

Explanatory Note: Statistics on International Development – use of new Gross Domestic Product Framework

Summary

1. DFID will use an estimate of Gross National Income (GNI) based on the pre-Blue Book 2019 framework for reporting the 2019 Official Development Assistance (ODA): GNI ratio. DFID will move to the new framework from the start of 2020 for managing and reporting 2020 ODA spend.
2. This explanatory note sets out in detail how DFID will transition to using GNI figures on the new framework in its Statistics on International Development publication.

Key context

3. DFID's National Statistics publication 'Statistics on International Development' (SID) reports the UK's spend on ODA, including the ODA:GNI ratio. The ODA:GNI ratio is the total UK ODA taken as a proportion of UK GNI. The UK is committed to spend 0.7% of GNI on ODA¹.
4. DFID and HM Treasury monitor ODA spend by departments and funds, as well as movements in GNI during the year, using forecasts published by the independent Office for Budget Responsibility (OBR), to manage the 0.7% commitment.
5. UK ODA figures are reported through SID for the previous calendar year, where the spend and ODA:GNI ratio are based on confirmed ODA outturn and GNI estimates published by the Office for National Statistics (ONS).
6. The ONS produce estimates for UK Gross Domestic Product (GDP) and GNI on a quarterly basis. The ONS publish the full set of National Accounts each autumn via the Blue Book. The Blue Book is where the ONS tend to implement methodology changes including improvements required as part of any GNI reservations².
7. In the Blue Book 2019, the ONS implemented a major new methodology framework for GDP, which in turn had a sizable impact on GNI. For the purposes of this note, the framework used before Blue Book 2019 will be referred to as the 'pre-Blue Book 2019' framework. To understand the new framework in greater detail please see the [ONS detailed articles](#).

¹ This commitment is set out in legislation: <http://www.legislation.gov.uk/ukpga/2015/12/section/1/enacted>

² Eurostat notifies member states when a changes/improvement should be made to the methodology underlying the GNI figures, these changes are known as reservations.

Approach for each calendar year

2018 ODA Figures

8. 'SID: Final UK aid spend 2018' (also known as Final SID) was published on 19th September 2019 using GNI figures that were calculated on the 'pre-Blue Book 2019' framework. The new GDP framework was applied and published by the ONS on 30th September 2019. [DFID's revision policy](#) states that we do not revisit GNI figures once we have published Final SID.
9. The ODA:GNI ratio published in Final SID used the same framework as used for:
 - Determining throughout 2018 how much was required for meeting the 0.7% commitment
 - 'SID: provisional UK aid spend 2019' (published April 2019)

This approach means there was consistency throughout the monitoring and reporting of ODA spend in 2018.

2019 ODA Figures

10. DFID considered several factors and consulted with key stakeholders ONS and HM Treasury when determining its approach for implementing the new framework for 2019 ODA spend. **DFID concluded that the most appropriate approach would be to use the best available estimate of GNI based on the pre-Blue Book 2019 framework for reporting the 2019 ODA:GNI ratio³.** This approach is also in line with how DFID dealt with the last major GNI methodology change⁴. Key considerations in reaching this conclusion were:
 - **Adopting the framework in an orderly manner:** the timing of Blue Book 2019 left insufficient time to adopt the new framework in an orderly manner for 2019 ODA spend since all other indications of GNI, and therefore spending plans for the first nine months of the year, had been under the pre-Blue Book 2019 framework.
 - **Consistency between the in-year monitoring and reporting of the ODA:GNI ratio:** the GNI framework used to report 2019 spend in 2020 will be consistent with the GNI framework used to determine the 0.7% target whilst in 2019.
11. Methodology changes in SID are communicated in advance, ensuring that users understand the impact via technical and explanatory notes (of which this is one). This allows users sufficient time to understand the impact of the change, in line with principle Q5.2 of the code of practice and is in a

³ If you would like to provide us with feedback on this approach, please contact us at: statistics@dfid.gov.uk

⁴ See background note (p43) in SID 2017:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/660062/SID-2017b.pdf

transparent way that also helps understanding of the UK aid spending commitment.

12. **ONS will produce GNI figures for 2019 based on the ‘pre-Blue Book 2019’ framework up to June 2020.** These are being published on the same day as the Quarterly National Accounts.⁵ **DFID will use these in its reporting of 2019 ODA in SID.**
13. SID publications on 2019 ODA spend will present the ODA:GNI ratio under both frameworks to provide users with an understanding of the impact of the different frameworks.

2020 ODA figures

14. DFID will move to the new framework from the start of 2020, the next full calendar year, for managing and reporting 2020 ODA spend.

Further upcoming changes to GNI methodology

15. The GNI ESA 2010⁶ reservations are due in Blue Book 2020 and Blue Book 2021. ONS plans to publish an impact analysis in Summer 2020 which will cover the years up to 2016. We won't know the impact of the reservations on 2020 GNI until Autumn 2020.
16. Details of all the methodological improvements in Blue Book 2020 will be published by the ONS at the end of January 2020 in a scope document.
17. Once DFID has a clearer understanding of the complexity of implementing these reservations, we will update our users on DFID's approach to reporting on 2020 and 2021 ODA spend.
18. DFID will continue to highlight any upcoming changes to GNI methodology to our users through SID and confirm how DFID plans to handle them.

Background notes

Useful links

19. To get the most up to date information on any expected GDP and GNI methodology changes follow the link below for the ONS landing page for the National Accounts:
<https://www.ons.gov.uk/economy/grossdomesticproductgdp/compendium/unitedkingdomnationalaccountsthebluebook/2019/anintroductiontotheuknationalaccounts>

⁵ To see these Gross National Income figure, please see the [ONS special analysis page](#)

⁶ ESA stands for European System of Accounts. The UK National Accounts are produced under internationally agreed guidance and rules set out principally in the [European System of Accounts: ESA 2010](#)

20. The latest and historical publications of Statistics on International Development can be found on gov.uk:
<https://www.gov.uk/government/collections/statistics-on-international-development>

Contact

21. If you have any questions or would like to provide us with feedback on the ODA spend statistics, please contact us at:

E-mail: statistics@dfid.gov.uk; Telephone: 01355 843651