

The UK's aid engagement with China

A further update

July 2023

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1. Introduction

- 1.1 In 2011, the former Department for International Development (DFID) announced its intention to bring bilateral aid to China to an end, moving instead to a new kind of partnership on global development issues. The UK recognised that China had become a major trading partner, investor and donor for developing countries around the world, as well as an important global player in tackling climate change and public health. This decision helped to accelerate the reduction of DFID's traditional bilateral aid supporting China's development, which had already begun in 2009-10.
- 1.2 However, from 2015, other aid-spending departments began to scale up their aid to China, motivated by opportunities to develop new programme and research partnerships in sectors such as health, education, climate change, infrastructure standards, economic development and the environment. As a result, there was a growth and diversification of UK aid partnerships with China.
- 1.3 In April 2021, we published an information note on *The UK's aid engagement with China*,¹ which aimed to document these changes and outlined the policy context and relevant spending from 2015 to 2019. The information note identified 11 UK bilateral aid portfolios across six government departments, through which an estimated £82 million in official development assistance (ODA) was spent overall engaging China in 2019.² These portfolios were mainly focused on supporting: China's development (referred to in our previous information note as aid 'to' China), but also included those supporting UK-China partnerships on global development challenges (previously referred to as aid 'with' China); and work with third countries on their engagement with China (previously referred to as aid 'on' China).³ We do not make the same distinction between the three types of aid spend in this update, as virtually all of the existing portfolio is categorised as aid 'to' China. However, for consistency the term 'engaging' China is used when referring to the UK's entire aid portfolio relating to China in 2019; that is aid 'to', 'with' and 'on' China.
- 1.4 A week before our original information note was published, the then foreign secretary, Dominic Raab, announced in a Written Ministerial Statement (WMS) on Foreign, Commonwealth and Development Office (FCDO) aid allocations for 2021-22, that with regard to China: "I have reduced FCDO's ODA for programme delivery by 95% to £0.9m (with additional ODA in this year only to meet the contractual exit costs of former programmes). The remaining £900,000 will fund programmes on open societies and human rights."⁴ Media reports at the time assumed that the foreign secretary's statement meant that this applied to all UK aid,⁵ and FCDO did not correct them. A few days later an FCDO minister described the statement as signalling an 'almost complete'⁶ reduction in UK aid to China. The statement also referenced reductions to FCDO's 'ODA for programme delivery', a new category of spend that had not previously been defined.⁷
- 1.5 Given the lack of clarity in the 21 April 2021 WMS, our original information note stated that "[w]e are asking further questions of departments about these cuts and will update this note in due course."⁸ ICAI therefore requested further information from FCDO and other government departments on their budgeted aid to China in 2021-22 and used this information to produce an update to the information note, which was published in July 2021.⁹
- 1.6 Through this update we were able to clarify that the category of FCDO 'ODA for programme delivery' referred only to spending through the Prosperity Fund and the International Programme (now the Open

1 *The UK's aid engagement with China: information note*, Independent Commission for Aid Impact, July 2021, [link](#).

2 As explained in footnote 1, the word 'engaging' refers to the UK's overall engagement with China in 2019, that is aid 'to', 'with' and 'on' China.

3 *The UK's aid engagement with China: information note*, Independent Commission for Aid Impact, July, 2021, [link](#).

4 *UK official development assistance departmental allocations 2021-22*, Foreign, Commonwealth and Development Office, 21 April 2021, [link](#).

5 For example, in response to the 21 April WMS, the Daily Mail published an article with the headline "Britain slashes aid to China by 95% to less than £1 million...", [link](#).

6 In response to an urgent question on the ODA budget on 26 April, James Cleverly, the then minister for the Middle East and North Africa, noted that: "we have significantly – almost completely – reduced our aid support to China; the only expenditure now is in support of human rights and open societies". See Commons debate, ODA budget, Hansard, Volume 693: Monday 26 April 2021, [link](#).

7 This category of FCDO aid spending was not previously referenced or defined, leaving ambiguities on what areas of FCDO aid spending were included.

8 *The UK's aid engagement with China: information note (including July 2021 update)*, Independent Commission for Aid Impact, July 2021, [link](#).

9 *The UK's aid engagement with China: information note (including July 2021 update)*, Independent Commission for Aid Impact, July 2021, [link](#).

Societies Programme) and therefore applied to a limited part of total UK ODA to China. However, the update was not able to report on budgeted UK aid to China in 2021-22 across all relevant aid portfolios (overseen by FCDO and other government departments) because of the limited information the government provided at that time. We therefore pledged to continue to track emerging plans for UK aid to China and report on significant new developments.

