



# UK overseas aid expenditure

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This note describes how UK official development assistance (overseas aid) is distributed.

The UK spent £7.4bn on official development assistance in 2009. Around two-thirds of this was distributed bilaterally, and the remainder went to multilateral institutions.

The UK's bilateral aid is concentrated in sub-Saharan Africa, South Asia and parts of the Middle East. India is the largest recipient of bilateral aid (£334m in 2009), although relative to the numbers living in poverty, it receives less than most other UK aid recipients. Past distributions of aid have been shaped by Commonwealth connections; the top ten recipients of UK aid since 1960 are all Commonwealth members.

85% of the UK's multilateral aid goes to the EU, the UN and the World Bank. Contributions to the EU have increased substantially over the past 30 years.

The Government has committed to increase aid as a proportion of national income to 0.7% by 2013. The proportion will be held constant at 0.56% during 2010-12, implying a sharp jump in expenditure of 32% between 2012 and 2013.

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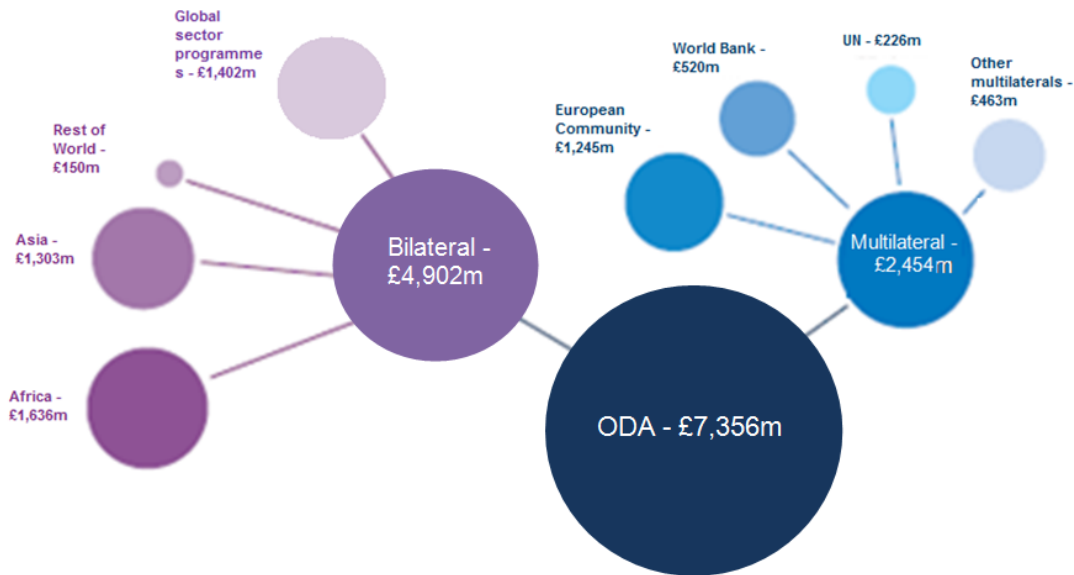
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# 1 Overview

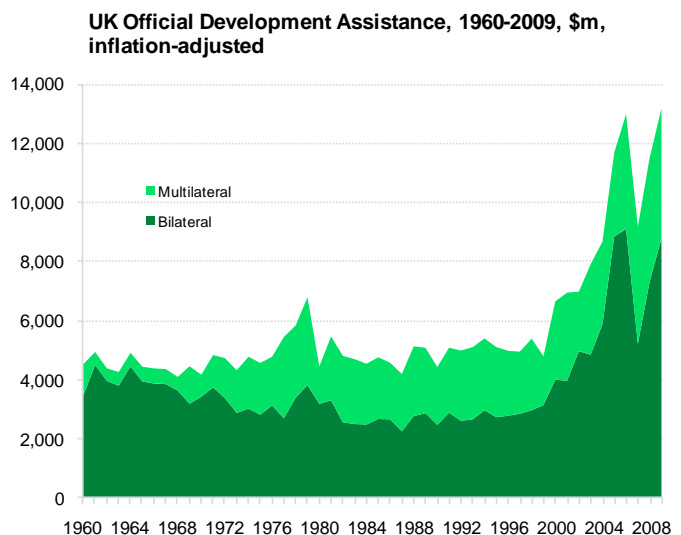
The UK spent £7.4bn on official development assistance (ODA) in 2009,<sup>1</sup> around 1.1% of total public expenditure and 0.5% of gross national income. Of this, £4.9bn (two-thirds) was bilateral assistance, defined as aid where the recipient country, sector or project is known. The remainder was channelled through multilateral institutions such as the EU, the UN and the World Bank (see section 3). Around 85% of UK aid is disbursed by the Department for International Development (DFID).<sup>2</sup>

