capital DEL

Total **reduction** in DFID's capital DEL budget: **(-£95 million) -3%**

- The Spending Review always planned lower capital spending by DFID in 2018-19 compared to previous year

Long-term spending trends (£m, nominal)



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Breakdown of changes in budget from 2017/18 to 2018/19, £m

Spending Review 2015

- DFID's investment budget was forecast to increase during the 2015 Spending Review period. SR2015 originally planned to increase DFID's Capital DEL from £2,600 million in 2015/16 to £2,800 million in 2018/19.
- Although the actual amount of capital DEL sought in DFID's 2018/19 Main Estimates 2018/19 has turned out to be £2,652 million (£200 million lower than previously planned), if injections into CDC (UK's Development Finance Institution) (**capital AME**) are included, DFID's capital budget this year is over **£3,000 million**.

Trends

Since 2010/11 : a 32% real terms increase (DFID increased expenditure substantively in the 2010 Spending Review to achieve UN ODA target in 2013/14)

Since 2015/16: approx 18% real terms increase (unlike DFID's resource budget, investment budget has increased in real terms)

Transfers from investment budget to resource

Since the 2015 Spending Review settlement, there has been a **£526 million** transfer of funds from DFID's investment budget to resource. Of this,

- £397 million reflects a technical accounting reclassification of Research and Development from capital to resource,
- But this leaves **£109 million** still transferred out of DFID's capital (investment) budget for other reasons.

This follows the 2017/18 Supplementary Estimates last year, when DFID transferred £137 million from capital to resource. Generally, Treasury does not allow such transfers from capital to resource as it aims to protect the capital "investment" budgets, but clearly exceptions have been made for DFID.

¹ Final budget at Supplementary Estimates 2017-18 (Feb 2018)

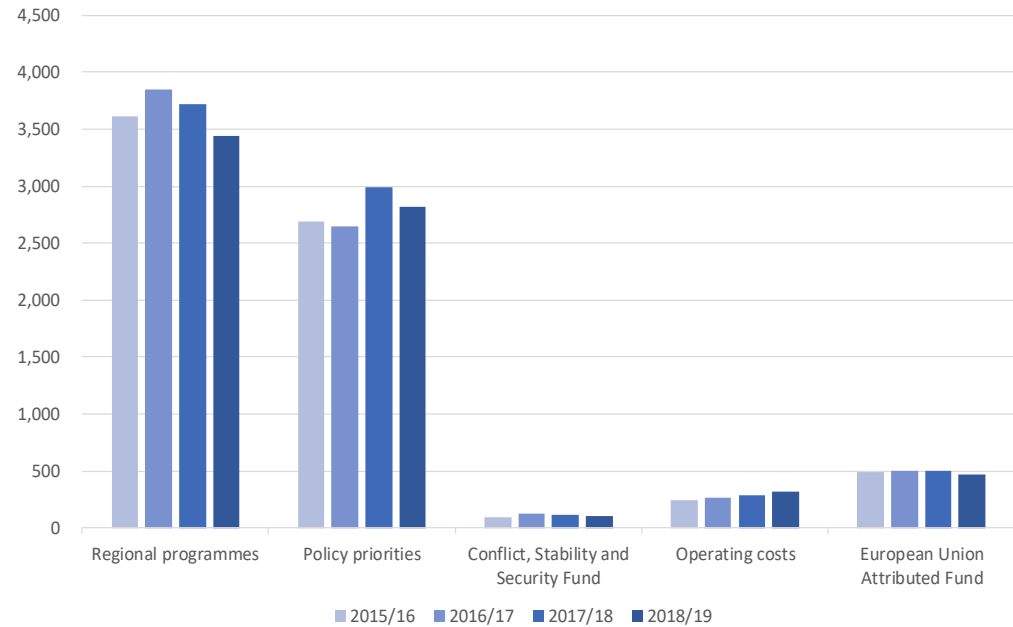
² Initial budget as at Main Estimates 2018-19 (April 2018)



