



IS IT ODA?

FACTSHEET - May 2007

This note helps donors to decide whether a particular expenditure qualifies as official development assistance (ODA). It supplements the Development Assistance Committee's Statistical Reporting Directives.

IS IT ODA?

Members occasionally request the Secretariat's view as to whether a particular expenditure should be reported as official development assistance (ODA). This paper outlines the reasoning the Secretariat uses to answer such enquiries, and discusses some specific cases. It should not be taken as a definitive guide to ODA eligibility, since only the DAC may determine such eligibility. Further details are provided in the Statistical Reporting Directives (available at www.oecd/dac/stats/dac/directives).

Official development assistance is defined as those flows to countries on the DAC List (available at www.oecd.org/dac/stats/dac/list) and to multilateral institutions for flows to ODA recipients which are:

- i. provided by official agencies, including state and local governments, or by their executive agencies; and
- ii. each transaction of which:
 - a) is administered with the promotion of the economic development and welfare of developing countries as its main objective; and
 - b) is concessional in character and conveys a grant element of at least 25 per cent (calculated at a rate of discount of 10 per cent)¹.

¹This calculation is to determine if a loan is concessional or not. If the loan satisfies the ODA criteria, the whole amount is reported as ODA. The grant element is not used to discount the face value of a loan in DAC reporting. Reporting is on a cash (nominal) basis, with the one exception noted where NPV is used.

This note will briefly discuss key elements of this definition. Other official non-military flows to ODA recipients are recorded as "Other official flows" (OOF).

ECONOMIC DEVELOPMENT AND WELFARE AS THE MAIN OBJECTIVE

This is often the decisive criterion for determining ODA eligibility. In the final analysis it is a matter of intention. But in order to reduce the scope for subjective interpretations and promote comparable reporting, Members have agreed to limits on ODA reporting, e.g.:

- **Exclusion of military aid** - The supply of military equipment and services, and the forgiveness of debts incurred for military purposes, are not reportable as ODA. On the other hand, additional costs incurred for the use of the donor's military forces to deliver humanitarian aid or perform development services is ODA-eligible.
- **Peacekeeping** - The enforcement aspects of peacekeeping are not reportable as ODA. However, ODA does include the net bilateral costs to donors of carrying out the following activities within UN-administered or UN-approved peace operations: human rights, election monitoring, rehabilitation of demobilised soldiers and of national infrastructure, monitoring and training of administrators, including customs and police officers, advice on economic stabilisation, repatriation and demobilisation of soldiers, weapons disposal and mine removal. ("Net bilateral costs" means the extra costs of assigning personnel to these activities, net of the costs of stationing them at home, and of any compensation received from the UN). Similar activities conducted for developmental reasons outside UN peace operations are also reportable as ODA, but not recorded against the peacekeeping code. But activities carried out for non-developmental reasons, e.g. mine clearance to allow military training, are not reportable as ODA.
- **Civil police work** - Expenditure on police training is ODA, unless the training relates to paramilitary functions such as counter-insurgency work. The supply of the donor's police services to control civil disobedience is not reportable.
- **Social and cultural programmes** - As with police work, a distinction is drawn between building developing countries' capacity (ODA-eligible) and one-off interventions (not ODA-eligible). Thus, the promotion of museums, libraries, art and music schools, and sports training facilities and venues counts as ODA, whereas sponsoring concert tours or athletes' travel costs does not.
- **Assistance to refugees** - Assistance to refugees in developing countries is reportable as ODA. Temporary assistance to refugees from developing countries arriving in donor countries is reportable as ODA during the first 12 months of stay, and all costs associated with eventual repatriation to a developing country, are also reportable.
- **Nuclear energy** - The peaceful use of nuclear energy, including construction of nuclear power plants and the medical use of radioisotopes, is ODA-eligible. Military applications of nuclear energy are not.
- **Research** - Only research directly and primarily relevant to the problems of developing countries counts as ODA. This includes research into tropical diseases and developing crops designed for developing country conditions. The costs may still be counted as ODA if the research is carried out in a developed country.

ODA ELIGIBILITY OF AID TO MULTILATERALS AND NGOS

Annex 2 of the Statistical Reporting Directives lists those international agencies contributions to which are reportable as ODA. ODA coefficients are provided for United Nations agencies which conduct part of their activities in favour of development. These coefficients are revised every few years in consultation with the agencies concerned.

