

Technical Note 1 – Guide to Understanding GPEX Statistics

This note provides a summary of the technical terms used in GPEX Statistics. It should be read in conjunction with the GPEX Overview Note.

Gross Public Expenditure on Development (GPEX)

1. GPEX is expenditure by official UK sources to developing countries on the Organisation for Economic Co-operation and Development's (OECD) [Development Assistance Committee](#) (DAC) list of ODA eligible countries and multilateral organisations, and some other countries, which meet the criteria for developmental Official Flows agreed by the DAC.

2. GPEX is reported on a financial year basis and covers gross flows.

Differences between ODA and GPEX

3. Official Development Assistance (ODA) is the key international measure of aid spend, produced according to standardised definitions and methodologies to enable international comparisons, whereas GPEX is a broader measure of development assistance. In summary, the three main differences between UK GPEX and ODA data are:

- ODA is reported on a calendar year basis, while GPEX is reported on a financial year basis;
- While GPEX covers gross flows, ODA is reported as a net figure, taking into account any loans repaid or grants recovered;
- ODA only includes aid to recipients (countries and organisations) defined to be eligible by the DAC, while GPEX covers development assistance to all countries.

4. Please see the [Glossary](#) of SID for the definition of ODA.

DFID Programme

5. The GPEX tables cover data on GPEX delivered by the DFID programme, which includes bilateral and multilateral expenditure from DFID funds voted by Parliament. This includes activities funded from the Conflict Prevention Pool. Beyond DFID voted funds, the DFID programme also includes an attribution of EC budgetary spending for development assistance (the UK is attributed a share of the EC's External Assistance Budget based on total UK contributions to the EC, which is then attributed to either DFID or other UK government departments based on budget lines).

DFID Country Programme

6. DFID's Bilateral Programme can be further disaggregated between **Country Programme** and **International/Policy Programme**. DFID's total programme is allocated to budget lines for spending divisions. **Country Programmes** are divisions within DFID that work in specific countries or regions e.g. East & Central Africa Division. **International/Policy Divisions** are DFID divisions which work on policy areas or with international organisations which benefit many different countries.

Classification of Bilateral and Multilateral Aid

7. The classification of aid as **bilateral** or **multilateral** is based on definitions laid down by the DAC. On the whole, bilateral assistance is provided to partner countries, including funding to multilateral organisations for specific programmes or in specific countries, while multilateral assistance is provided as core contributions to international organisations. While much of the UK expenditure is clearly identifiable as bilateral or multilateral in nature, there are some anomalies.

8. Funds can only be classified as multilateral if they are channelled through an organisation recognised as multilateral by the DAC. This list is updated annually based on members' nominations. Organisations must be wholly or partly¹ engaged in development work to be included.

9. Aid may be classed as bilateral while a case is being made for the recipient institution to be recognised by the DAC as a multilateral organisation. Once the DAC has recognised the multilateral organisation the aid may be retrospectively re-classified as multilateral.

¹ The DAC determine a coefficient ranging from 0 -100% to judge the share of ODA activity undertaken by the organisation.

10. While core funding to multilateral organisations is always classified as multilateral expenditure, additional funding channelled through multilaterals where the recipient country/region, sector, theme or individual project is known is classified as bilateral expenditure.

Classification of Bilateral Aid Types

11. The classification of DFID bilateral aid types are consistent with DAC reporting standards and are detailed below.

- **Budget Support** – this includes contributions to developing countries for them to spend in support of a government policy and their expenditure programmes whose long-term objective is to reduce poverty. Funds are spent using the overseas governments' own financial management, procurement and accountability systems to increase ownership and long term sustainability. Budget support can take 2 forms:
 - **General budget support** which takes the form of general 'unearmarked' contributions to the overall budget; or
 - **Sector budget support** which has a more restricted focus, earmarked for a specific sector.
- **Other Financial Aid** – Funding of projects and programmes such as Sector Wide Programmes not classified as Budget Support. Financial aid in its broader sense covers all bilateral aid expenditure other than technical cooperation and administrative costs.
- **Technical Cooperation** - Activities designed to enhance the knowledge, intellectual skills, technical expertise or the productive capability of people in recipient countries. It also covers funding of services which contribute to the design or implementation of development projects and programmes. This assistance is mainly delivered through research and development, the use of consultants, training (generally overseas partners visiting the UK or elsewhere for a training programme) and employment of 'other Personnel' (non-DFID experts on fixed term contracts). This latter category is becoming less significant over time as existing contracted staff reach the end of their assignments.

