



Rebuilding Britain's reputation as a reliable development partner: The state of UK Aid in 2024

Briefing Series

The government's commitment "to rebuild Britain's reputation on international development" is both welcome and urgently required, given the scale of the sustainable development challenges we face globally. Rebuilding the UK's reputation will require the new government to take a different and wholly more ambitious path than that of recent years, as it sets out its plan for achieving this commitment.

As a tool for redistributive justice, official development assistance (ODA) should play a foundational role in the new government's plan to deliver on its ambition to restore the UK's reputation and rebuild trust with partner countries. The development finance landscape has changed drastically since the last Labour government. ODA is under pressure to respond to increasingly complex challenges, including exacerbated inequalities, climate change and increased conflict and fragility. At the same time, the UK's ODA budget is being stretched thin as it is used by an increasing number of agencies and a variety of financing instruments, often with questionable impact.

In a series of briefs, Bond will set out some of the key trends in development finance, including some of the challenges that the new government has inherited, and why and how the government can set a new path for financing sustainable development. The government will need to set out ambitious development and reform policies to deliver on its promise to rebuild the UK's reputation as a development partner.

Briefing II: The need to ringfence ODA for poverty eradication and addressing inequality

In the first part of this briefing series, we looked at how cuts to the UK aid budget in recent years have placed renewed pressure on ODA spending in 2024.¹

In this second brief, we examine the ways that the primary legal mandate of UK ODA – to contribute towards eradicating poverty – has been eroded in recent years. Dramatic cuts to the overall ODA budget have been the key contributor of this trend, as has use of ODA resources for supporting refugees and asylum seekers in the UK. In 2023, nearly a third of the UK's ODA budget was spent in the UK to support refugees and asylum seekers. This further reduced the funding available for critical 'overseas' programmes which provide essential support to groups of people who are most marginalised and in need of assistance. However, it is also clear that the limited level of ODA budget available for overseas spending has not been adequately focussed on reducing poverty and inequality. The limited ODA budget allocated for 'overseas' programmes makes strengthening this focus all the more critical.

This brief unpacks key trends in the use of UK ODA which are indicative of a declining poverty focus. It presents the steps the UK government can take to reverse this trend and restore its reputation as a champion of poverty and inequality reduction. With ODA allocations for 2024/25 (£13.7bn) and 2025/26 (£14.3bn) now set out in the 2024 Autumn Budget, it's critical that the UK government places poverty and inequality reduction at the heart of its allocation discussions and future planning.

¹ See Bond, (5 September 2024), 'Rebuilding Britain's reputation as a reliable development partner: The state of UK aid in 2024', Bond, London.

1. The importance of ODA for alleviating poverty and inequality

Poverty alleviation and meeting the needs of people who are the most marginalised (guided by the ‘Leave No One Behind’ principle) is at the heart of the Sustainable Development Goals (SDGs), to which the UK is a signatory and has committed to help deliver. However, progress on eradicating poverty has stalled, and it even reversed in 2020. If current trends persist, 590 million people (6.9% of the global population) are likely to still be living in extreme poverty in 2030.²

ODA is under pressure to respond to increasingly complex challenges, including exacerbated inequalities, climate change and increased conflict and fragility. At the same time, sustainable development challenges have grown and become increasingly complex, requiring new, scaled-up and more sophisticated policy and financing responses.

As a concessional resource, ODA plays a critical role in reducing poverty and inequality because it can be used to support the people and places for which other sources of finance are hard to raise.³ This is particularly the case for least developed countries (LDCs), which have low incomes and significant structural development challenges, and struggle to raise their own resources, attract investment and borrow sustainably. ODA is also critical for strengthening certain sectors that are key to meeting basic needs and dignified livelihoods, but for which generating financial return can be challenging, such as health, education and other social services. ODA, especially in the form of grants, also provides governments in developing countries with a viable alternative to external borrowing. This is critical, as more than 3.3 billion people are living in countries that spend more on interest payments than on either education or health.⁴ Servicing debt repayments diverts resources away from essential public services which further exacerbates poverty and increases reliance on external borrowing.

This briefing presents data and analysis on trends in the use of UK ODA to support LDCs, to provide access to basic services, and to meet the needs of people who are the most marginalised. These three areas are used to assess the overall poverty focus of UK ODA and how it has evolved over recent years. Our findings illustrate a clear trend within UK ODA of a declining focus on poverty reduction and an erosion of the UK’s hard-won reputation as one of the most poverty-focussed donors.

