

## What is Official Development Assistance (ODA)?

ODA is defined by the members of the OECD Development Assistance Committee. This body also monitors members' commitments in terms of both the quantity and the quality of their aid.

The OECD DAC functions on the basis of consensus. There are often pressures from individual country members on the DAC as a whole to change or expand the definition of ODA. Successful lobbying by some countries meant that costs of refugees in developing countries and imputed student costs for example got included in the definition. Similarly there has been pressure to expand what can be included in security spending, although this has been less successful.

Some members (and many NGOs) would also like the definition to be tightened – to exclude for example export –credit debt.

The latest “statistical reporting directives” by the OECD were published in April 2007  
<http://www.oecd.org/dataoecd/28/62/38429349.pdf>

Even non-members of the OECD – DAC end up effectively having to follow the rules and regulations as defined by the OECD. Developing countries have no voice in or opportunity to influence this “club”.

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Extracts from “Is it ODA?": OECD factsheet May 2007,  
<http://www.oecd.org/dataoecd/21/21/34086975.pdf>

### 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.org/dac/stats/dac/directives](http://www.oecd.org/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](http://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)<sup>1</sup>.

<sup>1</sup>This 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 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.