## UK Official Development Expenditure, 2009



Source: DFID *Statistics on International Development 2010* (adapted)

The chart on the right shows the UK's total ODA since 1960 in US dollars, adjusting for inflation over this period.<sup>3</sup> Aid increased rapidly during the 2000s, although some of this rise is due to exchange rate movements (the chart shows figures in US dollars), and the 'spike' in 2005-6 is due to debt relief initiatives. The bilateral-multilateral split is also shown: After increasing during the 1960s and 1970s, the proportion of UK development assistance distributed bilaterally has remained relatively steady over the past 30 years.



<sup>1</sup> ODA is the definition of aid agreed by the 24 country members of the OECD's Development Assistance Committee (DAC). The definition prescribes a list of conditions for financial flows from one government to another to be counted as 'aid'. In general, flows to high income countries do not count as aid, military spending is excluded, and any loans must have a significant grant element. More details can be found in the OECD factsheet [Is it ODA?](#)

<sup>2</sup> The vast majority of the remainder comes from the investments of CDC Group plc, the FCO, DECC, the Conflict Pool and Gift Aid.

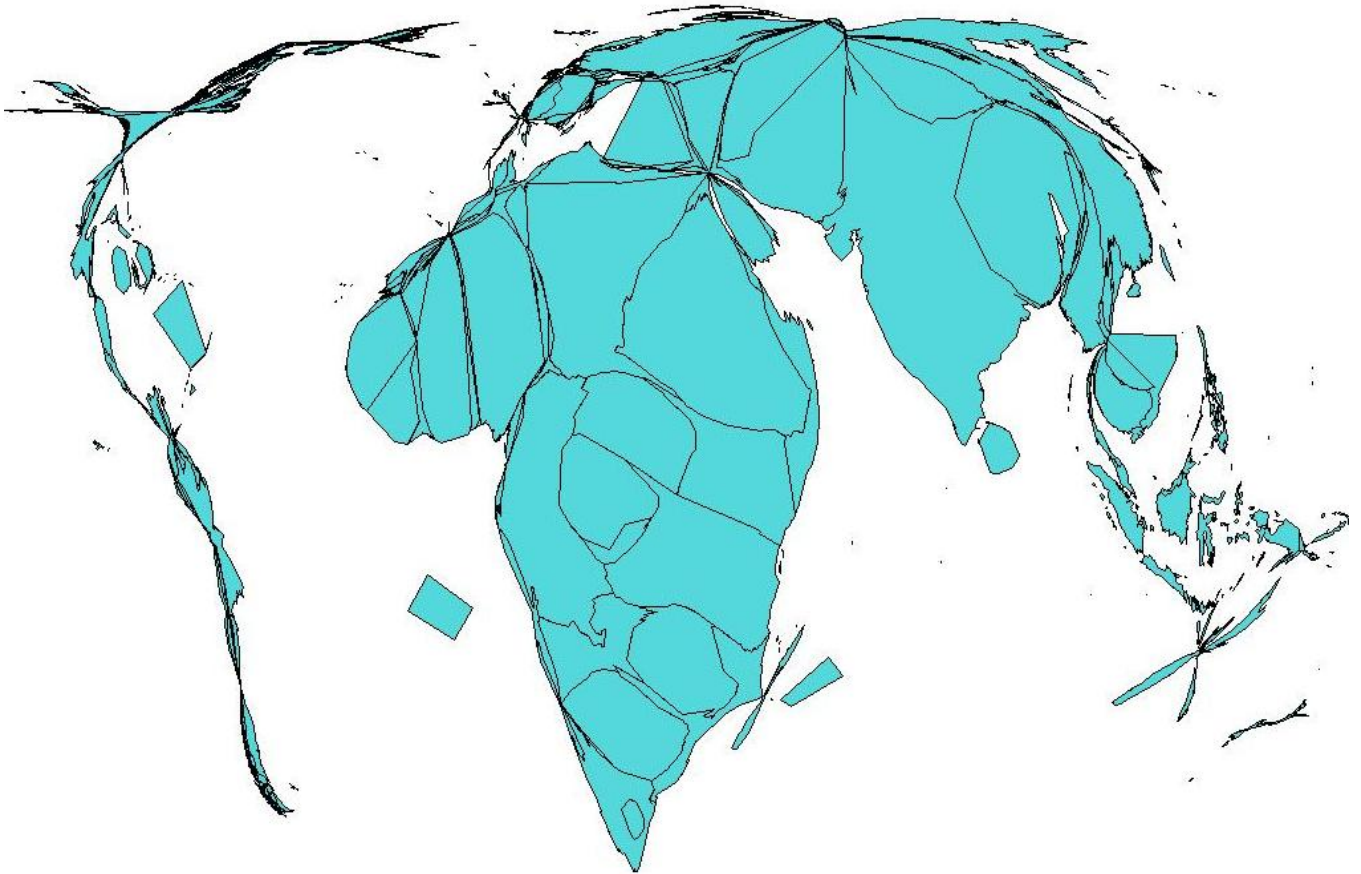
<sup>3</sup> Charts and tables in this note showing trends over time use dollars and are adjusted for inflation. All other figures are in sterling.