United Nations agencies have established many specific-purpose funds. These are too numerous, and arise and disappear too quickly to be listed in the Directives. The same applies to national non-governmental organisations. In both cases, Members must use their judgement as to whether contributions have an ODA character². When in doubt, they may consult the Secretariat, providing details of the fund in question.

The Directives also list the main international non-governmental organisations (INGOs) contributions to which are reportable as ODA. These are increasingly numerous. Where Members have contributed to INGOs not on this list, they should assess their ODA character in the light of the INGOs' aims, programmes and membership. If they believe the contribution should be counted as ODA, they should inform the Secretariat so that members can consider the INGO in the annual review of Annex 2.

²The coefficient established for an agency partly active in development does not normally apply to specific-purpose funds it sets up, the ODA character of which should be assessed individually. For example, 75.4 per cent of contributions to WHO's core budget are reportable as ODA. But contributions to WHO's bilharzia programme are 100 per cent ODA-reportable, while contributions to its International Agency for Research on Cancer are not ODA-reportable.

OFFICIAL AGENCIES

These include federal, state and local departments and agencies. The market-based transactions of central monetary authorities, however, do not enter into the statistics.

Sometimes one official agency subsidises another. Since the subsidy is internal to the official sector of the donor country, it is not reported as a flow. Rather, the transaction recorded is that between the subsidised agency and the developing country. If this transaction meets the other ODA criteria described in this paper, it is recorded as ODA.

Official subsidies to private firms may be recorded as other official flows (OOF). They are not considered to meet the tests of ODA, since by definition they support activities with a primarily commercial objective.

Official subsidies to private not-for-profit organisations (“non-governmental organisations”) that are active in development are reportable as ODA.

FLOWS

Flows are transfers of resources, either in cash or in the form of commodities or services. Since DAC statistics concentrate on transactions likely to have a development impact, loans for one year or less are not counted. Repayments of the principal of ODA loans count as negative flows, and are deducted to arrive at net ODA, so that by the time a loan is repaid, the net flow over the period of the loan is zero. Interest is recorded, but is not counted in the net flow statistics. Where official equity investments in a developing country are reported as ODA because of their development intention, proceeds from their later sale are recorded as negative flows, regardless of whether the purchaser is in a developed or a developing country.

Disbursements are measured on a cash basis, not an accruals basis, except that:

- wherever contributions to multilateral development banks and funds are made in the form of promissory notes, the full amount of the note is recorded at the time of deposit; and
- the net present value of debt relief provided by implementing a Paris Club debt reorganisation through debt service reduction is reportable as an ODA grant in the year of the reorganisation.

Some transactions not recorded as transfers in balance of payments statistics are nevertheless eligible to be recorded as ODA, since they represent an effort by the official sector in favour of development. These include the costs of secondary and tertiary education and vocational training (including stipends and travel) provided to developing country nationals in the donor country, the administrative costs of ODA programmes, subsidies to non-government organisations, and programmes to raise development awareness in donor countries.

Capital investment in the donor country is not regarded as a flow and is therefore not eligible to be reported as ODA. This applies even to the construction and equipment of training and research facilities related to development issues. The running costs of such facilities may, however, be counted as ODA.

CONCESSIONAL IN CHARACTER

From the earliest discussions of the concept of ODA, Members agreed that it should represent some effort in favour of developing countries by the official sector. Loans at market terms were excluded. When in the early 1970s interest rates began rising sharply, it was further specified that loans could only be reported as ODA if they had a grant element of at least 25 per cent, calculated against a notional reference rate of 10 per cent per annum.

These elements remain today. In recent years, long-term interest rates in most OECD Member countries have fallen well below 10 per cent, so the 25 per cent grant element level has become easier to attain. But to qualify as ODA, loans must still be concessional in character, i.e. below market interest rates.

Where concessional and non-concessional financing are combined in so-called “associated financing packages”, the official and concessional elements may be reported as ODA, provided they have a grant element of at least 25 per cent. Such contributions must also meet the special concessionality tests for associated financing, which are based on market interest rates and set out in the Arrangement on Guidelines for Officially Supported Export Credits (OECD, 1998).

