

ANNEX 1: UNDERSTANDING AID EXPENDITURE STATISTICS

Annex 1 provides a summary of the main terms used throughout Statistics on International Development, explaining key terms such as Official Development Assistance (ODA) and bilateral aid and multilateral aid. Descriptions of the classifications used for the different types of aid and different sectors that the UK supports are also included in the Annex.

1.1 The UK is a member of the Organisation for Economic Co-operation and Development's (OECD) [Development Assistance Committee](#) (DAC) which is a forum for consultation among 29 donor countries and the European Commission. The DAC sets the definitions and classifications for reporting on official financing for development internationally, including Official Development Assistance (ODA). It produces a statistical report¹ on international aid flows annually. As a DAC member, the UK is committed to transparent reporting of development assistance in a way that permits international comparisons. This section explains the key definitions used throughout this publication.

Official Development Assistance (ODA)

1.2 Financial flows count as Official Development Assistance (ODA) if they meet all of the following conditions:

- They go to countries or territories on the DAC list² of ODA recipients, or to recognised multilateral institutions.
- They are provided by official agencies or by their executive agencies (i.e. Central Government Departments or extending arms of government).
- They are administered with the promotion of the economic development and welfare of developing countries as its main objective.
- They are concessional in character, where bilateral loans imply a grant element of at least 45% for Low Income Countries, including Least Developed countries, 15% for Lower Middle Income Countries and 10% for Upper Middle Income Countries.

1.3 ODA is reported on a calendar year basis and is shown both gross and net of loan and other repayments (e.g. returns of grant funding due to early project closures).

Classification of Bilateral and Multilateral Aid

¹ OECD, [Development Co-operation Report 2016](#)

² OECD, [DAC list of ODA recipients](#)

1.4 The classification of aid as bilateral or multilateral is based on definitions laid down by the DAC. On the whole, bilateral assistance is provided either directly or indirectly through delivery partners to developing countries while multilateral assistance is provided as core contributions to international multilateral organisations. While much of the UK expenditure is clearly identifiable as bilateral or multilateral in nature, there are some anomalies.

1.5 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 engaged in development work to be included.

1.6 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.

1.7 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

1.8 The classification of UK bilateral aid types are consistent with DAC reporting standards, and these are set out in the OECD DAC reporting directives³.

Sector Expenditure Estimates

1.9 The ODA statistics are classified on a use basis according to DAC sectors (or purpose codes). UK spends ODA in a number of different sectors. Details of the broad sectors used for reporting ODA, are summarised below with some examples of what's covered in each sector.

- **Education** – including primary education, secondary education, post-secondary education and teacher training.
- **Health** – including basic health care, communicable disease control, health education and health personnel development.
- **Water and sanitation** – including water supply and sanitation, water resources conservation and waste sector policy.
- **Government and civil society** – including public administration, financial management, elections, human rights, democratic participation and civil society, conflict prevention and resolution, peace and security.
- **Other social infrastructure and services** – including social/welfare services, employment policy, housing policy, culture and recreation and statistical capacity building.

³ [http://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/DCDDAC\(2016\)3FINAL.pdf](http://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/DCDDAC(2016)3FINAL.pdf), Page 87.

- **Economic infrastructure and services** – including transport and storage, communication, energy generation and supply, banking and financial services, business and other services.
- **Production sectors** – including agriculture, forestry and fishing, industry, mineral resources and mining, construction, trade policy and regulations and tourism.
- **General environmental protection** – including environmental policy, bio-diversity, flood prevention and control.
- **General programme assistance** – including general budget support, food aid and other commodity assistance.
- **Action relating to debt** – including debt forgiveness, relief of multilateral debt, rescheduling and refinancing, debt swap and buy-back.
- **Humanitarian aid** – including emergency response, provision of shelter, water, sanitation and health services, supply of medicine, food aid, relief coordination, reconstruction relief and rehabilitation, and disaster prevention and preparedness.
- **Administrative costs of donors**
- **Refugees in donor countries**
- **Unallocated / unspecified** – including sectors not specified and the promotion of development awareness.

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. The full sector classification can be found here⁴

Imputed Share of Multilateral ODA

1.10 When DFID or other UK government departments provide core contributions in support of multilateral organisations, it is not possible to directly track UK funding to the receiving country or sector. However, to provide a further indication of the destination and sector of UK aid, the overall proportions of ODA reported by the relevant agencies to OECD DAC are used to impute the UK's contribution.

1.11 This publication uses the breakdown of ODA reported by each multilateral organisation to estimate the amount of UK core contributions spent in each country or sector. Where a multilateral organisation does not report its development assistance to the DAC but the multilateral is only mandated to work in a particular country, region or sector, DFID allocates 100% of its core contributions to the relevant country, region or sector. If a multilateral organisation does not report to the DAC but works in multiple sectors and/or countries then 100% of DFID's core contributions are allocated to the category 'non-specific developing country' or 'non-sector allocable'.