Breakdown of DEL spending: DFID

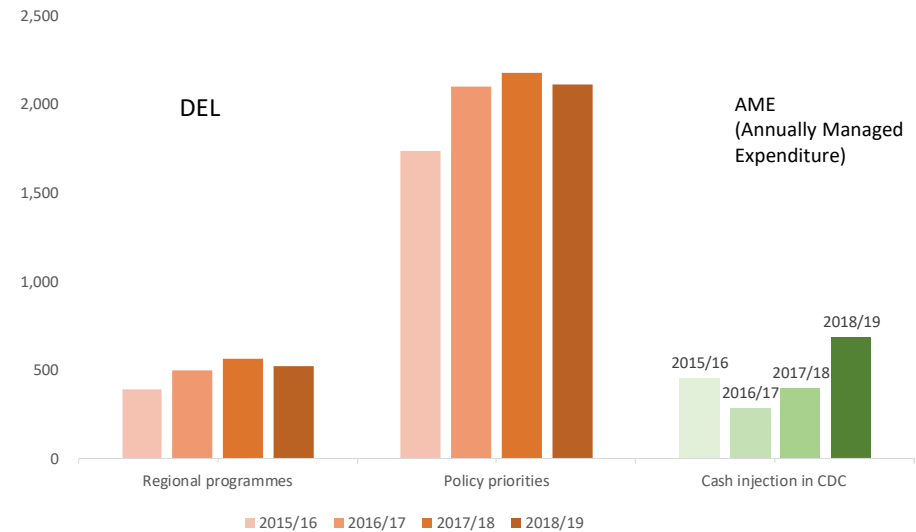
Resource DEL

- Around 84% of DFID's day to day spending DEL budget is spent on what it calls "regional programmes" and "policy priorities" in 2018-19
- **The Conflict, Stability and Security Fund (CSSF)** is a cross-government fund set up in support of National Security Council objectives related to promoting security and projecting UK global influence. The funds are initially included within DFID's DEL, although the bulk of funding is later transferred out to be spent by other departments, mainly the FCO. In its Main Estimate, DFID only retains £104 million from the CSSF (worth around £1,100 million) in 2018/19.
- **EU attributed funds** are amounts attributed to DFID to reflect spending on development activities by the European Commission from its budget (£464 million)