2. Findings

2.1 In an attempt to address continuing gaps in information about UK aid to China, ICAI has now gathered more complete information on the changes in UK aid to China in 2021-22, and available information on budgeted aid to China for 2022-23¹⁰ and beyond. In producing this update, ICAI asked the government to share information on all 11 portfolios covered by the original information note (see **Table 1** below for a summary). What follows is an overview of the trends and key developments that emerge from ICAI's analysis of this information.

Main findings

- 2.2 **There is still insufficient transparency in relation to UK aid to China.** ICAI was able to find only very limited information in the public domain on how aid to China was evolving and what it was being spent on. For example, the British Council does not publish documents reporting on the design, implementation and results of its substantial programmes in China, despite ICAI recommending that FCDO set out clear and ambitious standards for transparency to be applied to all aid portfolios (including arm's-length bodies) in its recent review on UK aid transparency.¹¹
- 2.3 **UK aid to China is falling rapidly.** ICAI found that total UK aid engaging China declined from £82 million in 2019¹² to around £48 million in 2021-22.¹³ We also found that this spending is expected to continue to decline rapidly and may reach around £10 million by 2023-24.
- 2.4 **FCDO's direct aid to China for programme delivery is declining in line with the April 2021 Written Ministerial Statement (WMS), although indirect programme funding continues.** In 2021-22 the Prosperity Fund's programmes in China on business environment, financial services, energy and low-carbon economy, infrastructure standards and health came to an end. As a result, FCDO's direct aid for programme delivery in China declined in line with the April 2021 WMS and was expected to be just £0.9 million in 2022-23. However, FCDO's indirect aid for programmes in China is continuing through its arm's-length funding to the British Council's programmes on education, English language, and arts and culture.
- 2.5 **A number of portfolios of UK aid to China for partnerships on research, climate and health ended in 2021-22 and 2022-23.** The Department for Science Innovation and Technology¹⁴ ended aid-funded climate partnerships with China in 2021-22 and research partnerships with China (managed through the Newton Fund and the Global Challenges Research Fund) in 2022-23. The Department of Health and Social Care also ended global health security and research partnerships with China in 2021-22.¹⁵
- 2.6 **Former DFID-China programmes supporting third countries on their engagement with China also came to an end in 2021-22.** These programmes focused on issues such as China's aid and development policy and research on China's global development impact.

10 Although the data for this update were gathered in May and June 2023 – ie after the end of the 2022-23 financial year – 2022-23 spending is reported as 'budgeted' not 'outturn' spending because of lags in reporting on UK aid spending across countries.

11 *Transparency in UK aid: a rapid review*, Independent Commission for Aid Impact, October 2022, [link](#).

12 This figure is stated as an approximate amount, because for two of the portfolios – ODA-eligible administration costs and Chevening Scholarships – reported in the first column (financial year 2021-22) of Table 1, aid-spending data were reported for calendar year 2021. As explained in footnote 1, the word 'engaging' refers to the UK's overall engagement with China in 2019, that is aid 'to', 'with' and 'on' China.

13 The original information note used calendar year data for the period 2015-19, as this is the best source for backward-looking data, which are reported in detail in Statistics in International Development and to the Organisation for Economic Cooperation and Development. However, the most detailed recent or forward-looking data are only available for financial years. As a result, this update compares data for calendar year 2019 – the final year reported in the original information note – with figures for financial years 2021-22, 2022-23 and 2023-24.

14 Before February 2023, these programmes and funds were managed by the former Department for Business, Energy and Industrial Strategy before it was split into three new government departments including the Department for Science Innovation and Technology.

15 Although final payments were made in 2022-23.

- 2.7 The remaining areas of UK aid to China in 2023-24 include British Council programmes, Chevening Scholarships, the Open Societies Programme, the Forest Governance, Markets and Climate programme and ODA eligible administration costs (which are falling rapidly due to declines in aid programming).
- 2.8 There remains a lack of formal planning to transition any continuing areas of collaboration with China away from aid. ICAI highlighted in its original information note that this planning was required to prepare for China's imminent graduation from the Organisation for Economic Cooperation and Development's (OECD) list of ODA-eligible countries.