2. Decline in UK aid going to the poorest countries

One of the factors that illustrates a declining focus on poverty and inequality reduction in UK aid is the decline in UK ODA provided to LDCs in recent years, both in terms of absolute spending levels and as a share of total spending to specific countries.⁵ As a result, **2023 saw the lowest level of UK ODA going to LDCs**, both in overall spending terms (£1bn) and as a share of country-allocated bilateral ODA (47%), for more than a decade.⁶

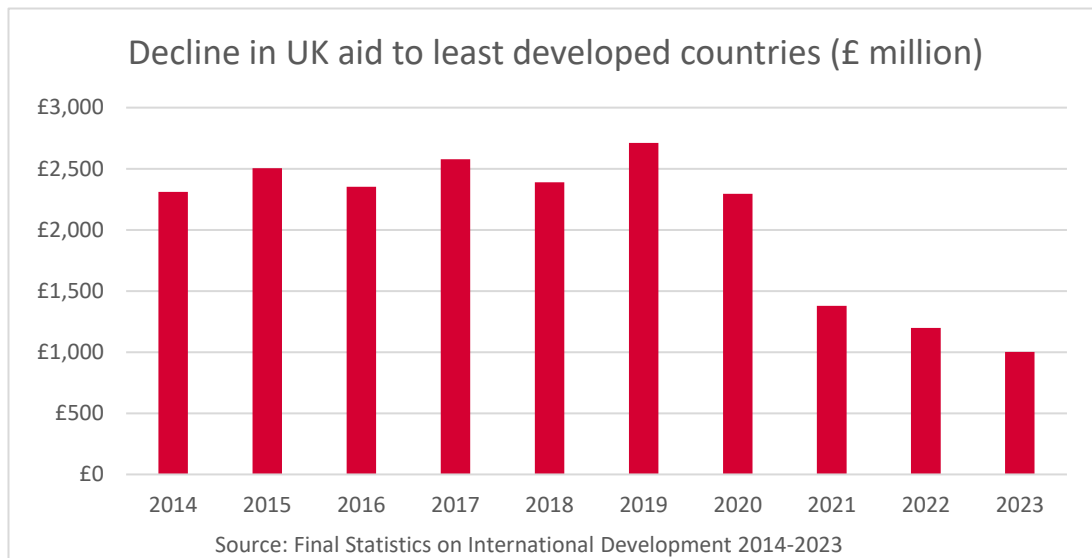
² United Nations, (2024), ‘The Sustainable Development Goals Report 2024’, UN, New York.

³ Development Initiatives, (March 2023), ‘How much aid actually reaches the countries with the greatest poverty? Facts and principles of ODA allocation: Report’, DI, Bristol.

⁴ UN Trade and Development, (2024), ‘A World of Debt, Report 2024: A growing burden to global prosperity’, UNCTAD, Geneva.

⁵ We are focusing on LDCs, rather than low-income countries (LICs) or LDCs plus other LICs, because these countries have been identified as ‘vulnerable’ using a multi-dimensional index. The countries classified as LCDs have stayed relatively stable over the last decade (unlike the LICs group), which supports comparability across this period.

⁶ Data for this brief comes from ‘Final Statistics on International Development 2014-2023’, available from GOV.UK, ‘Statistics on International Development’ [webpage, accessed November 2024], FCDO. London.



Historically, among the largest ODA providers, the UK has been a champion of focussing ODA on the poorest and most vulnerable countries (as defined by a multi-dimensional ‘vulnerability index’, see Footnote 5). Between 2013 and 2019 (with the exception of 2016), the share of country-specific UK bilateral ODA going directly to LDCs was consistently above 53% and averaged 53.8% across this period. However, since 2020 there has been a clear decline in the level of UK ODA provided to the poorest and most vulnerable countries, as illustrated by a sharp fall in the volume of UK bilateral ODA and share of bilateral ODA focussed on LDCs.

The decline in overall levels of UK bilateral ODA provided to LDCs – from £2.7bn in 2019 to £1bn in 2023 – was precipitated firstly by the decision to cut the UK ODA budget from 0.7% to 0.5% of GNI in 2021, followed by the dramatic increase in levels of UK ODA spent on supporting refugees in the UK (from £1bn in 2021 to £3.7bn in 2022 and £4.3bn in 2023).

