

WHERE DOES THE UK EXPENDITURE ON INTERNATIONAL DEVELOPMENT GO?

1. Section 2 of this report discussed total expenditure on the DFID aid programme, GPEX and official development assistance (ODA) and showed how each total was made up of bilateral and multilateral aid of different types. This section shows the destination countries of bilateral aid, and for multilateral aid, the organisations to which flows are directed. It also reports on flows from the UK's aid budget to Civil Society Organisations¹ (CSOs). The rationale for classifying assistance as bilateral or multilateral is explained on page 6.

2. In this section, Tables 7 to 15 show aid flows to individual countries, regions and country groupings (e.g Commonwealth countries, HIPC countries and low, middle and high income countries). Tables 14 and 15 also give details of multilateral expenditure as does Table 16. Table 17 shows UK flows to Civil Society Organisations. Some tables report DFID/GPEX data and others ODA, as indicated by the table titles.

Major recipients of UK aid

3. Tables 7 to 9 highlight the top twenty recipient countries of DFID bilateral aid and UK ODA (the former is shown including and excluding humanitarian

assistance²) and Table 10 shows the top ten recipients of DFID humanitarian assistance.

4. India received by far the greatest amount of DFID bilateral aid to an individual country in 2004/05 (£259 million), with Bangladesh in second place (£128 million) and Tanzania third (£97 million). In total, the top twenty recipients of DFID's bilateral aid received 62% of the total bilateral programme (Table 7).

5. Looking at UK bilateral ODA, India, Democratic Republic of the Congo and Zambia were the top three recipients in 2004; the latter two countries received substantial sums of debt relief in this year, which explains their unusually high ranking (Table 8).

6. Sudan received by far the largest amount of DFID humanitarian assistance in 2004/05 (£78 million), more than three times that of the next largest recipients (Table 10). Sudan ranked fourth in terms of its overall receipt of DFID bilateral aid, however excluding humanitarian assistance, it was not one of the top twenty recipients (Table 9).

¹ See glossary for definition.

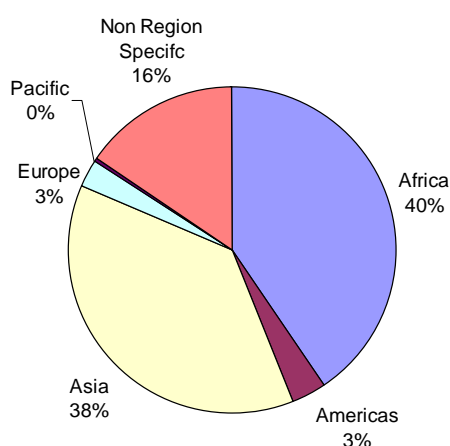
² Humanitarian assistance can generate particularly large flows in certain years in response to emergency situations, meaning that countries that are not usually major recipients of UK aid appear in the top twenty rankings. This explains the convention of reporting the lists both including and excluding humanitarian assistance.

Bilateral DFID, GPEX and ODA Flows to Individual Countries and Country Groups

7. Table 12 reports on the destination countries for both the DFID bilateral programme and GPEX. Table 11 is in effect a summary of Table 12, presenting data on bilateral expenditure for regions and a range of country groupings (e.g. commonwealth countries, HIPC countries and low, middle and high income countries).

8. Figure 9 based on Table 11 data shows that in 2004/05 40% of DFID's bilateral programme was spent in Africa, 38% in Asia, 3% in each of Europe and the Americas and less than 1% in the Pacific. The remaining 16% was not allocated to a particular region as it benefited all partner countries. DFID's bilateral aid to all regions has increased over the last five years.

Figure 9
DFID Bilateral Aid by Region 2004/05



9. Following the tsunami on 26 December 2004, DFID allocated some of its aid budget to helping the affected countries

meet immediate humanitarian relief needs. Up to the end of the 2004/05 financial year, such expenditure amounted to £48 million (14% of DFID's total humanitarian assistance in 2004/05). Most of this expenditure could not be allocated to individual countries and is classified as bilateral humanitarian aid to Asia region in Table 12.

Expenditure in Low Income Countries

10. Table 13 breaks down the DFID programme by the income group of the recipient countries and is used to report progress towards a DFID target to spend 90% of bilateral aid (excluding humanitarian assistance) in low income³ countries by 2006. In 2004/05 83% of such aid was spent in low income countries.

11. Table 14 shows how bilateral ODA (and OA) from the UK and all DAC donors was split among different countries and regions in 2003 (the last year for which data are available for all columns in the table). This table also shows the total amount of multilateral ODA/OA provided to each country and an estimated value for the UK's share of this multilateral ODA/OA.

12. Table 15 compares the percentages of bilateral ODA given to low, middle and high income countries for all DAC donors and for multilateral agencies in 2003. It can be seen that the UK gave a considerably higher proportion of ODA (80%) to low income countries than most DAC donors. Only four countries gave a higher

³ Income Groups are classified using 2001 GNI per capita thresholds (see glossary for details). The income group status of individual countries can be seen in Table 25.

proportion; Belgium, Italy, Ireland and Denmark. Four countries gave less than 50% of their ODA to low income countries; Greece, Spain, Austria and New Zealand.

Contributions to Multilateral Organisations

13. Table 16 shows DFID contributions to different multilateral organisations alongside contributions from other UK Government Departments.

14. In 2004/05 DFID spent £1,504 million through multilateral agencies (Table 16) with the greatest amounts being channelled through the EC, World Bank Group and UN agencies. Total contributions in 2004/05 were less than in 2003/04 due to lower payments to the World Bank Group—in particular to IDA (the World Bank's concessional lending department). The change in the attribution of EC aid for new EU member states from DFID to the Treasury also reduced the level of DFID's EC contributions in 2004/05 (while increasing the level of those of 'other government departments').

15. DFID's contributions to the HIPC Trust Fund (a fund for pooling debt relief from various donor countries – see Section 5 for more details) increased to £42 million in 2004/05, more than twice the amount in 2003/04. In 2004/05 DFID also doubled contributions to international research organisations compared with the previous year, with funding of almost £18 million.

16. There were small increases in contributions to the Regional Development

Banks as a group and Commonwealth agencies compared with the previous year.

DFID Expenditure through Civil Society Organisations

17. CSOs are non-governmental organisations which play a vital role in building global alliances in support of eliminating world poverty. Table 17 sets out allocations in the last financial year to these agencies and the types of arrangements through which funds were given (terms are explained in the glossary).

18. In total funds disbursed through this channel increased a little in 2004/05 (£233 million) compared with 2003/04 (£220 million). The British Red Cross was the single largest recipient of DFID funding (£52 million), followed by VSO (£25 million) and Oxfam (£19 million). It should be noted that these funds appear as 'grants and other aid in kind' in Tables 1 and 12⁴.

⁴ Table 17 includes only expenditure for UK CSOs hence the figures are smaller than those shown in Table 1 which include expenditure through non-UK CSOs.