## 2 Bilateral aid

### 2.1 Geographical distribution

#### *Overview*

In the world map below, countries are sized according to the amount of UK aid they receive.<sup>4</sup> It is evident that UK aid is concentrated in sub-Saharan Africa, parts of the Middle East, and South Asia. Certain islands (e.g. Montserrat, St. Helena and Mauritius) also receive relatively large amounts of aid.



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<sup>4</sup> The map is intended to indicate the regional concentration of UK aid. Many countries that do not receive any UK aid (e.g. Canada and the US) are still visible, albeit much reduced in size, in order to preserve the impression of a world map.

## By country

India has been the largest recipient of the UK's bilateral aid: it received £334m in 2009.<sup>5</sup> Per head of population, or per individual in poverty, however, India receives comparatively small amounts of assistance. Table 1, below, shows the top ten recipients of UK aid in 2009, and their allocation per head of population, and per individual in poverty.

**Table 1: top 20 recipients of UK official development assistance, 2009**

Table 1: Top 20 recipients of UK Official Development Assistance, 2009

	£m	£ per head <sup>a</sup>		
		total	<\$2 per day	<\$1.25 per day
India	333.6	0.29	0.38	0.69
Ethiopia	219.5	2.65	3.42	6.79
Afghanistan	207.7	6.97	.	.
Sudan	187.2	4.43	.	.
Bangladesh	160.1	0.99	1.21	1.99
Congo, Dem. Rep.	144.3	2.19	2.75	3.69
Pakistan	139.2	0.82	1.36	3.63
Tanzania	138.7	3.17	.	.
Nigeria	120.9	0.78	0.93	1.21
Ghana	98.5	4.13	7.71	13.78
Kenya	84.0	2.11	5.29	10.70
Uganda	75.1	2.30	3.04	4.46
China	74.3	0.06	0.15	0.35
Malawi	71.5	4.69	5.18	6.34
Zimbabwe	70.3	5.62	.	.
Nepal	66.1	2.25	2.90	4.09
West Bank and Gaza	60.7	15.02	.	.
Vietnam	60.1	0.69	1.42	3.21
Rwanda	57.5	5.75	.	.
Sierra Leone	51.4	9.02	11.86	16.90

<sup>a</sup> Aid divided by total population (left), population living at less than \$2 per day, adjusting for purchasing power (middle) and population living at less than \$1.25 per day, adjusting for purchasing power (right). Some data not available.

