

## Autum Budget 2024/Spending Review – CAFOD’s Stakeholder Representation

CAFOD (Catholic Agency for Overseas Development), is the official aid agency for the Catholic Church in England and Wales. Below are CAFOD’s representations to the Autumn Budget 2024/ Spending Review:

### Safeguarding ODA Spending:

The Government should protect the ODA budget, which has already been slashed in recent years. ODA funding is not designed for spending in the UK – despite this, “aid spending on asylum seekers and refugees in the UK rose to £4.3bn in 2023, constituting 28% of the aid budget” according to ICAI.<sup>1</sup> For context, this is over 2.5 times the current funding gap in the Sudan Humanitarian Response plan, which is just 41% funded.<sup>2</sup> As the Foreign Secretary David Lammy says “If we are to tackle the rising crisis of migration, we must address why people flee their homes and risk dangerous journeys to the UK and other European countries.”<sup>3</sup> Any raid on ODA is means a reduction in support and loss of life overseas – the costs for refugees in the UK needs to be found elsewhere.

### Climate Finance:

We welcome Labour’s assurance to honour the previous Conservative Government’s commitment of £11.6 billion on ICF up to 2025/6. It is crucial that the remaining spend is new and additional to, and not raided from, the existing ODA budget.

Tackling climate change, particularly for the communities we work with on the front line of the climate crisis, goes beyond aid alone. There are cost neutral approaches that the government can enact alongside this forthcoming budget/spending review and beyond to tackle this crisis, without targeting the average UK taxpayer.

Steps the UK Government should take include:

- Enacting polluter pays, corporate, and wealth taxes in the UK to increase resources available for investing in the green transition domestically and globally. This will allow for sufficient spending on the New Collective Quantified Goal and Loss and Damage funds. More broadly, the UK Government should seek global tax architecture reform, including support for the UN tax convention, progressive taxes on polluting activities, such as a frequent flier levies and taxation on fossil fuel extraction, and strengthen and close loopholes around the fossil fuel windfall tax.
- Ending all legacy British and IFI investment in fossil fuels.
- In tandem, advocating for a game-changing New Collective Quantified Goal built on non-debt creating, new and additional finance, accompanied by reforms to the World Bank and International Monetary Fund to increase transparency, strengthen accountability mechanisms, and make governance more democratic and representative. This will support countries most vulnerable to climate change to raise voice on the global stage. A broader Government strategy should ensure harmful IFI contract conditionalities, that can trap countries in poverty, should be ended.

The above actions build on the Labour manifesto pledge to “move faster by working together with our international partners, especially those at the forefront of the climate crisis.”

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<sup>1</sup> <https://icai.independent.gov.uk/use-of-the-aid-budget-to-host-refugees-in-the-uk-rises-to-4-3bn/>

<sup>2</sup> [Sudan | Situation Reports \(unocha.org\)](https://www.unocha.org/sudan/situation-reports)

<sup>3</sup> <https://www.gov.uk/government/news/uk-steps-up-work-to-reduce-illegal-migration>

## **Debt**

3.3 Billion people are living in countries that are paying more to service international debt than on health or education<sup>4</sup>. Almost half of the total external debt owed by lower income countries is to 'private lenders, who often lend recklessly, and with no accountability, and as a result make huge profits. This is causing more and more countries to fall into debt crisis. Today, there are 54 low-income countries facing unsustainable debt levels, up from 22 in 2015.

The new Government can follow the legislative success of the previous Labour Government as we approach the Jubilee Year 2025; it can introduce, at no cost to the UK taxpayer, legislation to compel private creditors to take part in debt resolution frameworks on equal terms to other lenders.

Such action would contribute to Labour's commitment to clean up the City of London and make the UK a hub for sustainable finance and green investment fit for the future, as a follow up to manifesto commitments: "We will renew expertise and focus, especially in priority areas such as supporting economic transformation, tackling unsustainable debt, empowering women and girls, supporting conflict prevention, and unlocking climate finance."

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<sup>4</sup> <https://unctad.org/publication/world-of-debt#:~:text=Overall%2C%20a%20total%20of%203.3,climate%20change%20adaptation%20and%20mitigation.>