

## **Note explaining the impact of OECD DAC change to reporting ODA-eligible administrative costs**

### **Background**

Previously, former DFID and former FCO took different approaches to reporting their ODA-eligible administrative costs. Former DFID's ODA-eligible administrative costs were reported as a single line under the recipient country category of "Developing countries, unspecified" whereas former FCO reported its estimates broken down by recipient country. For 2021, the [approach](#) FCDO has taken to reporting administrative costs is more in line with former FCO, including reporting at country level.

### **OECD DAC Rule Change**

During 2023, the Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD DAC) agreed changes to the way donors are required to report their ODA-eligible administrative costs. The main change to affect UK ODA reporting is that donors should not report a 'recipient country/region' for ODA eligible administrative costs.

**Text that will be included in the OECD DAC [ODA Directives](#) (currently unpublished)**

#### **Paragraph 386, related to the field "recipient" edited (4<sup>th</sup> bullet)**

The category "bilateral, unallocated"\* should be used for activities undertaken in donor countries where there is no cross-border flow or direct benefit to a recipient country/region such as administrative costs not included elsewhere (including the ODA-eligible part of administrative costs borne by embassies in developing countries<sup>2</sup>), development awareness and in-donor refugee costs.

<sup>2</sup> Note also that from a balance-of-payment point of view embassies are considered as resident in the donor country. The administrative costs related to embassies do not therefore constitute cross-border flows and should not be assigned to individual recipient countries/regions.

\* This is a term used by the DAC. In the SID data we use the term "Developing countries, unspecified".

This change is applicable from the reporting of final 2022 ODA flows. Therefore the Statistics on International Development (SID): Final UK Aid Spend 2022 publication has been produced on this basis – i.e. UK ODA-eligible administrative costs are no longer broken down by country but instead are assigned to the category "Developing countries, unspecified". This change has been applied to data relating only to 2022 ODA in the SID 2022 report and accompanying Excel tables.

## Impact of the change

Whilst this classification change has not affected the headline trends reported in Final SID 2022, it has:

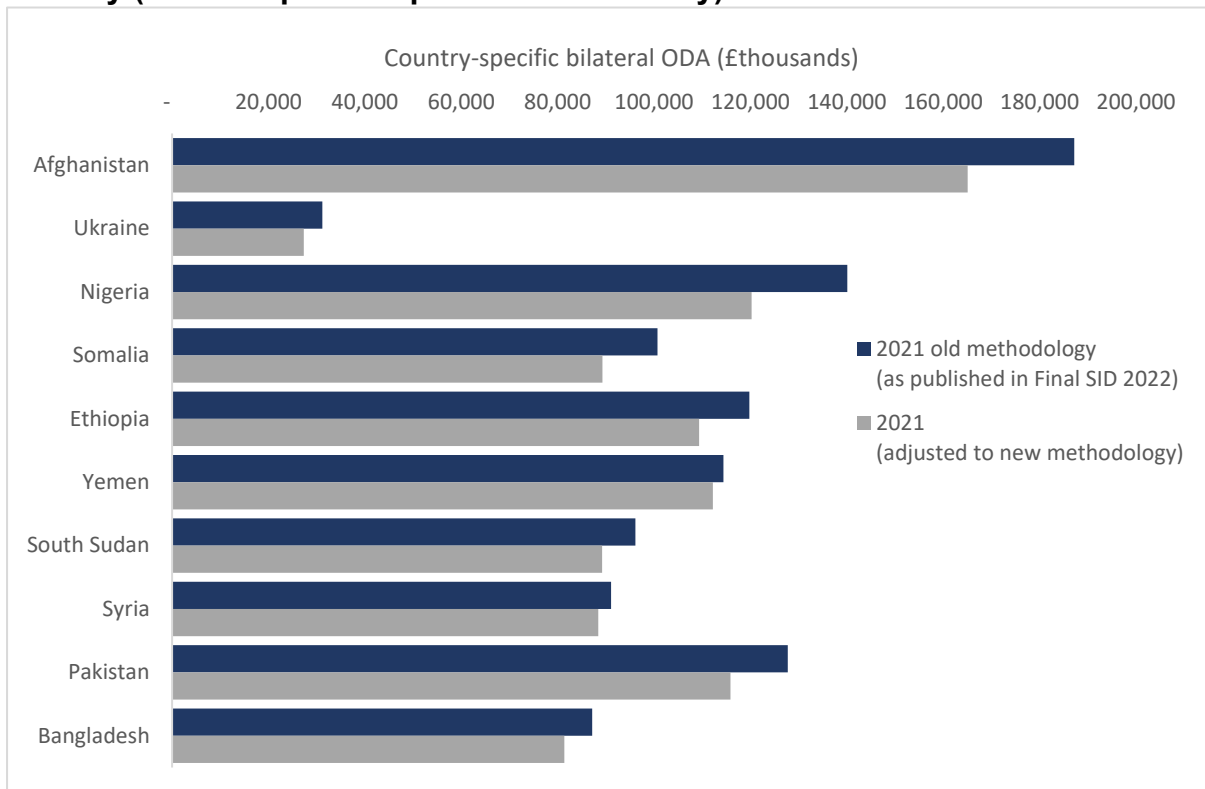
- i. Increased the volume and share of bilateral ODA spend which is classified as “country/region unspecified” in 2022. To give an indication of the likely scale of this – had the re-classification happened in 2021, £329m of ODA would have been reclassified from a specific country/region to “country/region unspecified”, increasing its share of bilateral ODA from 52.9% to 57.4%.
- ii. Reduced the volume of ODA assigned to countries with embassies carrying out ODA activities (see table S2 for more information). The countries most affected by this will be those where administrative costs made up a greater proportion of the total ODA provided.

Care should be taken when making comparisons for specific countries over time. To allow users to make comparisons at the country level between 2021 and 2022 on a comparable basis, we have produced a [Supplementary Table \(Table S2\)](#) in which we have applied the new rules for administrative costs to 2021 data. Figure 2 illustrates the 2021 data on both bases for the top 10 ODA recipient countries in 2022.

### *Examples*

- Final SID 2022 data shows that ODA to Afghanistan increased by 88 per cent between 2021 and 2022 when using the different methodologies to calculate ODA to Afghanistan that were applicable at the time. Table S2 shows the increase was 113 per cent when accounting for the change in methodology and removing administrative costs from the Afghanistan figures for both 2021 and 2022.
- Final SID 2022 data shows that ODA to Nigeria decreased by 21 per cent between 2021 and 2022 when using the different methodologies to calculating ODA to Nigeria that were applicable at the time. Table S2 shows the decrease was 8 per cent when accounting for the change in methodology and removing administrative costs from the Nigeria figures for both 2021 and 2022.

**Figure 2 – Impact of new methodology on 2021 ODA spend by recipient country (2022’s top 10 recipient countries only)**



**Feedback**

Please let us know if you have any feedback on these changes at [statistics@fcdo.gov.uk](mailto:statistics@fcdo.gov.uk)