

# KEY QUESTIONS

## the big six



### How much ODA does the UK provide?

#### **UK is the 3rd-largest donor country; 0.7% target enshrined in law since 2015**

The UK is the third-largest donor country, after the United States and Germany. Total ODA stood at US\$19.4 billion in 2018 (current prices), according to preliminary data from the OECD Development Assistance Committee (DAC).

These numbers are based on the new methodology for measuring ODA loans which the OECD DAC will apply to ODA reporting for 2018 onward. Preliminary ODA figures for 2018 using this new methodology were first released in April 2019. This methodology, called ‘grant-equivalent’ methodology, provides a more accurate way to count donor efforts in concessional ODA loans because only the ‘grant’ portion of loans, expressed as a monetary value, is counted as ODA. The UK disburses very small amounts of ODA as loans, making the impact of this reform insignificant for its ODA volume. According to the previous methodology, known as the ‘cash basis’ methodology, net ODA was 0.2% below ODA figures using the new methodology.

To allow for comparison overtime, the OECD still publishes net ODA disbursements according to the cash basis methodology. ODA has gradually increased since 2012 and grew by 2% between 2017 and 2018, driven by the UK’s commitment to spend 0.7% of its GNI on ODA. Most of this increased spending was due to increased funding to the UK’s development finance institution and increased contributions to the World Bank, according to the OECD DAC.

In 2013, the UK became the first G7 country to achieve the UN target of spending 0.7% of its GNI on ODA, and it has maintained this level since then. In 2015, the UK Parliament passed a bill enshrining the target in law under a conservative minority government after all three major parties endorsed it in their manifestos during the previous general election. Future growth of ODA will therefore move in step with economic growth, which is forecasted to be modest in the coming years.

DFID is the main implementing agency for development assistance: According to the UK government’s ‘Statistics on International Development’, DFID managed 72% of the country’s ODA in 2017, down 14% in just three years. This is part of a deliberate strategy under the Conservative Party to allocate increasing shares of ODA through other ministerial departments and cross-government

funds. According to the Parliament’s International Development Committee, DFID’s share of ODA spending is expected to further decline to about 70% by 2020. Other parts of the UK government that have emerged as significant channels of ODA are the Department of Business, Energy, & Industrial Strategy; the Foreign and Commonwealth Office; the Conflict, Stability and Security Fund; and the Home Office.

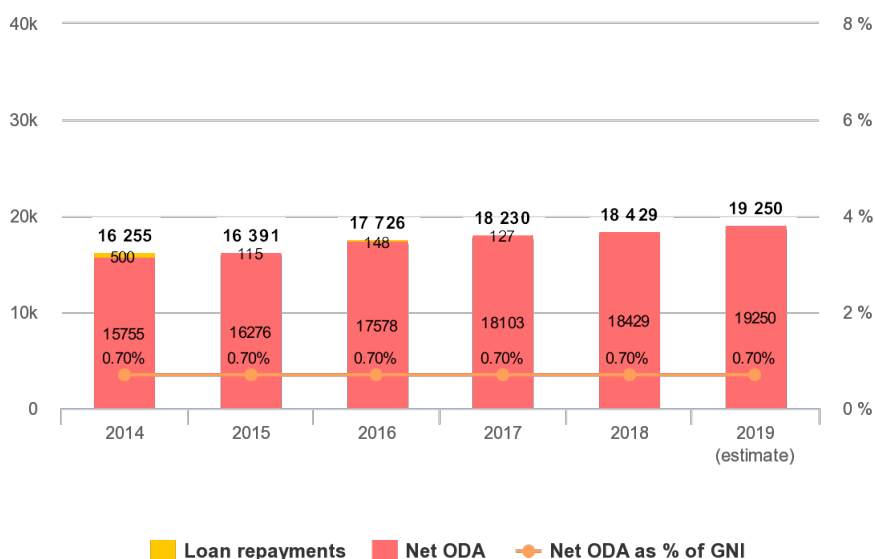
There is growing support within some parts of the Conservative Party for merging DFID with the UK’s Foreign and Commonwealth Office after the UK’s exit from the European Union (‘Brexit’), with full integration both at headquarters and in the field. Supporters argue this would reduce wasteful spending and better align development cooperation within broader foreign policy. Supporters of this approach have pointed to Australia and Canada as potential models for integration, while also noting that the UK itself has housed global development with its foreign ministry before.

Exactly how Brexit will impact UK development cooperation in the long-term is not clear, but the UK government has said that it is open to continuing to partner with the EU on key development matters particularly around humanitarian, security, and migration-related assistance, provided the UK is allowed a measure of oversight. This would likely happen through the UK contributing to EU facilities and trust funds that are already open to contributions from non-EU actors, e.g., the EU’s External Assigned Revenue Facility for humanitarian funding that allows European Free Trade Association countries to contribute.