- **Humanitarian Assistance** - Provides food aid and other humanitarian assistance including shelter, medical care and advice in emergency situations and their aftermath. Most of the work of the Conflict Prevention Pool is also included here.
- **DFID Debt Relief** - This includes sums for debt relief on old DFID aid loans and cancellation of debt under the Commonwealth Debt Initiative (CDI). The non-CDI DFID debt relief is reported on the basis of the 'benefit to the recipient country'. This means that figures shown represent the money available to the country in the year in question that would otherwise have been spent on debt servicing. The CDI debt cancellation is reported on a 'lump sum' basis where all outstanding amounts on a loan are shown at the time the agreement to cancel is made.
- **Bilateral Aid Delivered through a Multilateral Organisation** – This category covers funding that is channelled through a multilateral organisation and DFID has control over the country, sector or theme that the funds will be spent on. For example, where a DFID country office transfers money to a multilateral organisation for a particular piece of work in that country.
- **Bilateral Aid Delivered through a Non-Governmental Organisation (NGO)** – This category covers support to the international development work of UK international not for profit organisations such as NGOs or Civil Society Organisations. This covers Partnership Programme Agreements (PPAs), the Governance and Transparency Fund and other grants.
- **Other Bilateral Aid** – This category includes any aid not elsewhere classified such as funding to other donors for shared development purposes.

Sector Expenditure Estimates

12. Every bilateral DFID project is marked with up to eight 'input sector codes' that identify where funding will be spent. DFID's input sector codes are based on the DAC Purpose Codes which are used for reporting ODA. There are around 200 DFID input sector codes to choose from, each of which comes under one of ten major broad sectors:

- **Education** (including primary education and teacher training)
- **Health** (including communicable disease control, health personnel and maternal health)
- **Social Services** (including social protection, shelter and housing and food security and other social infrastructure)
- **Water Supply and Sanitation** (including water resource policy and waste management)
- **Government and Civil Society** (including public administration, financial management, human rights, elections, statistics, culture, strengthening civil society, civilian peace building and de-mining)
- **Economic** (including transport, communications, energy, banking, financial services, agriculture, forestry and fishing, manufacturing, construction, trade, tourism, urban and rural development)
- **Environment Protection** (including bio-diversity, climate change and flood prevention)
- **Research** (including all topics of research)
- **Humanitarian Assistance** (including emergency relief, emergency food aid and reconstruction)
- **Non-Sector Allocable** (including debt relief, Programme Partnership Agreements and development awareness)

13. For each sector code selected, budget holders (those responsible for managing the expenditure) indicate what proportion of the total budget is expected to be spent in or on behalf of that sector.

14. In the case of Sector Budget Support (SBS), this can easily be allocated to sectors as SBS has a restricted focus and is intended for a specific sector.

15. In the case of General Budget Support (GBS), funds are provided directly to recipient governments and pooled with their own funds. Partner governments then use their own allocation, execution, accounting and reporting systems in spending the aid to support their development programmes. As a result, GBS cannot easily be broken down by sector. For statistical purposes, DFID has developed a standardised methodology to notionally allocate GBS to sectors in the same proportions as the recipient government allocates total resources to ODA eligible activity. This means,

for example, if a government intends to spend 25 per cent of its budget on education, 25 per cent of GBS provided would be attributed to education. It is important to note that this methodology does not attempt to say where DFID funding actually goes, but where it would go if partner governments allocated it in proportion to their own budget. The methodology also does not attempt to measure, or claim to measure, marginal changes in governments' expenditure resulting from aid flows.