ANNEX 2: LIST OF INTERNATIONAL ORGANISATIONS

As at 12 June 2007

Below is a list of all agencies core contributions to which may be reported as official development assistance, either in whole or in part. "Core contributions" means funds that are disbursed at the discretion of the agency, in accordance with paragraphs 9 and 10 of these Directives.

Where donors effectively control the disposal of funds channelled through multilateral agencies, these should be reported as bilateral aid. This applies to contributions earmarked for specific countries, sectors or themes.

Agencies may also administer funds that are specifically directed to developing countries or development concerns. Contributions to such funds may be reported in full as ODA, regardless of whether core contributions to the agencies are reportable as ODA. In case of doubt, members may consult the Secretariat.

	<i>Memo: DAC 2a Code</i>	<i>Memo: Generic code for CRS reporting purposes</i>
I. MULTILATERAL INSTITUTIONS OFFICIAL CONTRIBUTIONS TO WHICH MAY BE REPORTED IN WHOLE OR IN PART AS ODA		40000
1. UNITED NATIONS		41000
1.1 UN Agencies, Funds and Commissions		41100
CCD		41100
DLCO-EA		41100
ECA		41100
ECLAC		41100
ESCAP		41100
ESCWA		41100
IAEA		41100
IFAD		41108
INSTRAW	988	41100
UNAIDS		41100
UNCDF		41100
UNCTAD		41100
UNDP	959	41114
UNDRO		41100
UNEP		41100
UNETPSA		41100

UNFCCC		United Nations Framework Convention on Climate Change		41100
UNFPA		United Nations Population Fund	974	41119
UN Habitat		United Nations Human Settlements Programme		41100
UNHCR		Office of the United Nations High Commissioner for Refugees	967	41121
UNICEF		United Nations Children's Fund	963	41122
UNIDO		United Nations Industrial Development Organisation		41100
UNIFEM		United Nations Development Fund for Women		41100
UNITAR		United Nations Institute for Training and Research		41100
UNMAS		United Nations Mine Action Service		41100
UNOCHA		United Nations Office for the Co-ordination of Humanitarian Affairs		41100
UNODC		United Nations Office on Drugs and Crime		41100
UNRISD		United Nations Research Institute for Social Development		41100
UNRWA		United Nations Relief and Works Agency	964	41130
UNSC		United Nations System Staff College		41100
UNSCN		United Nations System Standing Committee on Nutrition		41100
UNSID		United Nations System-Wide Special Initiative on Africa		41100
UNU		United Nations University (including Endowment Fund)		41100
UNV		United Nations Volunteers		41100
UNVFD		United Nations Voluntary Fund on Disability		41100
UNVFTC		United Nations Voluntary Fund for Technical Co-operation in the Field of Human Rights		41100
UNVFVT		United Nations Voluntary Fund for Victims of Torture		41100
WFC		World Food Council		41100
WFP		World Food Programme	966	41140
WPC		World Population Conference		41100

1.2 UN Administered Funds 41200

A large number of funds are administered by UN operational or specialised agencies. Where these are specifically directed to developing countries or development concerns they should be reported in full as ODA, even where they come under the aegis of an organisation listed in Section 1.3 below. In case of doubt, members should consult the Secretariat.

1.3 Other UN (Contributions Reportable in Part) 41300

FAO	51%	Food and Agriculture Organisation	932	41301
ILO	15%	International Labour Organisation	940	41302
ITU	18%	International Telecommunications Union	937	41303
UNESCO	25%	United Nations Educational, Scientific and Cultural Organisation	942	41304
UNO	12%	United Nations Organisation	938	41305
UNPKO	7%	United Nations Peacekeeping Operations	943	41310
UPU	16%	Universal Postal Union	936	41306
WHO	70%	World Health Organisation	931	41307
WIPO	3%	World Intellectual Property Organisation	814	41308
WMO	4%	World Meteorological Organisation	933	41309

2. EUROPEAN COMMISSION 42000

EC		European Commission – Budget: Development	917	42001
ECHO		European Commission Humanitarian Aid Office		42001
EDF		European Development Fund	918	42003
EIB		European Investment Bank (interest subsidies only)	919	42004
FEMIP		Facility for Euro-Mediterranean Investment and Partnership Trust Fund		42001

