

UKRI ODA Review - overview

Throughout this process UKRI has committed to achieving the best possible outcome for the research and innovation community notwithstanding the difficult choices we have had to make. It has been a collaborative endeavour, with the outcomes critically dependent on a huge amount of hard work from our grant recipients. It has been a painful and upsetting process for grant holders and their partners as we navigated the issues, but we have jointly achieved outcomes that keep as much of the programme as possible underway.

A detailed internal lessons-learned analysis is currently under way, but it is clear that:

1. ODA funding for research is immensely valuable but comes with huge risks as it is subject to rapid change that is difficult to mitigate due to the nature of the current funding mechanism.
2. It is important to build a better shared understanding of the collective impacts of research and innovation for international development so that we can make the strongest possible case for future investment.
3. Communication and engagement are crucial when navigating a challenging time-critical situation.
4. Trust has been damaged and we are determined to work with the sector and government to help rebuild that trust, in the UK and beyond.

This paper explains the process we undertook to meet the government's cap on UKRI expenditure on ODA research.

Christopher Smith

UKRI International Champion, 12th August 2021

Context

The decision by the UK Government to reduce the Official Development Assistance target from 0.7% Gross National Income (GNI) to 0.5% resulted in a rapid contraction of the ODA budget with all Government Departments impacted. The reduction in overall target and subsequent prioritisation between and within departments led to UKRI, in February this year, receiving a reduced settlement of £125 million in total. This included:

- £106.5 million for the Global Challenges Research Fund
- £18.8 million for the Newton Fund

This represented an overall cut of about 70% in all planned ODA expenditure for 21/22, including grants which had been assessed but not formally approved, and leaving UKRI with a total shortfall of £120 million against its commitments: £18.8m Newton (against £24.1m commitments) and £106.5m GCRF (against £218.4m).

ODA expenditure was capped, meaning it was not possible for UKRI to use any other resource to support ODA grants, defined as those where development assistance is the primary purpose.

UKRI ODA Review process

In order to respond to this challenging situation, UKRI implemented a review to understand the options for meeting its allocation target. The review process was made up of the following components:

Halting in-flight grant applications

All in-flight grant applications were halted, including those at very late stages such as grants where a decision had been made to award a grant and communicated to the grant holder, but the commitment had not been formalised and/or activity commenced. This amounted to over £50million of grants.

Checking alignment to FCDO priorities

UKRI reviewed each GCRF and Newton grant against the FCDO's Strategic Framework for ODA. 17 GCRF and 17 Newton grants (~3.4%) which did not also align with the FCDO sub-categories coincidentally ended within Q1. All remaining projects align with priority 4 (Science, Research, Technology) of the Foreign Secretary's published priorities.

Reductions to active grants

In total, 142 grants valued at £52.7m came to their natural conclusion in Q1. The GCRF portfolio also included 114 projects that had been submitted to standard UKRI responsive mode calls, but funded from GCRF budgets. These grants were funded by Councils via their "Other ODA" budgets.

In order to meet its financial allocation within the constraints set by government, it was necessary to apply reductions to the remaining active grant portfolio of 454 GCRF grants and 167 Newton Fund Grants. To do this within financial, legal and time constraints UKRI implemented a process with Higher Education Institutions whereby in-year reductions were applied to projects while being sensitive to projects where cuts would have brought a high risk of harm to vulnerable individuals, or required human and animal trials at to be stopped at critical stages.

For the GCRF, a reduction of approximately 49% on average was required for the grants' 21/22 budgets. For the Newton Fund, a reduction of approximately 24% to the grants' 21/22 budgets was required.

As part of the process, Higher Education Institutions were asked to consider the impact of applying reductions on equality, diversity and inclusion (EDI), value for money, equitable partnerships, ODA compliance and preventing harm (safeguarding).

Higher Education Institutions were also offered the opportunity to terminate their grants early if they believed this was the best way to manage the situation. At the time of writing of this paper no GCRF or Newton Fund projects have been terminated early as a result of this process.

Additional Funding for Climate and Health

In addition, some projects in the areas of climate change and health received additional funding to make up some of the shortfall from the International Climate Finance (ICF) fund and the Department of Health and Social Care respectively.

75 climate related grants will continue to receive 80% of their original 21/22 allocation from an additional £13.8m funding provided by BEIS' ICF.

The DHSC agreed to provide £1.6 million additional funding for the joint programmes in Global Effort for Covid Research (GECO) and the GCRF Global Maternal and Neonatal Health.

This additional funding reduced UKRI's overall shortfall compared with commitments to just over £70 million, including those that had been redesignated and funded as "other ODA" from UKRI's core budgets.