These cuts to ‘overseas’ ODA sent shockwaves through the international development sector. Civil society hoped that the reduced budget would at least be ringfenced to support the poorest countries, but this has not been the case. In fact, the share of UK bilateral ODA focussed on LDCs fell from 54.2% in 2020 to 47.2% in 2023, and while UK aid budget cuts hit all country-income groups, LDCs (and low-income countries) saw the steepest decline in bilateral aid over this period.⁷ In response to these and other decisions, the International Development Committee concluded that the “impact on poverty reduction was given far less consideration than it should have been” by the then-government.⁸

Disappointingly, the reductions in UK ODA to LDCs have largely been driven by changes in ODA allocation and spending within the Foreign Commonwealth and Development Office (FCDO), the department that is supposed to lead the UK’s global development efforts. The proportion of the FCDO’s bilateral ODA provided to LDCs fell from 59.3% in 2020 to 52.4% in 2023.

As a result of the much-reduced level of UK ODA to LDCs, the UK no longer meets the OECD DAC target to deliver 0.15%-0.2% of donor country GNI as ODA to LDCs, with the UK only providing 0.08% of GNI in 2023.

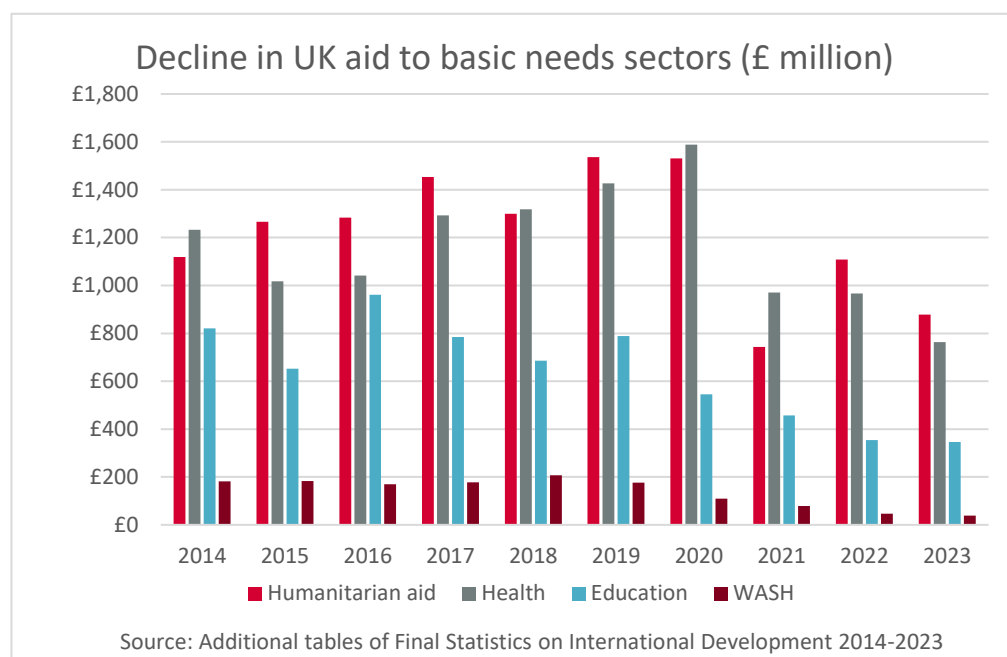
3. Decline in UK aid going to basic needs sectors and to support people who are the most marginalised

Tackling poverty requires a holistic multi-sector approach, as outlined by the SDGs and its underlying principle to leave no one behind. However, research suggests that sectors focussed on addressing basic

⁷ The Foreign, Commonwealth and Development Office, (November 2022), ‘Statistics on International Development: Final UK Aid Spend 2021’, FCDO, London.