3. INTERNATIONAL MONETARY FUND, WORLD BANK AND WORLD TRADE ORGANISATION

3.1 International Monetary Fund 43000

IMF – ENDA	International Monetary Fund - Subsidisation of IMF Emergency Assistance for Natural Disasters		43000
IMF – PRGF Trust	International Monetary Fund – Poverty Reduction and Growth Facility Trust	958	43001
IMF – PRGF-HIPC Trust	International Monetary Fund – Poverty Reduction and Growth Facility – Heavily Indebted Poor Countries Initiative Trust (includes HIPC, PRGF and PRGF-HIPC sub-accounts)	949	43002

3.2 World Bank Group 44000

AMCs	Advance Market Commitments		44001
IBRD	International Bank for Reconstruction and Development	901	44001
IDA	International Development Association	905	44002
IDA - HIPC	International Development Association - Heavily Indebted Poor Countries Debt Initiative Trust Fund		44002
IFC	International Finance Corporation	903	44004
MIGA	Multilateral Investment Guarantee Agency	902	44005

3.3 World Trade Organisation 45000

WTO - ITC	World Trade Organisation - International Trade Centre		45000
WTO - ACWL	World Trade Organisation – Advisory Centre on WTO Law		45000
	World Trade Organisation – Doha Development Agenda Global Trust Fund		45000

4. REGIONAL DEVELOPMENT BANKS 46000

	African Solidarity Fund	972	46001
Afr.DB	African Development Bank Ordinary Capital	913	46002
Afr.DF	African Development Bank Special Fund	914	46003
AsDB	Asian Development Bank Ordinary Capital	915	46004
AsDF	Asian Development Bank Special Fund	916	46005
CABEI	Central American Bank for Economic Integration	910	46007
CAF	Andean Development Corporation		46000
CDB	Caribbean Development Bank Ordinary Capital and Special Development Fund	906	46009
ECCB	Eastern Caribbean Central Bank		46000
IDB	Inter-American Development Bank Ordinary Capital, Inter-American Investment Corporation and Multilateral Investment Fund	909	46012
IDB Special Fund	Inter-American Development Bank Fund for Special Operations	912	46013
NDF	Nordic Development Fund		46000

5. OTHER MULTILATERAL INSTITUTIONS 47000

ACBF	African Capacity Building Foundation		47000
APEC – ASF	Asia-Pacific Economic Cooperation Support Fund (except contributions tied to counter-terrorism activities)		47000

APFIC	Asia-Pacific Fishery Commission		47000
APO	Asian Productivity Organisation		47000
ASEAN	Association of Southeast Asian Nations: Economic Co-operation		47000
ASEAN (CF)	ASEAN Cultural Fund		47000
AU	African Union (excluding peacekeeping facilities)		47000
AVRDC	World Vegetable Centre		47000
BSEC	Organisation of the Black Sea Economic Cooperation (78 per cent of contributions reportable as ODA)		47000
BSTDB	Black Sea Trade and Development Bank (27 per cent of contributions reportable as ODA)		47000
CAMES	African and Malagasy Council for Higher Education		47000
CAPAM	Commonwealth Association for Public Administration and Management		47000
CARICOM	Caribbean Community Secretariat		47000
CEC	Caribbean Epidemiology Centre		47000
CF	Commonwealth Foundation		47000
CFC	Common Fund for Commodities		47000
CFTC	Commonwealth Fund for Technical Co-operation		47000
CGIAR (IARC)	Consultative Group on International Agricultural Research		47000
CI	Commonwealth Institute		47000
CIAT	International Centre for Tropical Agriculture		47000
CIFOR	Centre for International Forestry Research		47000
CIHEAM	International Centre for Advanced Mediterranean Agronomic Studies		47000
CIMMYT	International Maize and Wheat Improvement Centre		47000
CIP	International Potato Centre		47000
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora		47000
CLAS	Commonwealth Legal Advisory Service		47000
CMDF	Commonwealth Media Development Fund		47000
COL	Commonwealth of Learning		47000
CP	Colombo Plan		47000
CPLP	Community of Portuguese-Speaking Countries		47000
CPTM	Commonwealth Partnership for Technology Management		47000
CS	Club du Sahel		47000
CSC	Commonwealth Scientific Council		47000
CSSO	Commonwealth Small States Office		47000
CTIAF	Commonwealth Trade and Investment Access Facility		47000
CYP	Commonwealth Youth Programme		47000
DCAF	Geneva Centre for the Democratic Control of Armed Forces		47000
EBRD – ETC	European Bank for Reconstruction and Development – Early Transition Countries Initiative		47000
	European Bank for Reconstruction and Development – Western Balkans Trust fund		47000
ECOWAS	Economic Community of West African States		47000
ENDA	Environmental Development Action in the Third World		47000
EPPO	European and Mediterranean Plant Protection Organisation		47000
EROPA	Eastern-Regional Organisation of Public Administration		47000
FFA	South Pacific Forum Fisheries Agency		47000
FFTC	Food and Fertiliser Technology Centre		47000
FIT	Foundation for International Training		47000
	Global Crop Diversity Trust		47000
GEF	Global Environment Facility (77 per cent of contributions reportable as ODA)	811	47044
GFATM	Global Fund to Fight AIDS, Tuberculosis and Malaria	1312	47045