Exiting the EU would have a direct impact on UK ODA spending; in 2017, 26% of its multilateral ODA went through the EU. The UK government has committed, under the assumption of a smooth and orderly exit, to maintaining its ODA funding to the EU’s European Development Fund (EDF) until 2020, when the EDF’s current funding cycle runs out. These and other rolling commitments mean the UK would continue to spend potentially between £3 billion-£4 billion (US\$3.9 billion-US\$5 billion) of its ODA through the EU until 2026. Provided the 0.7% target continues to be respected, any ODA funding return to the UK from the EU would be available for spending through other channels.

### THE UK'S GROSS/NET ODA DISBURSEMENTS

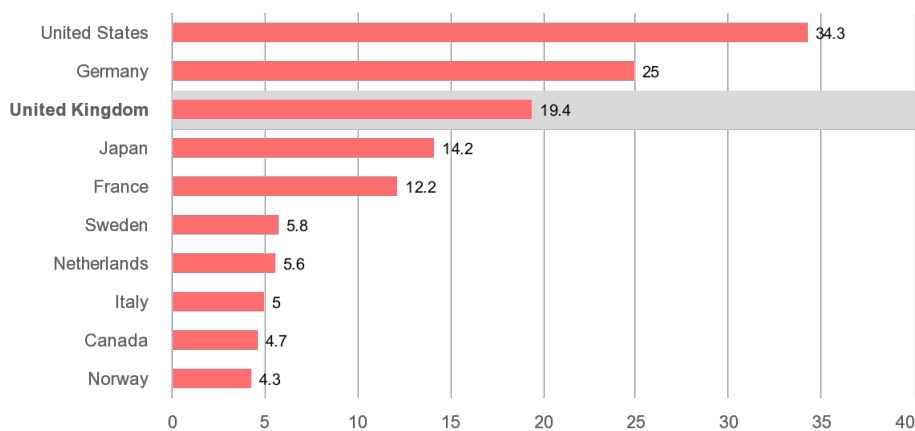
US\$ millions; in 2017 prices



OECD table DAC1. 2018 number according to preliminary data (April 2019).  
ODA estimates for 2019 based on government data.

### TOP 10 DAC DONOR COUNTRIES, 2018

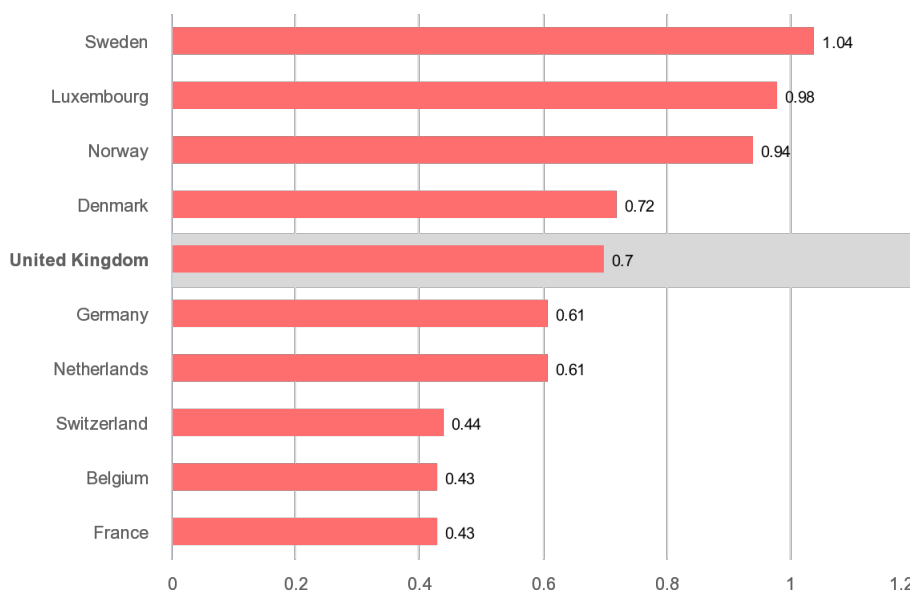
Total ODA disbursements; US\$ billions; in current prices



OECD DAC preliminary data (April 2019).

### TOP 10 DAC DONOR COUNTRIES, 2018

Total ODA as % of GNI



OECD DAC preliminary data (April 2019).

#### Further information: 2017 prices

To compare ODA levels in any given year with ODA levels provided in other years, figures need to be adjusted to account for inflation and exchange rate fluctuations. The OECD provides data that accounts for these fluctuations. In this profile, and unless indicated otherwise, figures are stated using 2017 prices.