⁸ House of Commons International Development Committee, (6 December 2022), ‘Extreme poverty and the Sustainable Development Goals: Fifth Report of Session 2022-23’, IDC, London.

needs, such as health, education,⁹ humanitarian assistance and water and sanitation, are particularly important for eradicating poverty and inequality, and it is crucial that these are adequately funded. This section presents analysis which shows that levels of UK ODA to these sectors have also declined sharply in recent years.¹⁰



Health: In 2020, the health sector received the greatest share of UK bilateral ODA at 16.7% of the total. However, 2020 does not provide the most accurate baseline due to the emergence of Covid-19. Pre-pandemic health spending allocations fluctuated, from a high of 18.1% in 2014 to a low of 12.2% in 2016. In 2022, as the pandemic abated, a new low of 10% was set. A year later, this fell to just 7.6%, making 2023 the year in which the health sector received the lowest level of UK aid in at least 10 years, both in the percentage share of bilateral ODA and in real terms (£764mn). Action for Global Health describes these reductions as concerning and finds they have resulted in “significant cuts to several flagship health sector programmes”.¹¹

Education: Between 2015 and 2019, the UK continuously spent over 7% of its bilateral ODA on education. However, since 2020 this share has dropped below 7%, and in 2022 it was just 3.7%. This puts the UK below the DAC donor country average of 5.2%.¹² In 2023 there were further reductions, both in real terms and percentage share of bilateral ODA (3.5%). The education of girls is a key priority in the UK’s International Development Strategy 2022 and the 2022 Women and Girls Strategy, yet it is difficult to see how the government will be able to deliver on these ambitions unless funding for education increases.

WASH: The water, sanitation and hygiene (WASH) sector has experienced a massive drop in funding. Between 2014 and 2018, WASH allocations were consistently above 2% of UK bilateral ODA, but this share has since been reduced and was only 0.4% of UK bilateral ODA in 2023.

Humanitarian assistance: Humanitarian assistance provides basic needs for people who are most in need of support in countries affected by natural disaster and conflict. In the decade before 2021, the share of humanitarian assistance in UK bilateral ODA was consistently above 14%. However, it dropped to 10.3% in 2021, 11.5% in 2022 and just 8.8% (£878mn) in 2023. These cuts put the government’s recent commitment

⁹ Oxfam, (3 April 2014), ‘Working For The Many: Public services fight inequality: Oxfam briefing paper’, Oxfam, Oxford.

¹⁰ Data for this brief comes from ‘Additional tables of Final Statistics on International Development 2014-2023’, available from GOV.UK, ‘Statistics on International Development’ [webpage, accessed November 2024], FCDO. London.

¹¹ Action for Global Health, (2024), ‘Stocktake Review: Assessment and Recommendations for the UK’s Role in Global Health Equity’, AfGH, UK.

¹² SEEK Development, ‘Donor tracker: Education: UK’ [webpage, accessed November 2024], SEEK, Berlin.

from the White Paper to spend £1bn on humanitarian assistance in 2024/25 into perspective, given that £1bn was well achieved for many years (except in 2021).¹³

In addition to a decline in funding to sectors that are key to eradicating poverty, it's important to note that cuts within these sectors have disproportionately impacted programmes intended to support gender equality,¹⁴ children,¹⁵ people with disabilities¹⁶ and other people who are marginalised who are particularly vulnerable to and affected by poverty and inequality. Research by Care International and Development Initiatives shows that UK aid for programmes that included gender equality objectives nearly halved between 2019 and 2021 when total aid spending fell by a third.¹⁷ A new report by UNICEF UK showed that UK child-focussed bilateral aid fell by 56% between 2016 – 2022.¹⁸

4. Diversion of ODA through new tools and instruments

In recent years the UK and other donor countries have increased their focus on using ODA to mobilise private finance to meet development and climate change objectives. Evidence to date suggests that the use of ODA to catalyse private finance has largely failed to deliver the scale anticipated nor adequate investment in the countries and sectors that need it the most.¹⁹ Efforts to further expand this use of ODA therefore risks deepening concerns about the quality of ODA and its focus on poverty and inequality.

The UK's development finance institution (DFI), British International Investment (BII), has been criticised for its limited focus on poverty eradication. As with other DFIs, BII lacks the incentives to channel finance to countries that need ODA the most and has faced considerable scrutiny on this issue. The International Development Committee's review of BII found that BII did "not appear to be reaching the poorest and most marginalised people"²⁰ and that its investments were largely targeted at middle-income countries. In 2023, India alone made up 32% of BII's global portfolio by value with just four other middle-income countries (Egypt, Nigeria, South Africa and Kenya) making up a further 33% of BII's portfolio.²¹

A two-pronged approach to reversing declining ODA for poverty and inequality reduction

The International Development Act 2002 mandated that UK ODA must "contribute to a reduction in poverty".²² This commitment was reaffirmed in 2023 in the White Paper on International Development. Our brief demonstrates that this vision is still to be tangibly delivered. With ODA allocations for 2024/5 (£13.7bn) and 2025/6 (£14.3bn) now set out by the 2024 Autumn Budget, we urge the government to take the following steps to reverse the declining focus of UK ODA on poverty and inequality reduction and ensure that a poverty-reduction agenda drives allocation discussions and future planning. Doing so will require the government to take a two-pronged approach as outlined below.