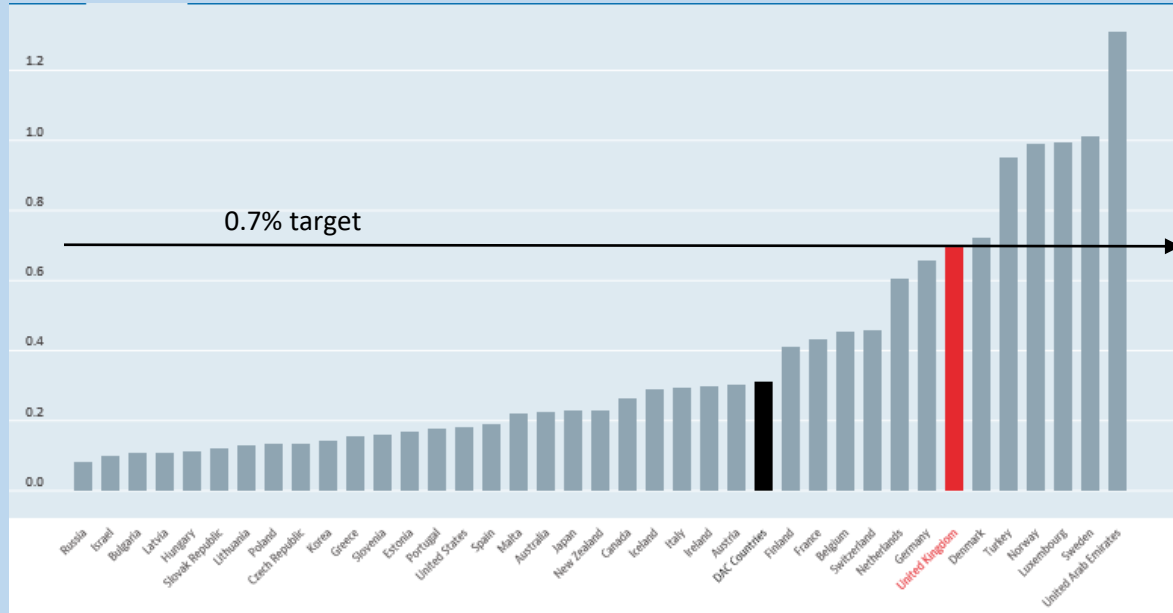


Capital DEL & AME

- Most of DFID's capital programme is focussed on policy priorities.
- During the period covered by the 2015 Spending Review, there is an increase in DFID investing in the **CDC group** (UK's Development Finance Institution). The Commonwealth Development Corporation Bill passed in Feb 2017, raises from £1,500 million to £6,000 million the limit on government financial assistance that can be provided to CDC and its associated companies. In 2018/19, DFID plans to give £683 million to the CDC group.



UK ODA Statistics

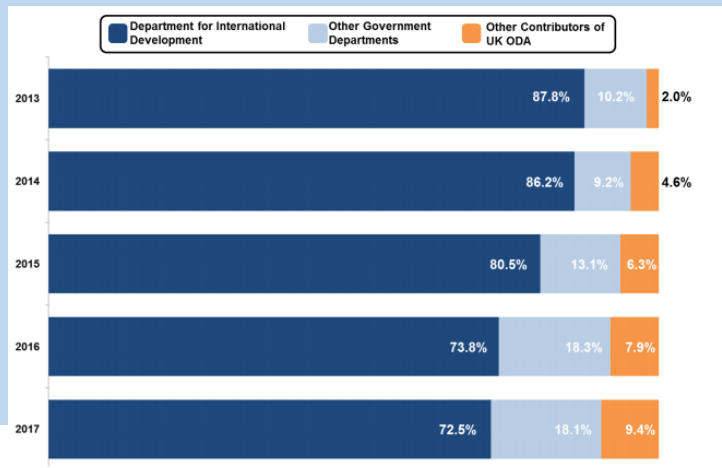


Proportion of GNI (Gross National Income) spent on net ODA 2017

Provisional data suggest UK achieved 7% target in 2017. Only 4 other EU members achieved this target: Denmark, Norway, Luxembourg and Sweden.

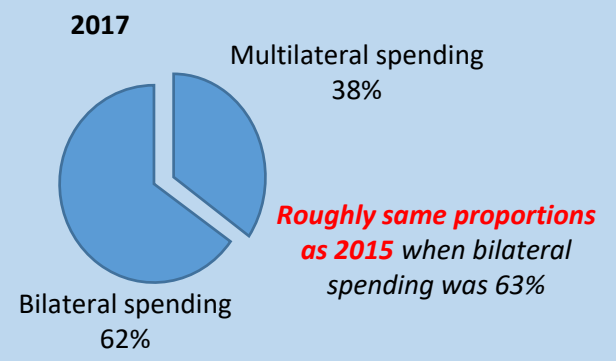
Source: [Net ODA Data, OECD](#)
Total, % of gross national income, 2000 – 2017

Proportion of UK ODA accounted for by DFID, Other Government Departments and Other contributors of ODA: 2013 to 2017



DFID share of ODA has fallen from 88% in 2013 to 72.5% in 2017

Multilateral v Bilateral aid



Source: [Statistics on International Development, provisional 2017](#), DFID





DfID and **0.7% UN TARGET**

Spend of GNI on ODA

Adjusting spending according to forecasts of output growth and other departments' ODA spending to ensure that **UK meets the target.**

Meeting the **0.7%** has meant, ... that in recent years **DFID** has gone through "various contortions, with **spending being speeded up or slowed down to fit the target** in question. This **disrupts programmes** and diverts management attention away from more useful activity."

Predecessor International Development Committee

CHALLENGES for DfID:

Maintaining public support for the ODA target in times of austerity

In March 2016, John Wellington of the Mail on Sunday sponsored a petition calling on the Government to "**stop spending a fixed 0.7% of our national wealth on Foreign Aid**" The petition passed the 100,000 signature threshold qualifying it for a Westminster Hall Debate on 13 June 2016.

Spending aid effectively

Daily Mail 26 April 2018

Britain still gives £47MILLION to China in foreign aid despite a promise to stop sending cash there eight years ago

