

KEY QUESTION

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How is the UK's ODA spent?

According to OECD DAC data, the UK was the largest provider of core contributions to multilateral organizations in 2015. Core funding to multilateral organizations amounted to US\$7.3 billion. This corresponds to 37% of the UK's total ODA. The largest recipients of this funding in 2015 were the European Union institutions (30%), the World Bank (28%), United Nations agencies (10%), the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund; 9%), and Gavi, the Vaccine Alliance (Gavi; 9%). In addition to core funding, the UK provided US\$3.5 billion to multilateral organizations that was earmarked for specific programs or regions (this is reported as bilateral ODA). The remaining bilateral ODA (US\$9.1 billion in 2015) is mainly implemented by the public sector including partner governments (28% of bilateral ODA), CSOs (22%), and private contractors (no exact percentage available).

In November 2016, the Department for International Development (DFID) published two cornerstone review documents that will shape the flows of bilateral and multilateral ODA. The Bilateral Development Review (BDR) assesses the composition of DFID's bilateral portfolio, defining priority areas including security, migration, climate, and health. The Multilateral Development Review (MDR) mandates that DFID signs 'performance agreements' with multilateral organizations and restricts funding until agreed targets are met. 30% of the funding for UN development and humanitarian organizations will be allocated according to agreed performance targets.

In addition, DFID released the Civil Society Partnership Review in November 2016, which outlines four new mechanisms for CSO funding. These are:

1. UK Aid Match: The government matches public donations to charity appeals by CSOs, up to a total of £30 million in a first funding round
2. UK Aid Direct: Focuses on funding for small and medium CSOs; up to a total of £40 million available in a first funding round
3. UK Aid Connect: Funds innovations and collaborations between CSOs, think tanks and organizations tackling 'tomorrow's challenges'
4. UK Aid Volunteers: Offers targeted support to effective global volunteer programs.

The UK's 28 priority countries across Africa, Asia, and the Middle East:

Africa:

- Democratic Republic of Congo
- Ethiopia
- Ghana
- Kenya
- Liberia
- Malawi
- Mozambique
- Nigeria
- Rwanda
- Sierra Leone
- Somalia
- South Sudan
- Sudan
- South Africa
- Tanzania
- Uganda
- Zambia
- Zimbabwe

Asia:

- Bangladesh
- Burma
- India
- Kyrgyzstan
- Nepal
- Tajikistan

Middle East

- Afghanistan
- Occupied Palestinian Territories
- Pakistan
- Yemen

Who are the UK's ODA recipients?

Bilateral ODA focuses on poorest countries; increased funding for fragile states and regions

According to data from the OECD's Development Assistance Committee (DAC), the UK currently allocates the largest share of its bilateral ODA to sub-Saharan Africa (on average, 34% between 2013 and 2015), which is well above the average among DAC members (25%). Asia re-

ceived the second-largest share (20%), also above the DAC average of 17%. Overall, the UK's bilateral ODA focuses on low-income countries. The largest share of bilateral ODA (37%) between 2013 and 2015 went to low-income countries (LICs), well above the DAC average of 28%. The UK's Aid Strategy calls for DFID to allocate at least half of its annual budget to fragile states and regions – this could signal a geographic re-focus and a shift in the future towards more funding for middle-income countries affected by conflict.

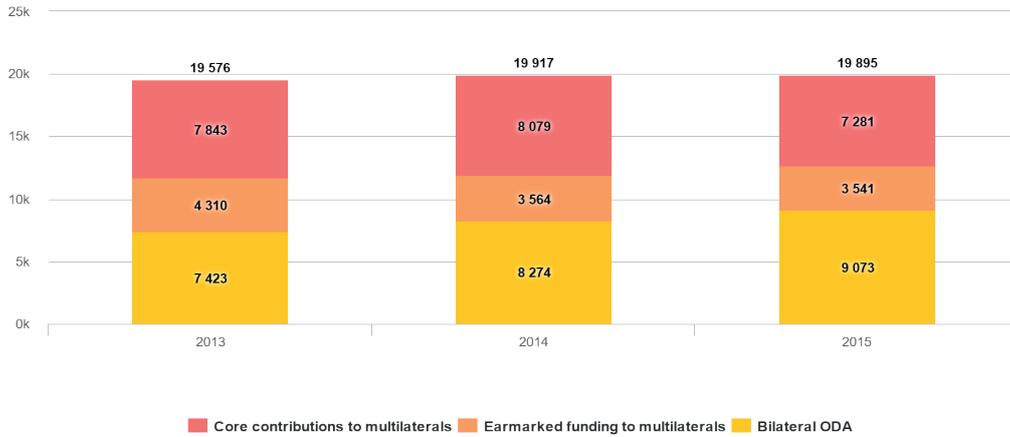
How is bilateral funding programmed?