¹³ See UK Government, (20 November 2023), 'International development in a contested world: ending extreme poverty and tackling climate change, a white paper on international development' [web page, accessed November 2024],

¹⁴ See Care International, (5 October 2023), 'Latest research shows aid cuts disproportionately affected spending on gender equality and support for women's rights organisations' [online article, accessed November 2024], Care, London.

¹⁵ See UNICEF UK (26 November 2024), 'Leave no child behind – Analysing the cuts to UK child-focused aid' [online report, accessed November 2024], UNICEF UK, London.

¹⁶ See UK Parliament Committees, (4 April 2024), 'No definition, no delivery plan and deep aid cuts leave "major shortcomings" in FCDO's disability-inclusion work - and leaves disabled people at major risk' [online article, accessed November 2024], IDC, London.

¹⁷ See Care International, (5 October 2023), 'Latest research shows aid cuts disproportionately affected spending on gender equality and support for women's rights organisations' [online article, accessed November 2024], Care, London.

¹⁸ See UNICEF UK (26 November 2024), 'Leave no child behind – Analysing the cuts to UK child-focused aid' [online report, accessed November 2024], UNICEF UK, London.

¹⁹ See UN Inter-agency Task Force on Financing for Development, (2024), '2024 Financing for Sustainable Development Report: Financing for Development at a Crossroads', UN, New York.

²⁰ House of Commons International Development Committee, (15 September 2023), 'Investment for development: The UK's strategy towards Development Finance Institutions: Ninth Report of Session 2022-23', IDC, London.

²¹ British International Investment, 'Key data: Our portfolio' [web page, accessed November 2024], BII, London.

²² UK Government, (2002), 'International Development Act 2002' [online legislation resource, accessed November 2024].

1. Sustainably scale ODA financing to the level required for a modernised approach to international development and to address today's complex, global needs.

Key actions:

- Reform the methodology the government has inherited for reporting ODA spending on refugees to make it more 'conservative'. Over the long-term, fund vital support for refugees from other budgets outside of ODA.
- Harmonise the fiscal tests for a return to 0.7% GNI with general fiscal rules and ensure that the rules are fair, transparent and achievable, allowing ODA to be scaled up as progress is made towards meeting them.

2. Ringfence ODA for poverty eradication and addressing inequalities and reverse the trends of recent years which have deprioritised funding to LDCs and LICs.

Key actions:

- Reframe the narrative surrounding ODA from a perspective of charity to one of justice, recognising and addressing historical injustices and the UK's moral responsibility to help bridge these global inequalities.
- Restore the core mandate of ODA by ensuring that all UK ODA is bound by the 2002 Act's commitment to "contribute to a reduction in poverty", not just FCDO spend.
- Reverse trends of recent years that have deprioritised funding to LDCs, and rapidly ensure that the UK once again meets the commitment to deliver 0.15%-0.2% of GNI as ODA to LDCs.
- Maintain the focus on providing the vast majority of UK ODA through grants, given the increasing debt crisis amongst many LDCs and LICs and the negative impact this has on countries' capacities to provide basic services.
- Scale up efforts to deliver universal basic services by supporting the development of more resilient, equitable and sustainable health, education, social protection, energy, water, sanitation and hygiene systems, and nutrition.
- Significantly reduce the volume of UK aid being used to capitalise BII while BII undertakes reforms to ensure that it has the strategic focus, business model and ways of working required to significantly increase its contribution to poverty reduction and sustainability. BII must also end its investments in education and health services.

If you would like to meet with Bond to discuss this briefing, please get in touch.

About Bond

Bond is the UK network for organisations working in international development. Bond unites and supports a diverse network of over 350 civil society organisations from across the UK, and allies to help eradicate global poverty, inequality and injustice.