Sources: DFID *Statistics on International Development 2010*; World Bank *World Development Indicators 2010*

## By region

Sub-Saharan Africa receives over half of that element of UK aid which can be allocated to particular regions (£1.6bn in 2009). Relative to levels of absolute poverty, the Middle East and North Africa receive the most 'generous' allocation.

**Table 2: UK official development assistance by region, 2009**

	£m	£ per head <sup>a</sup>		
		total	<\$2 per day	<\$1.25 per day
Sub-Saharan Africa	1,603	1.91	2.62	3.75
South Asia	953	0.61	0.82	1.51
Europe and Central Asia	510	0.13	1.42	3.41
East Asia and Pacific	212	0.11	0.28	0.65
Middle East and North Africa	157	0.47	2.82	13.18
Latin America and Caribbean	92	0.14	0.83	1.72

<sup>a</sup> Aid divided by total population (left), estimated population living at less than \$2 per day, adjusting for purchasing power (middle) and estimated population living at less than \$1.25 per day, adjusting for purchasing power (right).

Sources: DFID *Statistics on International Development 2010*; World Bank *World Development Indicators 2010*

<sup>5</sup> More information on aid to India can be found in Library Standard Note [India: development Aid from the UK and other donors](#)

## Over time

The geographical distribution of UK bilateral aid has been shaped at least in part by Commonwealth connections; the top ten recipients of UK aid since 1960 are all Commonwealth members. Security issues have also dictated aid allocations, and there have been sharp increases in spending in Iraq and Afghanistan over the last decade. The table below shows the top 20 recipients of UK aid since 1960; figures are in millions of **dollars**.

**Table 3: Top 20 recipients of UK official development assistance since 1960, \$m, inflation-adjusted**

	1960-69	1970-79	1980-89	1990-99	2000-09	<b>Total</b>	<i>Commonwealth?</i>
India	6,924	7,498	3,256	2,071	4,551	<b>24,300</b>	Y
Nigeria	1,619	539	324	345	6,567	<b>9,393</b>	Y
Kenya	3,674	1,404	1,158	778	970	<b>7,983</b>	Y
Tanzania	1,698	439	1,076	1,049	2,595	<b>6,858</b>	Y
Bangladesh <sup>a</sup>	0	1,222	1,502	1,344	2,224	<b>6,291</b>	Y
Pakistan <sup>a</sup>	2,007	1,160	711	684	1,386	<b>5,947</b>	Y
Malawi	1,767	1,089	615	791	1,264	<b>5,527</b>	Y
Zambia	1,314	990	767	1,005	1,167	<b>5,242</b>	Y
Uganda	1,570	234	385	996	1,452	<b>4,638</b>	Y
Ghana	405	431	576	680	1,676	<b>3,768</b>	Y
Sudan	103	339	1,238	335	1,376	<b>3,391</b>	N
Iraq	3	4	0	193	2,986	<b>3,186</b>	N
Ethiopia	25	208	364	438	1,532	<b>2,566</b>	N
Indonesia	99	760	413	623	596	<b>2,491</b>	N
Mozambique	8	112	387	701	1,183	<b>2,392</b>	Y
Afghanistan	35	43	23	92	2,067	<b>2,260</b>	N
Zimbabwe	192	134	670	605	651	<b>2,253</b>	N <sup>b</sup>
Sri Lanka	392	524	903	232	134	<b>2,184</b>	Y
Yemen	1,390	186	202	109	176	<b>2,063</b>	N
Malaysia	1,007	495	346	175	25	<b>2,047</b>	Y
Nepal	79	345	395	400	726	<b>1,945</b>	N