GICHD	Geneva International Centre for Humanitarian Demining	47000
IAI	International African Institute	47000
IAII	Inter-American Indian Institute	47000
IBE	International Bureau of Education -- International Educational Reporting System (IERS)	47000
ICAC	International Cotton Advisory Committee	47000
ICARDA	International Centre for Agricultural Research in Dry Areas	47000
ICCIDD	International Council for the Control of Iodine Deficiency Disorders	47000
ICDDR,B	Centre for Health and Population Research	47000
ICIPE	International Centre of Insect Physiology and Ecology	47000
ICRA	International Centre for Development Oriented Research in Agriculture	47000
ICRAF	World Agroforestry Centre	47000
ICRISAT	International Crops Research Institute for the Semi-Arid Tropics	47000
IDEA	International Institute for Democracy and Electoral Assistance	47000
IDLO	International Development Law Organisation	47000
IFFIm ¹	International Finance Facility for Immunisation	47000
IIC	International Institute for Cotton	47000
IICA	Inter-American Institute for Co-operation on Agriculture	47000
IITA	International Institute of Tropical Agriculture	47000
ILRI	International Livestock Research Institute	47000
INBAR	International Network for Bamboo and Rattan	47000
	INTERPOL Fund for Aid and Technical Assistance to Developing Countries	47000
IOC	Intergovernmental Oceanographic Commission	47000
IOM	International Organisation for Migration	47000
IPCC	Intergovernmental Panel on Climate Change	47000
IPGRI	International Plant Genetic Resources Institute	47000
IRRI	International Rice Research Institute	47000
ISTA	International Seed Testing Association	47000
IUCN	International Union for the Conservation of Nature and Natural Resources (World Conservation Union)	47000
ITTO	International Tropical Timber Organisation	47000
IVI	International Vaccine Institute	47000
IWMI	International Water Management Institute	47000
JSCA	Justice Studies Centre of the Americas	47000
MDRP	Multi-Country Demobilisation and Reintegration Program	47000
Montreal Protocol	Multilateral Fund for the Implementation of the Montreal Protocol	812 47078
MRC	Mekong River Commission	47000
OAS	Organisation of American States	47000
OECD	Organisation for Economic Co-operation and Development (Contributions to special funds for Technical Co-operation Activities Only)	47000
OECD - Dev. Centre	OECD Development Centre	47000
OECS	Organisation of Eastern Caribbean States	47000
OIF	International Organisation of the Francophonie	47000
PAHO	Pan American Health Organisation	47000
PAIGH	Pan American Institute of Geography and History	47000
PARCA	Pan American Railway Congress Association	47000
PIDG	Private Infrastructure Development Group	47000

¹ Disbursements are recorded at the time the donors actually make payments. This is likely to be both during the life cycle of the bonds (to cover set-up costs, administration, interest payments to bondholders etc.), and at maturity of the bonds when donor contributions will reimburse bondholders.

