

UK ODA Budget Profile

Budget4Change

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1. Budget Process

1.1 Description

The Cabinet plays a powerful role in determining the shape of the annual budget. The Standing Orders of the House of Commons severely limit its role in the budget.¹ There is no separate budget committee, which is highly unusual in the OECD. Instead, there is one select committee for each government department “to examine expenditure, administration and policy of principle government departments”. The relatively powerful public accounts committee focuses on *ex post* budget outcomes, not *ex ante* budget projections. In contrast to many other countries, the main estimates are generally presented to Parliament after the beginning of the fiscal year. The House of Commons routinely authorises spending for the first few months of the upcoming financial year 4-5 months before the start of the new financial year. The House of Commons may only reduce a particular item of expenditure. The approved budget is extremely close to the main estimates presented by the government in the budget speech.

1.2 Timing

- The timetable for the preparation of revenue and expenditure estimates, and the fiscal strategy is at the discretion of the Cabinet and HM Treasury.
- Cabinet approves the budget shortly before the Chancellor’s budget day speech in March/April.
- The Chancellor of the Exchequer gives his/her budget speech and outlines the government’s fiscal policy strategy to Parliament. Tax measures may take effect on the night of the budget speech.
- The fiscal year starts April 1
- A Finance Bill is submitted to the House of Commons. The bill is scrutinised in committee, where both the government and the opposition parties may propose amendments and new clauses.
- The expenditure of individual departments is scrutinised by the relevant departmental select committee, but this is not mandatory.
- The Liaison Committee of the House of Commons decides on which select committee reports should be discussed in plenary session.
- The House of Commons adopts a resolution approving the main estimates and any revised estimates.
- The debate on expenditure estimates in the House of Commons is to be concluded by August 5.
- The draft Appropriation Act is formally approved.
- The Finance Bill passes to the House of Lords for debate only.

1.3 Availability of forward looking information

- Next year’s overall budget for development co-operation is available usually in March, when the Chancellor of the Exchequer presents the Budget.

¹ The House of Lords has no power to make changes in any bill concerned with public money.

2 | Key documents and links

- Forward information of the budget framework over the medium term is contained in the Spending Reviews. The 2007 Comprehensive Spending Review covers departmental allocations for FY 2008-09, 2009-10 and 2010-11.
- Forward information on planned annual expenditure in the UK partner countries is published in DFID's Departmental Report and in the CAPs, RAPs and DPAs.

2. Key documents and links

HMT Budget Site

<http://www.hm-treasury.gov.uk/budget>

Main Budget Documents

Budgets: 2000-2009 <http://www.hm-treasury.gov.uk/budget/>

Comprehensive Spending Reviews: http://www.hm-treasury.gov.uk/spend_index.htm

Pre-budget reports 1997-2008: http://www.hm-treasury.gov.uk/prebud_pbr08_index.htm

3. Specific forward ODA budgeting

Future Aid Flows

The 2007 CSR outlines annualised ODA commitments (including debt relief) up to FY2010-11. Total UK Official Development Assistance (ODA) will reach over £9.1 billion a year by 2010-11, with DFID's budget rising from £5.4 billion in 2007-08 to £7.9 billion a year by 2010-11 (an annual average growth rate of 11 per cent a year in real terms).

OFFICIAL DEVELOPMENT ASSISTANCE

	£ million			
	Estimate		Projections	
	2007-08	2008-09	2009-10	2010-11
Total UK Official Development Assistance (ODA)	5,291	6,392	7,477	9,140
ODA as a proportion of Gross National Income (per cent)	0.37	0.43	0.48	0.56
ODA projections are underpinned by the increases in DFID's aid budget and include ODA spending by other government departments, CDC net investments, and debt relief provided by the UK Government. The Government is committed to reaching ODA of 0.7 per cent of GNI in 2013 and will keep the delivery of DFID's aid budget and non-DFID ODA under review				

Source: Comprehensive Spending Review, 2007

Calendar years

	£ million	
	2009	2010
Total UK Official Development Assistance (ODA)	7,205.75	8,724.25

4. Departmental budgets

4.1 Principal development agency

The Department for International Development (DFID) is the principal development agency of the UK government, responsible for managing Britain's overseas aid programme. The department is headquartered in London and East Kilbride, Scotland. The Secretary of State for International Development is a full member of the UK cabinet.

The legal basis for DFID's work is the International Development Act 2002. The act allows the Secretary of State for International Development to provide aid for sustainable development and welfare where the aid is likely to contribute to reducing poverty. Under the act, British aid cannot be tied to British goods and services.

The budget for DFID announced in the Comprehensive Spending Review accounts for around 87% of the UK's forecast official development assistance over the three years 2008/09 to 2010/11, as compared to 76% over the three years 2005/6 to 2007/8².

See Appendix A for breakdown of DFID departmental budget.

² Source: International Development Select Committee

4.2 Other departments / ministries

The main UK Government department, besides DFID, that is involved in ODA-related activities is the Foreign & Commonwealth Office (FCO). Apart from that, smaller contributions to ODA come from a variety of UK Government departments & agencies and the Scottish Government. These contributions are listed in the table below. Gift aid to UK NGOs is listed under HM Treasury as this is effectively a reduction in the net tax receipts of the UK Government. The data refer to the 2007-08 UK fiscal year.