<sup>a</sup> Bangladesh has been independent from Pakistan since Dec 1971

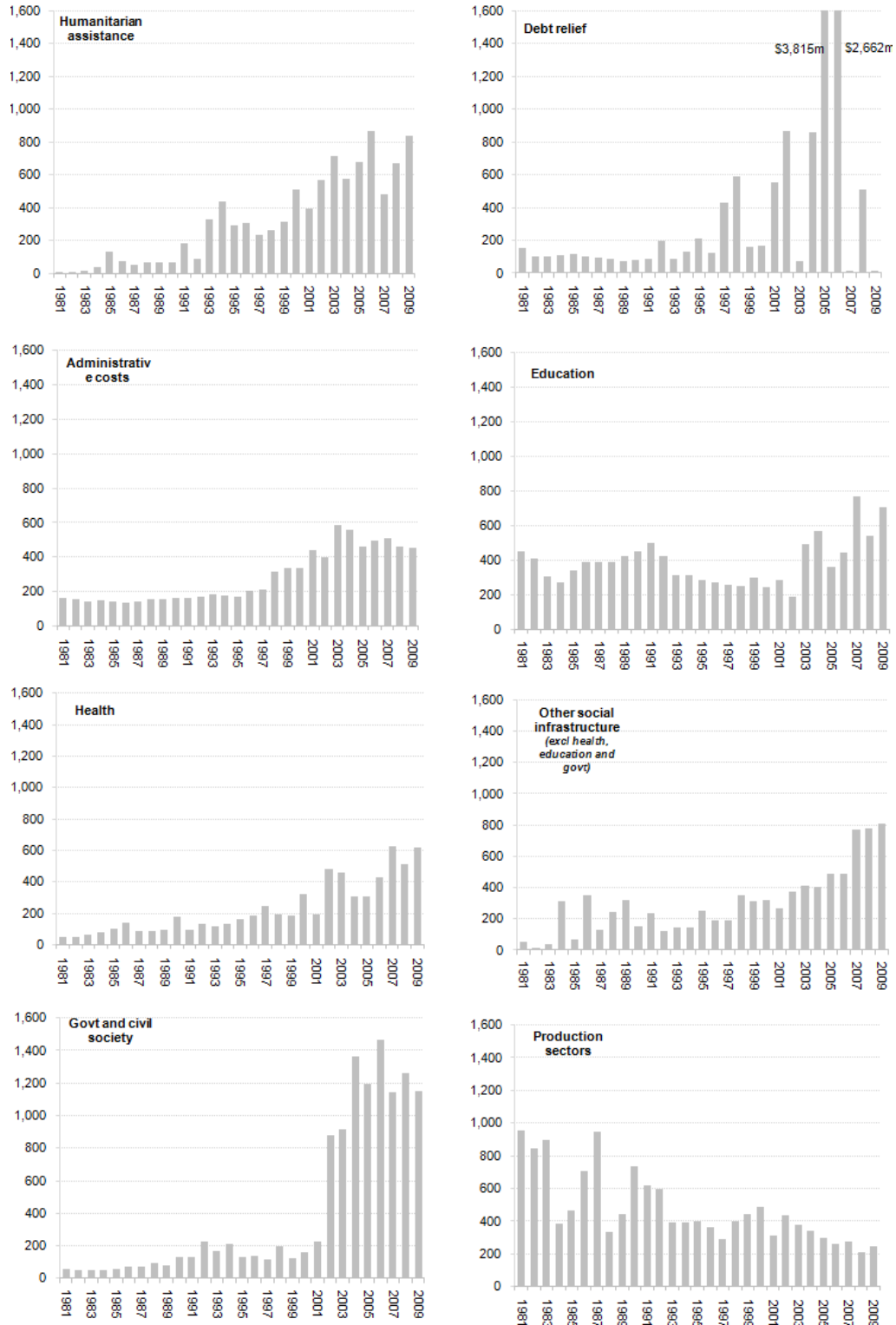
<sup>b</sup> Zimbabwe was a Commonwealth member until Dec 2003

Source: OECD DAC Database

## 2.2 Sectoral distribution

Over the past 30 years, aid to support humanitarian assistance and government and civil society has increased rapidly. Debt relief has also become a more prominent component of official development assistance in recent years. By contrast, aid to support developing countries' production sectors has declined, and for education and health projects has increased more modestly.