Table 1: Key Figures

<i>£</i> 'ms	Commitments	Income	Redesignated and funded from Core(moved to Other ODA)	Deficit
Newton	24.1	(18.8)		5.3
GCRF	218.5	(106.5)	(31.9)	80.1
ICF		(13.7)		(13.7)
DHSC		(1.6)		(1.6)
Total deficit				(70.1)

International Grants

Overseas institutions awarded grants directly were offered a higher settlement compared to UK institutions. This is in line with UKRI's commitment to capacity strengthening and development impact- Institutions based in countries on the OECD DAC list of recipients were offered funding for 2021/22 at approximately 50% of their original budget.

Special considerations

All cases for special consideration were assessed on the basis of their fit against the key categories that UKRI set out for the small amount of exceptional funding available. Cases were evaluated on the basis of the evidence provided and ranked according to the strength of the case for funding according to these criteria.

The categories prioritised for exceptional funding were:

- Clinical trials or animal research currently underway where there is a need to comply with specific ethical or legal frameworks or obligations that would not be possible in the event of termination/reprofiling;
- Interventions where curtailment/termination of funding could result in risk of serious harm to vulnerable individuals or groups.

Of the 64 grants that applied for special consideration, 55 were assessed as having a demonstrated need. These grants received an additional allocation of funding that totalled £7.1m.

Interdisciplinary Research Hubs

A stage gate review of the GCRF Hubs was already planned for this year but had been postponed during the ODA Review exercise. This has now been reinstated over an accelerated timeline to include a formal independent review stage to advise government, given their significant financial commitments beyond 21/22.

Innovate UK

In line with the research grant process, Innovate UK projects were given funding until the end of July 2021 and were given permission to spread that funding over the remainder of the financial year. The small amount of additional funding that was available was then allocated to grant holders in a way that prioritised projects working directly with businesses on innovations for development and that protected the embedded value in projects. Innovate UK carried out an equality impact assessment in order to assess the impact on diversity and inclusion and mitigate these where

possible. In addition, some projects were given further funding having been identified as being consistent with the objectives of International Climate Finance. The end result was that no grants were compulsorily terminated. Nonetheless, some were provided with less funding than they had expected. As a result, at least one grant holder was not willing to accept the amendment to their grant and has indicated that they will choose to terminate instead. There remains a small possibility that further grant holders too will choose to terminate rather than agree to the specified reduction in their grant.

Quality-Related (QR) Funding

In order to preserve funding for programme activity and given the scale of R&D ODA budget reduction in 2021/22, BEIS were unable to allocate funding to GCRF QR for this academic year.

Newton Fund engagement

Throughout the Review process UKRI and individual Councils liaised with impacted funding partners either directly or through in-country teams. Partner funders were informed about the ODA cuts situation and how the cuts impact the joint Newton Fund programmes. UKRI and individual Councils also contacted and reassured several concerned funding partners that were not impacted by the cuts.

EDI considerations

Through GCRF and the Newton Fund, UKRI is committed to both the principles of equality, diversity and inclusion and to equitable partnerships. These principles were incorporated into processes and decision making, and were communicated as expectations of grant holding organisations, noting that in respect of grants made to HEIs, the duty to comply with public sector equality duty falls mainly on the institution - specifically, consideration of Gender Equality Statements, to ensure their continued validity, and policies and guidance relating to safeguarding, preventing harm, and bullying and harassment. UKRI is mindful of its public sector equality duty and responsibility for oversight of its assessment and decision-making processes.

[Equality impact assessments \(EIAs\)](#) were undertaken of the key stages of the process. These documents were used to inform how the processes were designed and delivered. For future activities, additional assessment will be undertaken.

The consideration of EDI sits within the larger context of a robust and transparent decision-making process. This included communication of processes, observers of the special considerations panels to ensure consistency and fairness, and capturing lessons learned to inform future ways of working and the development of the equality impact assessments.

Evaluation of Impact

These financial reductions to the UKRI ODA budget will have negative impacts for researchers, research outcomes and the beneficiaries of research across the UK and the world.

UKRI has received anecdotal reports of negative impacts such as researchers being made redundant or leaving projects in search of more stable positions. There have also been reports of damage to partnerships and the UK's reputation.

There will be a significant impact on project deliverables and subsequently the overall impact of the funds. Over the summer UKRI will be conducting a review into the impact of the cuts surveying the research community with the aim of concluding in the Autumn. Specifically, the impact evaluation will inform decision making on ODA research spend in the UK, particularly within BEIS and UKRI, and provide robust evidence to make the case for ODA allocation at the next spending review. It will also help to identify ways of minimising the adverse impacts of the cuts and help to

identify ways of maximising benefits from networks and partnerships and capacity strengthening activities within active projects, contributing to their sustainability.

UKRI is also currently capturing the lessons learned from the ODA Review process as part of an internal exercise to help ensure best practice across the organisation for future critical incidents.

ENDS