Department / Budget Line	ODA (GDP million)	ODA as % of budget line
Foreign and Commonwealth Office (FCO)		
Bilateral		
Admin Costs	5.26	1.27%
Scholarships	20.67	92.50%
British Council	30.82	15.97%
Afghanistan Counter-Narcotics	9.74	44.49%
Conflict Pool	42.45	62.42%
Other	102.58	n/a
Bilateral total	211.53	
Multilateral		
UN Regular Budget	8.94	12%
UN ODC	1.97	100%
UN Development Programme	1.04	100%
UNIFEM	0.87	100%
UNOHCHR	0.35	64%
ILO	0.00	15%
UNRWA	0.01	100%
UNHCHR regional office for the Pacific	0.00	100%
UN Tajikistan Office of Peacebuilding	0.00	7%
UN Centre for Human Rights and Democracy in Africa	0.00	64%
ECLAC	0.00	100%
CTITF	0.05	100%
UNICEF	0.15	100%
UNHCR	0.13	100%
UNESCO	0.03	25%
UN - Habitat	0.05	100%
UN Capital Master Plan	1.52	12%
Multilateral total	15.12	
FCO TOTAL	226.65	

Department / Budget Line	ODA (GDP million)	ODA as % of budget line
Business, Innovation and Skills (BIS)		
Universal Postal Union	0.17	16%
International Telecomms Union	0.23	18%
WTO	4.93	100%
World Intellectual Property Office	0.02	3%
BIS TOTAL	5.36	
HM Treasury		
Gift aid to NGOs ³	51.80	
HM Treasury TOTAL	51.80	
Department of Work & Pensions (DWP)		
Contribution to ILO	2.00	15%
DWP TOTAL	2.00	
Department for Environment Food & Rural Affairs (DEFRA)		
Montreal Protocol	7.10	100%
DEFRA TOTAL	7.10	
Met Office		
WMO - Assessed Contribution	0.07	4%
WMO - Voluntary Contribution	0.03	4%
Met Office TOTAL	0.10	

³ Gift aid to UK NGOs does not appear as a specific budget line as it is, in effect, a reduction in the net tax receipts of the UK Government. This figure is in fact a post-facto estimate prepared by DFID from a survey of UK NGOs

Department / Budget Line	ODA (GDP million)	ODA as % of budget line
Department of Energy & Climate Change (DECC)		
International Atomic Energy Agency	6.70	33%
UNFCC - Voluntary Contribution	0.68	100%
UNFCC - Core Contribution	0.53	100%
UNFCC - Kyoto Protocol	0.41	100%
DECC TOTAL	8.32	
Department of Health		
WHO - assessed contribution	11.32	76%
DH TOTAL	11.32	
Scottish Government		
Scottish International Development Programmes	6.00	100%
Scottish Government TOTAL	6.00	

Appendix A – DFID Budget Analysis

DFID analysis by budget line 20004/05 - 2010/11 (from Table 4 of 2009 Annual Report)	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Country/regional programmes							
Africa	854,379	1,092,151	1,039,606	1,241,105	1,303,600	1,496,320	1,750,000
S Asia	512,509	585,456	589,676	639,083	714,660	718,640	788,000
Europe / C Asia	55,765	46,557	42,870	39,500	32,166	36,000	29,000
Americas	75,981	53,251	54,782	64,500	63,004	81,000	87,000
Middle East / N Africa	111,121	111,310	83,498	111,548	108,714	126,000	134,000
EMAD regional	16,220	16,357	7,391	7,900	1,520	-	4,000
SE Asia	126,757	157,469	149,675	143,010	149,859	144,750	130,000
	1,752,732	2,062,551	1,967,498	2,246,646	2,373,523	2,602,710	2,922,000
Conflict & Humanitarian							
Conflict & Humanitarian	143,503	199,497	168,731	200,246	170,504	254,628	293,000
	143,503	199,497	168,731	200,246	170,504	254,628	293,000
Policy, research, etc							
Policy Programmes	228,614	227,125	224,114	233,468	300,902	404,522	580,200
Research	85,284	103,453	105,211	128,500	144,128	207,044	218,500
Trade Policy	6,989	9,263	6,749	14,500	14,360	220,000	- 183,000
Communications	16,052	14,495	17,782	20,029	15,615	33,600	30,600
Finance & corp. performance	1,656	1,249	1,432	2,650	2,629	4,000	4,000
	338,595	355,585	355,288	399,147	477,634	869,166	650,300
Multilateral organisations & pooled funds							
UN & Commonwealth	190,739	204,308	205,740	218,999	226,551	250,432	278,500
Europe & Donor Relations	956,668	938,821	948,881	1,011,656	1,166,859	1,269,000	1,355,000
International Financial Institutions	275,471	428,707	836,938	758,258	765,469	841,435	1,296,600
Global Funds / DFIs	15,687	34,068	515,172	106,592	352,358	268,325	450,220
	1,438,565	1,605,904	2,506,731	2,095,505	2,511,237	2,629,192	3,380,320
	3,673,395	4,223,537	4,998,248	4,941,544	5,532,898	6,355,696	7,245,620