

## KEY QUESTIONS

### the big six



### How is the UK's ODA spent?

#### The UK is the largest donor to multilaterals; funding is determined by 'value-for-money' assessments

According to OECD data, the UK was the largest provider of core contributions to multilateral organizations in 2016. Core funding to multilateral organizations amounted to US\$6.5 billion that year. This corresponds to 36% of the UK's total ODA. The largest recipients of this funding in 2016 were the European Union institutions (31%), the World Bank (24%), and UN agencies (10%). 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, which in total amounted to US\$11.7 billion in 2016). The UK's bilateral ODA is mainly implemented by the public sector, including partner governments (28%), and civil society organizations (CSOs; 19%).

In December 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, and defines 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 is to 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 (US\$41 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 (US\$54 million) available in a first funding round.

3. UK Aid Connect: Funds innovations and collaborations between CSOs, think tanks, and other 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 32% between 2014 and 2016), which is well above the average among DAC members (22%). Asia received the second-largest share (17%), slightly above the DAC average of 14%.

Overall, the UK’s bilateral ODA focuses on low-income countries (LICs). The largest share of bilateral ODA (34%) between 2014 and 2016 went to LICs, well above the DAC average of 25%. The UK’s development strategy, ‘UK aid: tackling global challenges in the national interest’, published in 2015, calls for DFID to allocate at least half of its annual budget to fragile states and regions. According to DFID’s own Annual Report and Accounts 2016-17 (the most recent available), 57% of its budget went toward fragile states and regions in 2015. The independent organization ‘Development Initiatives’ suggests that this target may not result in a major shift in funding, given that DFID was already achieving the target before the new development strategy.

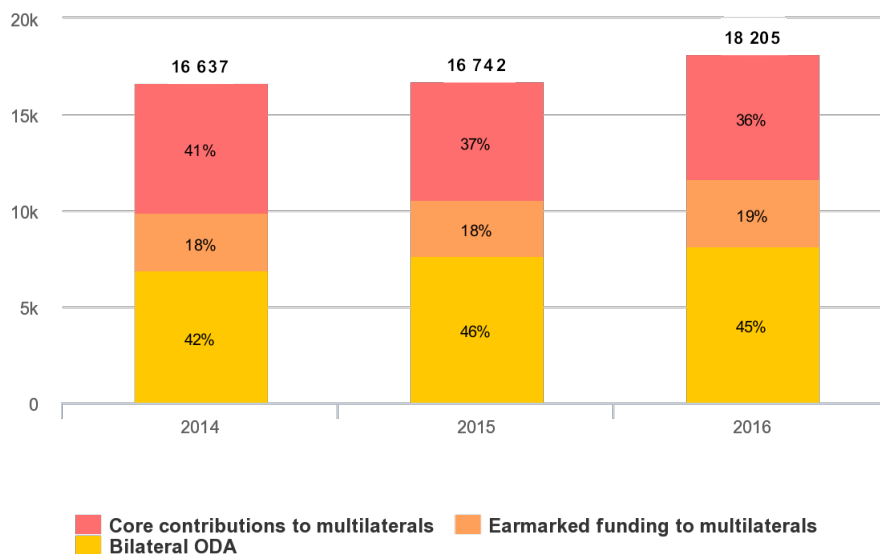
### How is bilateral funding programmed?

#### Programming of DFID’s bilateral funding is highly decentralized

DFID manages almost three-quarters of the UK’s ODA (see question four: ‘How is the UK’s budget structured?’). 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 within the partner 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.

## UNITED KINGDOM'S BILATERAL AND MULTILATERAL ODA

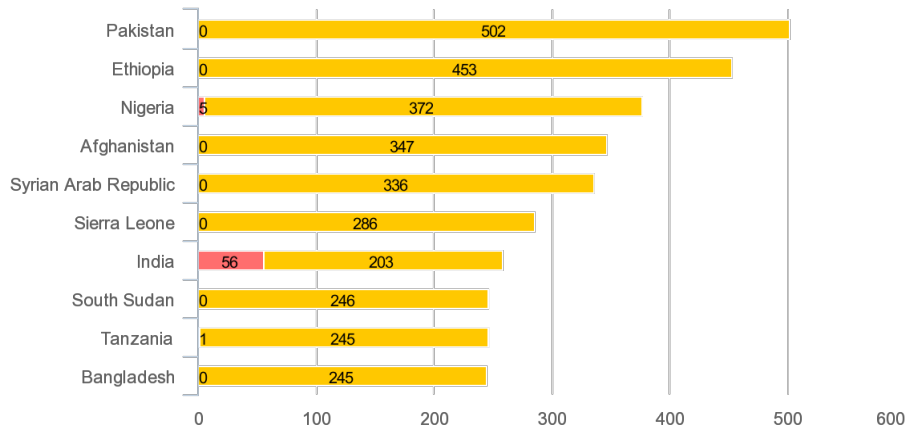
US\$ millions



OECD DAC 1 table. Gross disbursements; in 2016 prices.

### THE TOP 10 RECIPIENTS OF THE UK'S ODA

Average 2014-2016, excluding debt relief; US\$ millions.

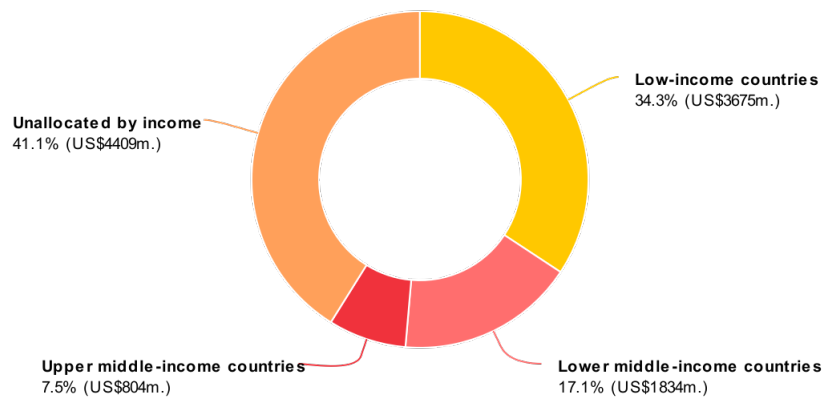


■ Grants ■ Loans and equity investments

OECD CRS. Gross disbursements; in 2016 prices.

### THE UK'S BILATERAL ODA BY INCOME-GROUP, 2014-2016

Average 2014-2016: US\$10.7 billion



OECD CRS. Gross disbursements, in 2016 prices.