Programming of DFID's bilateral funding is highly decentralized

DFID manages the largest share of the UK's ODA (80% in 2015). Programming of DFID's bilateral funding is largely decentralized, as DFID's country offices mostly manage program development. Programming is based on the Treasury's Comprehensive Spending Review (CSR), which sets DFID's budget for the parliamentary term. Based on the CSR, DFID sets out high-level priorities in its multi-year business Plan. Reflecting the Business Plan's priorities, DFID's country offices develop Operational Plans (OPs), which guide DFID's bilateral cooperation in-country. An OP includes indicative multi-year budgets for 'strategic pillars' (e.g., health), including 'results targets' to be achieved by the end of the OP period. Once the OP is finalized, country offices will still have an opportunity to make adjustments during the annual budget process, based on the overall multi-year budget framework set by the CSR and DFID's Business Plan. In addition, DFID headquarters originates and manages programs that go beyond the scope of a single country, such as specific thematic and regional initiatives.

THE UK'S BILATERAL AND MULTILATERAL ODA

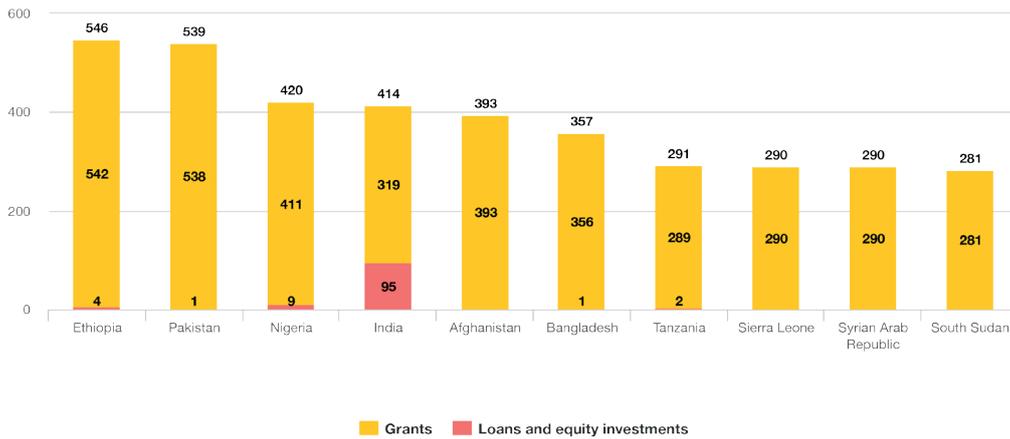
US\$ millions, 2014 prices



Source: OECD DAC. Gross disbursements.

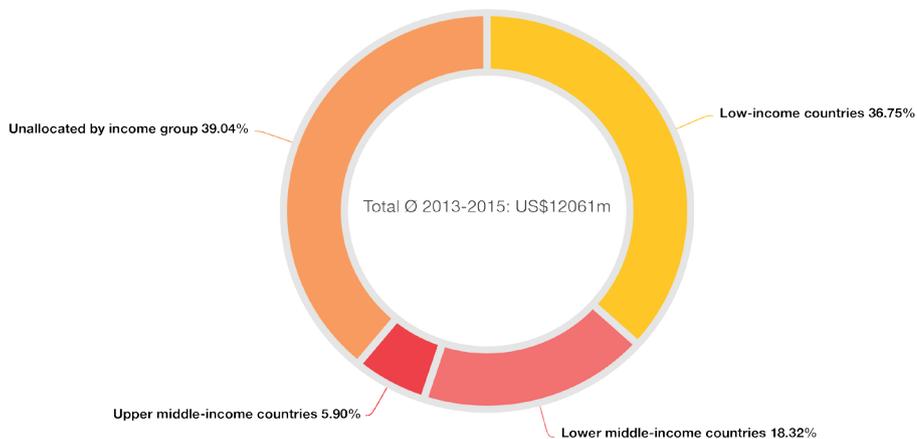
THE TOP 10 RECIPIENTS OF THE UK'S ODA

average 2013-2015, excluding debt relief; US\$ millions; in 2014 prices



Source: OECD CRS, in 2014 prices.

THE UK'S BILATERAL ODA BY INCOME-GROUP OF RECIPIENT



Source: OECD CRS.