

KEY QUESTIONS

the big six

3



How does the UK spend its ODA?

UK's mix of bilateral and multilateral spending is stable and aligns with DAC averages

The UK has long maintained a relatively stable ODA portfolio in terms of its ratio of bilateral to multilateral spending, and this trend has continued in the years since it first reached the 0.7% ODA/GNI target. In 2017, 37% of the UK's ODA was core funding to multilaterals, not far from the 40% average among countries in the OECD's Development Assistance Committee (DAC). Bilateral ODA and bilateral ODA channeled through multilaterals ('earmarked funding to multilaterals') were also in line with DAC averages, at 44% and 19% respectively. Owing to the UK's commitment to the 0.7% ODA/GNI target, bilateral and multilateral ODA have steadily increased in absolute terms in line with economic growth but stayed largely stable as a proportion of overall funding for global development.

According to OECD data, CSOs implemented 20% of the UK's bilateral programs in 2017, above the 17% average among countries in the OECD's Development Assistance Committee (DAC).

Bilateral funding centered on humanitarian assistance and global health

Reflecting its strategic priorities (see 'Key Question 2: What are the UK's priorities for global development?'), the UK focuses much of its bilateral ODA on humanitarian assistance and global health, as well as security and governance.

Humanitarian assistance surpassed global health as the UK's largest sector of bilateral support in 2015, the first year of a new ODA strategy that emphasizes security and fragile states/regions, but the sector was already growing rapidly. In 2017 the UK spent US\$1.8 billion on humanitarian assistance, 16% of overall bilateral ODA and up 6% from 2016. The related sector of Conflict, Peace, and Security has also seen rapid growth in recent years, more than doubling since 2014 to US\$585 million in 2017.

The second-largest sector of bilateral funding in 2017 was global health, accounting for 15% or US\$1.7 billion. This total represented growth of 24% over 2016. Other large sectors of bilateral ODA in 2017 were Government and Civil Society (US\$926 million or 8%) and education (US\$916 million or 8%), though education funding fell 28% from 2016, a year marked by several unusually large disbursements (e.g., to the Global Partnership for Educa-

tion and the Girls' Education Challenge) that may prove to be an outlier. Much of the increased spending on strengthening governance and civil society, as well as addressing conflict, peace, and security, was channeled through the Foreign and Commonwealth Office.

The UK prefers grants to loans for its bilateral ODA. In 2017, almost all (99.7%) of the UK's bilateral ODA went as grants, in line with recent years.

Bilateral ODA focuses on poorest countries and sub-Saharan Africa

The UK currently allocates the largest share of its bilateral ODA to sub-Saharan Africa (on average 30% between 2015 and 2017), which is well above the average among DAC members (21% in 2017). Asia received the second-largest share (16%), slightly above the 2017 DAC average of 14%.

Overall, the UK's bilateral ODA focuses on low-income countries (LICs). The largest share of bilateral ODA (33%) between 2015 and 2017 went to LICs, well above the DAC average of 24% in 2017. The UK's development strategy, 'UK aid: tackling global challenges in the national interest', published in 2015, commits DFID to allocating at least half of its annual budget to fragile states and regions. However, 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.

The top recipients are Pakistan (US\$543 million on average per year between 2015 and 2017), Ethiopia (US\$439), Syria (US\$407 million), Nigeria (US\$398 million), and Afghanistan (US\$346 million).

For a deeper understanding of funding at the recipient level, please consult data from the International Aid Transparency Initiative (IATI). IATI is a reporting standard and platform on which organizations and governments voluntarily publish data on their development cooperation, including more recent activity than is available through OECD data.

Data can be searched by recipient country, the 'publisher' (including funders that do not report to the OECD), and other filters. Click here for more information on IATI's data. Click here to go directly to IATI's 'd-portal', a user-friendly interface for data searches.

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 2017. Core funding to multilateral organizations amounted to US\$6.8 billion that year, corresponding to 37% of the UK’s total ODA.

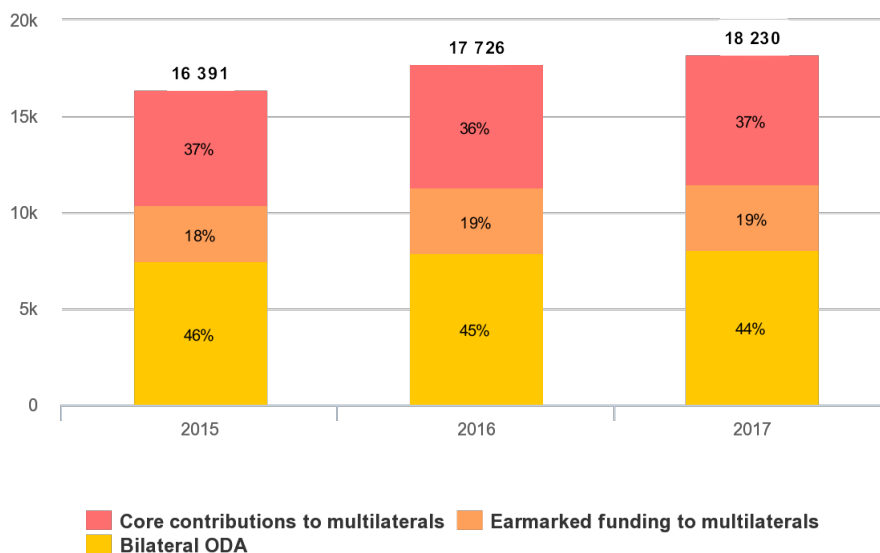
The largest recipients of this funding in 2017 were the World Bank (US\$1.8 billion or 26%), the European Union institutions (US\$1.7 billion or 26%), the International Monetary Fund (US\$1.3 billion or 14%), and a host of multilaterals that includes Gavi, the Vaccine Alliance (US\$258

million) and smaller multilaterals focused on immunization and drug purchasing; the Global Fund to Fight Aids, Tuberculosis and Malaria (US\$408 million); and the Green Climate Fund (US\$158 million). Overall funding for multilaterals was up 6% over 2016, with most of this increased spending going to the International Monetary Fund’s Poverty Reduction and Growth Trust (+US\$348 million) and the World Bank.