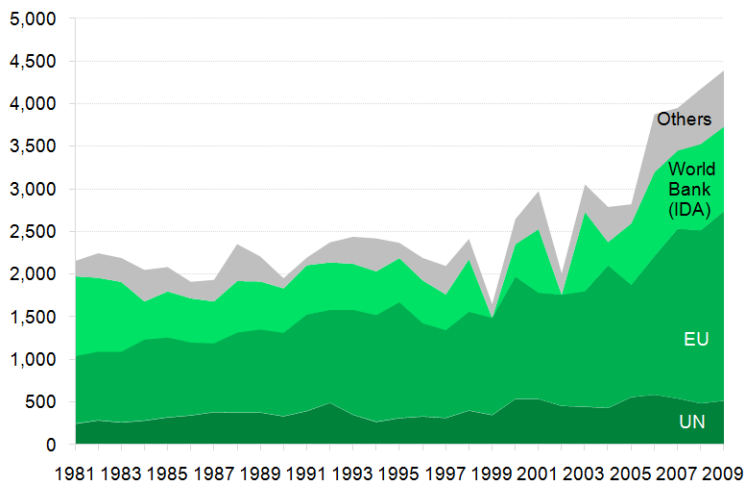
UK official development assistance by sector, 1981-2009, \$m, inflation-adjusted



### 3 Distribution of multilateral aid

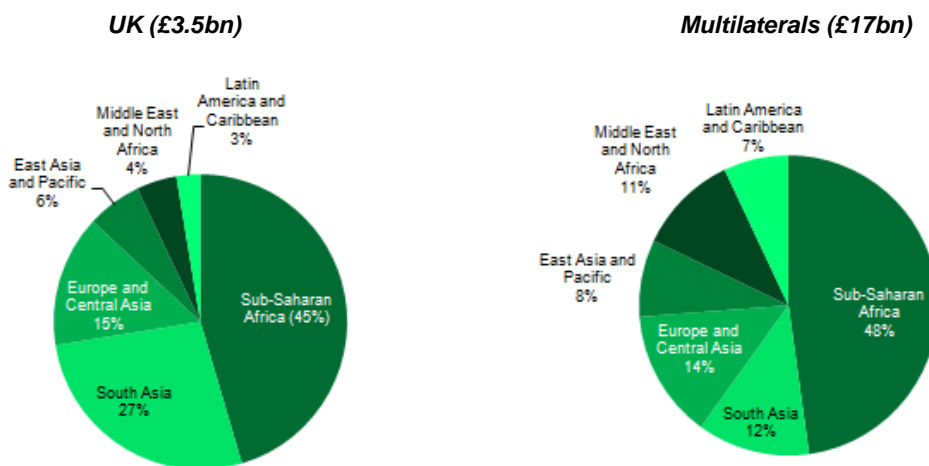
When the UK provides contributions to multilateral institutions, such as the UN and the EU, these funds, together with contributions from other countries, form part of those institutions' overall aid budgets. Because the money has been 'pooled' in this way, it is not possible to track the UK's multilateral contributions to specific countries or sectors.<sup>6</sup> The chart below shows the UK's multilateral aid contributions. 85% of the UK's multilateral aid goes to UN and EU institutions, and to the World Bank's International Development Association. Over the past 30 years, contributions to EU institutions (specifically, the European Development Fund and the European Commission) have increased substantially.

**UK multilateral aid by recipient, 1981-2009, \$m, inflation adjusted**



The charts below compare the distribution of UK bilateral aid with that of the multilateral institutions to which the UK contributes. Proportionally, the UK gives more to South Asia, and less to Latin America than the multilateral institutions do.

**Distribution of UK bilateral aid and total multilateral aid by region, 2009**



<sup>6</sup> The definition of multilateral aid used by DFID and the OECD Development Assistance Committee covers core contributions to multilateral institutions. Aid channelled to multilateral institutions earmarked for specific purposes or countries is defined as bilateral aid.

## 4 A summary of the future of the aid budget to 2014

**Table 4: UK official development expenditure and planned spending, 1997-2014**

The three major parties all committed in their election manifestoes to increase UK ODA to 0.7% of Gross National Income.<sup>7</sup> Based on forecasts from the Office for Budget Responsibility, this implies an increase of 43% in ODA by 2013, relative to estimated expenditure in 2010.