PIFS	Pacific Islands Forum Secretariat	47000
RN	Relief Net	47000
SADC	Southern African Development Community	47000
SATCC	Southern African Transport and Communications Commission	47000
SCAAP	(Colombo Plan) Special Commonwealth African Assistance Programme	47000
SEAFDC	Southeast Asian Fisheries Development Centre	47000
SEAMEO	Southeast Asian Ministers of Education	47000
SOPAC	South Pacific Applied Geoscience Commission	47000
SPBEA	South Pacific Board for Educational Assessment	47000
SPC	Secretariat of the Pacific Community	47000
SPREP	Pacific Regional Environment Programme	47000
UNPO	Unrepresented Nations and Peoples' Organisation	47000
USP	University of the South Pacific	47000
WAEMU	West African Economic and Monetary Union	47000
WARDA	Africa Rice Centre	47000
WCO – Fellowship Prog.	World Customs Organisation Fellowship Programme	47000
WMU	World Maritime University	47000
WorldFish Centre	WorldFish Centre	47000

II. INTERNATIONAL NON-GOVERNMENTAL ORGANISATIONS 21000
OFFICIAL CONTRIBUTIONS TO WHICH MAY BE REPORTED AS (BILATERAL) ODA

AGID	Association of Geoscientists for International Development	21000
AITIC	Agency for International Trade Information and Co-operation	21000
AWEPA	European Parliamentarians for Africa	21000
CLASCO	Latin American Council for Social Sciences (Consejo Latinoamericano de Ciencias Sociales)	21000
CODESRIA	Council for the Development of Economic and Social Science Research in Africa	21000
	Development Gateway Foundation	21000
CUTS	Consumer Unity & Trust Society International	21000
ELCI	Environmental Liaison Centre International	21000
Eurostep	Eurostep	21000
FARA	Forum for Agricultural Research in Africa	21000
FAWE	Forum for African Women Educationalists	21000
GCE	Global Campaign for Education	21000
HAI	Health Action International	21000
HURIDOCs	Human Rights Information and Documentation Systems International Alert	21000
ICRA	International Catholic Rural Association	21000
ICRC	International Committee of the Red Cross	1211 21016
ICTSD	International Centre for Trade and Sustainable Development	21000
IFRCRCs	International Federation of Red Cross and Red Crescent Societies	21000
IFS	International Federation of Settlements and Neighbourhood Centres	21000
	International HIV/AIDS Alliance	21000
IIED	International Institute for Environment and Development	21000
IISD	International Institute for Sustainable Development	21000
INAFI	International Network of Alternative Financial Institutions	21000
IPPF	International Planned Parenthood Federation	1212 21023
IPS	Inter Press Service, International Association	21000
ISC	International Seismological Centre	21000

ISHR	International Service for Human Rights	21000
ITF	International Trust Fund for Demining and Mine Victims Assistance	21000
IUEF	International University Exchange Fund -- IUEF Stip. in Africa and Latin America	21000
IWTC	International Women's Tribune Centre	21000
MSF	Médecins Sans Frontières	21000
OMCT	World Organisation Against Torture	21000
PAID	Pan-African Institute for Development	21000
PANOS	PANOS Institute	21000
PSI	Population Services International	21000
SID	Society for International Development	21000
TI	Transparency International	21000
UNION	International Union Against Tuberculosis and Lung Disease	21000
WSP - International	War-Torn Societies International (soon to be renamed International Peacebuilding Alliance (Interpeace))	21000
WUS	World University Service	21000
WWB	Women's World Banking	21000

III. PUBLIC-PRIVATE PARTNERSHIPS 30000
OFFICIAL CONTRIBUTIONS TO WHICH MAY BE REPORTED AS (BILATERAL) ODA

	Cities Alliance	30000
GAID	Global Alliance for ICT and Development	30000
GAIN	Global Alliance for Improved Nutrition	30000
GAVI	Global Alliance for Vaccines and Immunization	1311 30002
GeSCI	Global e-Schools and Communities Initiative	30000
GWP	Global Water Partnership	30000
IAVI	International AIDS Vaccine Initiative	30000
IPM	International Partnership for Microbicides	30000
SAS	Small Arms Survey	30000
UNITAID	UNITAID	30000

IV. NETWORKS 50000
OFFICIAL CONTRIBUTIONS TO WHICH MAY BE REPORTED AS (BILATERAL) ODA

GDN	Global Development Network	50000
GKP	Global Knowledge Partnership	50000