The UK uses the Multilateral Development Review (MDR; see ‘Key Question 2: What are the UK’s priorities for global development?’) as an instrument to assess the effectiveness of multilateral organizations and their approach to ‘value for money’.

THE UK'S BILATERAL AND MULTILATERAL ODA

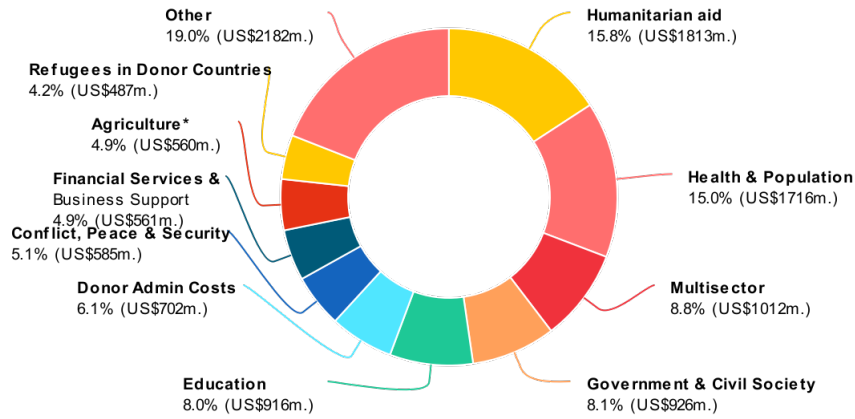
US\$ millions



OECD DAC 1 table. Gross disbursements; in 2017 prices.

THE UK'S BILATERAL ODA BY SECTOR, 2017

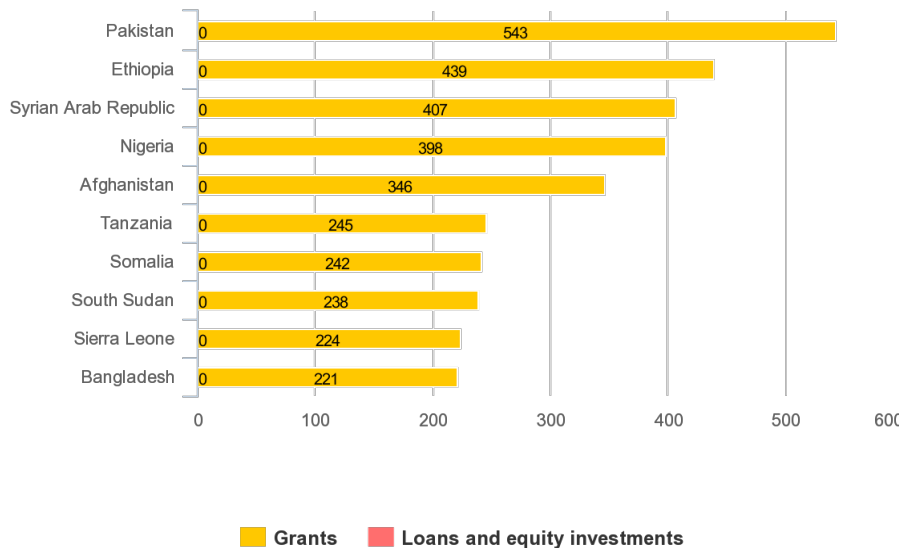
Total: US\$11,461 million



OECD CRS. Gross disbursements. *Includes agriculture, forestry, fishing, and rural development. In 2017 prices.

THE TOP 10 RECIPIENTS OF THE UK'S ODA

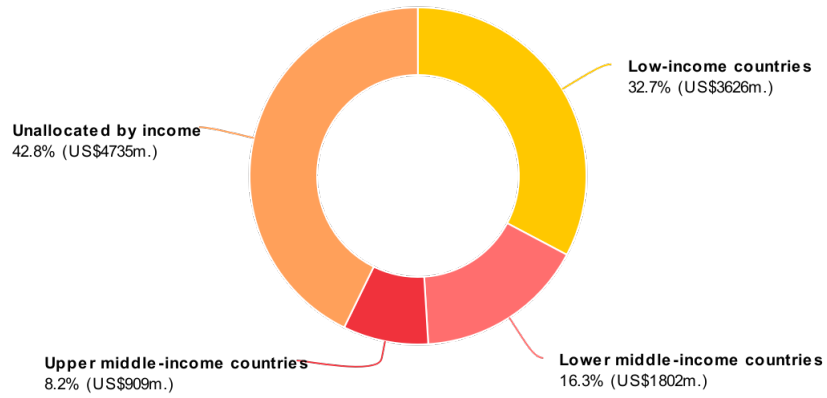
average 2015-2017, excluding debt relief; US\$ millions.



OECD CRS. Gross disbursements; in 2017 prices.

THE UK'S BILATERAL ODA BY INCOME-GROUP, 2015-2017

average 2015-2017: US\$11.1 billion



OECD CRS. Gross disbursements; in 2017 prices.