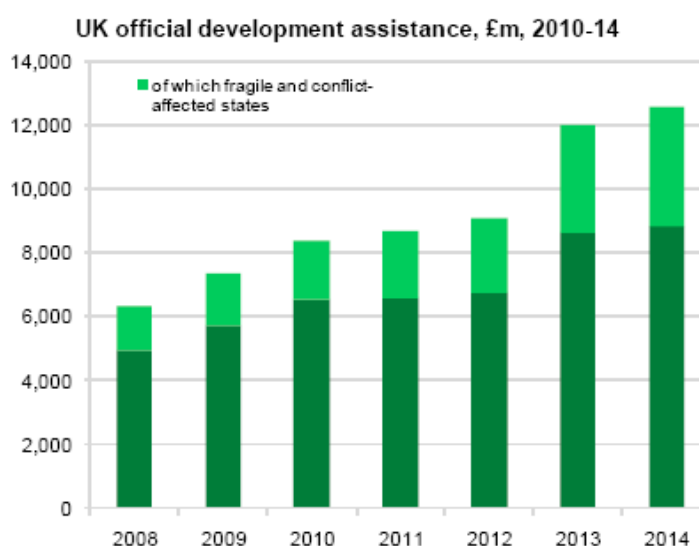
The October 2010 Spending Review set out the expenditure path for ODA to 2014. A slow increase is envisaged over the period 2010-12, keeping ODA constant as a proportion of national income at 0.56%. Between 2012 and 2013, a sharp jump in expenditure of almost £3bn (32%) is planned in order to meet the 0.7% commitment. Large increases in ODA expenditure of this nature have occurred in the past, although they have often been caused by debt relief initiatives.

Shortly after entering office, the Government decided to review the Department for International Development's bilateral, multilateral and humanitarian aid programmes. The distribution of future ODA between countries and sectors will be dependent on the outcome of this. There are already proposals in the Strategic Defence and Security Review to double aid to fragile and conflict-affected states,<sup>8</sup> with the proportion of ODA going to these countries rising from 22% in 2010 to 30% by 2014 (see chart). This is likely to be reflected in the outcome of the aid reviews, which are due to be published in March 2011.

	cash terms		real terms		% of GNI
	£m	% change	£m	% change	
1997	2,096	+2.2%	2,784	-0.5%	0.26%
1998	2,332	+11.2%	3,030	+8.8%	0.27%
1999	2,118	-9.2%	2,696	-11.0%	0.24%
2000	2,974	+40.4%	3,741	+38.8%	0.32%
2001	3,179	+6.9%	3,916	+4.7%	0.32%
2002	3,281	+3.2%	3,920	+0.1%	0.31%
2003	3,847	+17.3%	4,459	+13.8%	0.34%
2004	4,302	+11.8%	4,864	+9.1%	0.36%
2005	5,926	+37.7%	6,566	+35.0%	0.47%
2006	6,770	+14.2%	7,279	+10.9%	0.51%
2007	4,921	-27.3%	5,138	-29.4%	0.36%
2008	6,356	+29.2%	6,445	+25.4%	0.43%
2009	7,356	+15.7%	7,356	+14.1%	0.52%
<b>Forecasts (Spending Review Oct 2010 basis)</b>					
2010	8,400	+14.2%	8,140	+10.6%	0.56%
2011	8,700	+3.6%	8,257	+1.4%	0.56%
2012	9,100	+4.6%	8,459	+2.4%	0.56%
2013	12,000	+31.9%	10,872	+28.5%	0.70%
2014	12,600	+5.0%	11,115	+2.2%	0.70%

Sources: DFID, *Statistics on International Development 2010*;

Spending Review 2010; HM Treasury, GDP deflators; ONS database GNI [ABMZ] & GDP [YBHA] series



Note: figures from 2010 are forecasts. Forecasts based on GNI estimated from GDP forecasts & Government commitments. A steady rise from 22% of ODA in 2010 to 30% of ODA in 2014 for fragile and conflict-affected states is assumed.

Sources: *Statistics on International Development 2009/10*, table 7; *Strategic Defence and Security Review*; *Spending Review 2010*; HMT GDP deflators; ONS database GNI [ABMZ] & GDP [YBHA] series

<sup>7</sup> For more information on the 0.7% target, see Library Standard Note [Aid: Meeting the 0.7% of UK national income target and proposed legislation](#)

<sup>8</sup> HMG (2010) *Securing Britain in an Age of Uncertainty: The Strategic Defence and Security Review*, p.44