Table 1: UK bilateral aid to China by department and portfolio, 2019 (outurn), 2021-22 (outurn), 2022-23 (budgeted) and 2023-24 (budgeted)

Portfolio	Calendar year 2019 (outurn)	Financial year 2021-22 (outurn)	Financial year 2022-23 (budgeted)	Financial year 2023-24 (budgeted)
Department for Business, Energy and Industrial Strategy (BEIS) / Department for Science Innovation and Technology (DSIT)				
Newton Fund and Global Challenges Research Fund (GCRF)	£36.4 million	£9.16 million	£6.61 million	No further spend
International Climate Finance / UK Partnering for Accelerated Climate Transitions (PACT) China	£1.3 million	£2 million	No further spend	No further spend
Foreign, Commonwealth and Development Office (FCDO)				
Prosperity Fund *	£7.3 million	£7.22 million (exit costs)	No further spend	No further spend
International / Open Societies Programme (from 2021-22) *	£1 million	£0.88 million	£0.90 million	£0.90 million
British Council **	£10.8 million (2019-20 financial year)	£7.79 million	£6.60 million	£6.14 million
Chevening Scholarships	£1.7 million	£1.65 million (2021 calendar year)	Figures not available until Autumn 2023 Statistics on International Development publication	Figures not available until Autumn 2024 Statistics on International Development publication

Great Britain China Centre (GBCC)	£0.5 million	£0.5 million	No further ODA spend	No further ODA spend
Direct ODA-eligible administration costs	£12.1 million	£12.06 million (2021 calendar year)	Lower levels of spend (circa £1 million) as the proportion of diplomatic costs reported as aid has been reduced to 4.15% from 2022-23 (was 28.15% in 2021-22 and 40% in 2020-21)	
Former DFID-China (supporting third countries on their engagement with China)	£1.7 million (2019-20 financial year)	£0.65 million	No further spend	No further spend
Former DFID centrally managed programmes – Forest Governance, Markets and Climate programme (FGMC); research programmes	£2.1 million	£1.06 million	£1.6 million (FGMC programme, provisional spend)	£0.5 million (estimated FGMC programme spend)
Department of Health and Social Care (DHSC)				
Global Anti-Microbial Resistance Innovation Fund (GAMRIF) China	£4.8 million	£4.6 million	£0.98 million***	No further spend
Global Health Research Programmes***		£0.95 million	£0.38 million***	No further spend
Department for Environment, Food and Rural Affairs (Defra)				
Illegal Wildlife Trade Challenge Fund****	£0.03 million	£0.04 million	£0.07 million (estimated spend)	£0.2 million (estimated spend)

* Aid spend categorised as FCDO 'ODA for programme delivery' in China and subject to the 95% reduction announced in April 2021.

** British Council spend shows a fully costed view, including a portion of shared corporate and regional costs, as well as the in-country programme budget.

*** Programme activity ended in March 2022, but final payments were made in 2022-23.

**** Projects identified are multi-country projects, with spend/budget split equally between project countries to get an estimate of China spend.

The main remaining portfolios of UK aid to China

- 2.9 As a result of the changes outlined above, from 2023-24 only a small number of portfolios of UK aid to China will continue. These include British Council programmes, Chevening Scholarships, the Open Societies Programme, the Forest Governance, Markets and Climate programme and FCDO’s direct ODA-eligible administration costs.
- 2.10 In 2023-24, British Council programme delivery is expected to be by far the largest portfolio of UK aid to China (£6.14 million), although its total spend in China has fallen consistently since 2019, when it was £10.8 million. British Council programmes in China (see **Table 2** for an overview) respond to the *Integrated review’s* pledges to “strengthen diplomatic contact and people-to-people relationships” with China,¹⁶ and are focused on collaboration around English language teaching, education, and arts and culture. In relation to education there has been a strong focus on securing mutually beneficial outcomes from promoting the UK’s expertise in transnational education, alongside objectives to support Chinese universities to internationalise and to facilitate education and research partnerships. UK aid has also been used in partnership with the Premier League to upskill grassroots football coaches to deliver new and more inclusive participation.

Table 2: Overview of current UK aid funded British Council programmes in China

Programme	Description
Education: Going Global Partnerships	Developing international partnerships and opportunities between the UK higher education sector and governments and institutions.
Education: GREAT campaign and alumni networks	Awareness raising, seminars, scholarships, career workshops, job fairs, internship schemes and entrepreneur networks to promote young people’s access to UK education and employment opportunities.
Education: Premier Skills	Using the expertise and resources of the UK football industry (including collaboration with the Premier League) to support China’s ambitions in developing campus football.
Arts and culture: Cultural Exchange	Supporting mutual collaboration between the UK and China across all art forms and the creative economy.
Arts and culture: Culture Responds to Global Challenges	Supporting the Chinese cultural sector to gain motivation, skills, knowledge and confidence to facilitate access to the arts for marginalised groups.
English: English Language Teaching (ELT) in Education	Using partnerships between the UK and Chinese ministries to develop education systems that support inclusive and quality teaching and the learning and assessment of English.

- 2.11 Chevening Scholarships is a global scheme overseen by FCDO which provides scholarships to UK universities for individuals selected on the basis of their motivation to develop their career and to establish a position of leadership in their own country. In accepting a scholarship, all students commit to returning home for a minimum period of two years following their award. ICAI’s original information note reported that during the period from 2015 to 2019 Chevening provided scholarships to 328 Chinese students, and that China had the largest alumni network of all its country programmes. Aid spending on Chinese Chevening scholars has remained stable since 2019. The Chevening programme does not set

16 *Integrated review refresh 2023: Responding to a more contested and volatile world*, HM government, March 2023, p. 31, [link](#).

out country aid budgets for each year and instead reports retroactively on calendar year aid spending by country. FCDO has not yet confirmed its aid-spending figures on Chevening scholarships for China in 2022.¹⁷

- 2.12 FCDO reports a proportion of the total costs of running its embassies in developing countries as ODA using a methodology for calculating these costs¹⁸ evolved from a similar methodology applied by the former Foreign and Commonwealth Office (FCO) and informed by the OECD's directives on ODA reporting.¹⁹ For embassies, this methodology requires an annual assessment of "the proportion of the outcomes in their business plans that constitute ODA eligible activities".²⁰ As reported in the original information note, the proportion of the former FCO's administration costs reported as ODA in China was 40% in 2019. However, under the new methodology, 40% of FCDO's administration costs were reported as ODA for 2020-21, and this figure has been reduced to 28.15% for 2021-22 and 4.15% for 2022-23. Although these figures are not comparable to those calculated under the former FCO's methodology, they reflect the fact that a reduction in ODA-funded programming requires a lower level of core FCDO resource to support it. As a result, this element of ODA is likely to be just over £1 million annually in 2022-23 and 2023-24, a significant fall from £12.06 million in 2021.
- 2.13 FCDO manages the Open Societies Programme (formerly the International Programme), which in 2021-22 spent £0.88 million of ODA on small-scale projects (budgets up to £80,000) related to freedom of expression, including media freedom; religious and cultural rights, including for minority groups; technology and human rights; criminal justice reform; and civil society resilience. The April 2021 WMS said that funding for this was expected to continue. We were informed that the Open Societies Programme budget is £0.9 million of ODA for 2023-24 (ie at similar levels to 2021-22) and it will be spent on similar themes to previous years.
- 2.14 FCDO also manages (centrally) the Forest Governance, Markets and Climate (FGMC) programme. This programme spent £1.6 million in China in 2022-23 and is expected to spend £0.5 million in China in 2023-24. This programme focuses on China's overseas forest footprint, and includes activities related to (a) Chinese timber imports and encouraging greater controls against illegal trade; (b) Chinese recognition of regulatory systems in developing countries; (c) regulating the behaviour of Chinese enterprises in developing countries; and d) Chinese overseas investments in forest products, natural rubber, palm oil and mining in tropical forest developing countries. It supports actions of thinktanks, chambers of commerce, trade associations and universities facilitated by a platform to increase non- state actor engagement. As this programme has a strong focus on addressing forest management challenges globally, FCDO does not view it as aid to China.

Continued gaps in transition planning

- 2.15 ICAI's original information note highlighted the importance of the UK government making plans to end its ODA-funded collaborations with China, or move to using non-ODA spending for those activities which the government is minded to continue, given China's impending graduation from the OECD's internationally recognised list of ODA-eligible countries. Although it appears that this transition has started, and is reflected in reduced aid funding to China, we were informed that there is not yet a transition plan and that discussions on how transition will be taken forward have not yet begun.

¹⁷ These figures will only be available with the autumn 2023 release of Statistics on International Development.

¹⁸ Explanatory note: Statistics on international development – Interim method to capture FCDO's ODA eligible administrative costs, Foreign, Commonwealth and Development Office, [link](#).

¹⁹ See Converged statistical reporting directives for the Creditor Reporting System (CRS) and the annual DAC questionnaire, Development Assistance Committee of the Organisation for Economic Cooperation and Development, Section II: 1, paragraphs 77-82, pp. 23-24, April 2021, [link](#).

²⁰ Explanatory note: Statistics on international development – Interim method to capture FCDO's ODA eligible administrative costs, Foreign, Commonwealth and Development Office, p4, [link](#).

3. Conclusion

- 2.16 Although the UK is insufficiently transparent about its aid to China, it is clear that this has fallen rapidly in recent years, and these reductions are expected to continue in the near future with most departments ending their aid to China. UK aid to Chinese state institutions has largely ended, and the remaining collaborations are largely focused on supporting non-state bodies and individuals around higher-level education, English language teaching, arts and culture, and freedom of expression.
- 2.17 We established that there is no government strategy that provides guidance for the reduction of UK aid to China, and no plan to transition away from aid-funded collaborations when China reaches developed country status and is therefore no longer ODA-eligible. The lack of planning increases the risk that some past and future gains from UK aid to China could be lost, thereby reducing the impact of UK aid.



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