⁴ <http://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/dacandcrscodelists.htm>

ANNEX 2: GLOSSARY OF AID TERMS

Annex 2 contains terms used to describe the Official Development Assistance statistics. Items which are underlined have separate entries elsewhere in the Glossary

Administrative costs: UK administrative costs cover the total cost of delivering the aid programme. They cover UK based and local staff, consultants, travel, rents and communications, and expenditure in respect of residual rent liability on the Chatham Maritime site arising from the terms agreed for the privatization of DFID's former Next Steps agency, the Natural Resources Institute – which are ODA eligible under the DAC definitions

Administrative costs also include the overseas costs of staff in agreed diplomatic posts concerned with full time administration of aid delivery. For 2011 flows onwards, the FCO has used a more precise method, approved by the DAC, to estimate administrative costs in relation to front line diplomacy and have reported higher administrative costs than in previous years as a result.

Aid spending: SID presents two concepts of aid spending to developing countries: Official Development Assistance (ODA) and DFID's programme of aid (Gross Public Expenditure on development (GPEX)). The main differences between ODA and the GPEX measures are: i) ODA is restricted to the countries on the DAC list of recipient (ODA) countries while GPEX covers ODA and non-ODA countries, ii) ODA is measured on a calendar year basis while GPEX is financial year iii) ODA covers UK (DFID and non-DFID) development expenditures while GPEX is DFID expenditure only iv) the headline ODA is a net measure (accounting for repayments) while GPEX is a gross measure. Other differences are methodological concerning the way aid

is assigned to the sectors in ODA and GPEX.

Attribution of EU budgetary spending on development

The UK is attributed a share of the EU's External Assistance Budget based on total UK contributions to the EU. EU attribution fluctuates from year to year because the EU works on a seven year programming cycle and so EU disbursements in a given year can vary. The estimate for the UK's share of development expenditure is based on published data from the European Commission. The figures reported in Statistics on International Development are split between DFID's and other government departments' (OGDs) share of the budget, with a small part of the OGDs' figure being further attributed to the Conflict, Stability and Security Fund for its contribution to EU civilian peacekeeping activities.

Bilateral aid: aid when the recipient country, sector or project is known. Core contributions to development organisations not on the DAC list of Multilateral Organisations is also classed as bilateral aid (for example the Global Partnership for Education).

Bilateral Aid delivered through a Multilateral Organisation: funding that is channelled through a multilateral organisation where the government department determines the country, sector or theme that the funds will be spent on. For example, this includes contributions to multi donor trust funds and special appeals managed by multilateral agencies.

Bilateral Aid delivered through an NGO: aid that is channelled through

UK or international Not for Profit Organisations, such as NGOs or Civil Society Organisations (CSOs). It contains both funding for specific projects and core funding i.e. when DFID has no control over the sector or recipient country.

British Council (BC): the UK's international organisation for educational opportunities and cultural relations. BC funding goes to support a range of initiatives including building the capacity and quality of English language teaching; supporting education systems; and using cultural exchange to improve economic welfare. UK ODA statistics include the proportion of this work that is focused on delivering economic welfare and development in ODA eligible countries .

CDC Capital Partners PLC: a Government-owned development finance institution (DFI) responsible for investing in the private sector mainly in Africa and Asia (it does so through fund management companies). The conditions under which the CDC operates mean that its investments must have a clear development objective. This is reported in ODA by DFID.

Chevening Scholarships: a programme that funds students in developing countries to study in the UK. Largely funded by the FCO, the scholarship scheme also receives significant contributions from universities and other private organisations in the UK with which the FCO have partnership agreements.

Civil Society Organisations (CSOs): Non-governmental organisations, trade unions, and church faith and community groups have a long and impressive record of involvement in international development. These civil society organisations and networks can play a vital role in empowering poor people overseas and in building global alliances in support of eliminating world poverty. Official funding to CSOs for

development and humanitarian assistance abroad is reported in ODA.

Climate Investment Funds (Formerly the Environmental Transformation Fund): a international fund that supports development and poverty reduction through better environmental management, and helps developing countries respond and adapt to climate change. BEIS is the lead department for the UK's ODA contributions to CIFs.

Colonial Pensions: pension payments made to ex-members of the UK Overseas Civil Service who were employed directly by developing country governments. These payments are administered by DFID but they are not sourced from DFID Departmental Expenditure Limit (DEL). These payments are reported under 'Other Source of UK ODA'.

Concessional loan: a loan where the terms are more favourable to the borrower than those currently attached to the commercial market. For ODA the degree of concessionality is expressed as its grant element. For more detail on how these are calculated, please see the [OECD DAC Aid Statistics website](#)

Conflict, Stability and Security Fund (CSSF): a pooled cross-government fund under the strategic direction of the National Security Council (NSC). The fund provides the UK's contribution to multilateral peacekeeping, security and defence activities, and a budget for programmes in countries at risk of instability, some of which can be classed as ODA.

The figures quoted in SID represent the ODA amounts actually disbursed through government department systems.

Country Specific: spend which can be allocated to a specific recipient country or group of countries (i.e. region). This definition includes funding from all spending departments,

regardless of whether or not the department is based in a country or centrally in the UK.

DAC List of Recipients of Official Development Assistance (ODA): a list of developing countries or territories that define the ODA measure for statistical purposes. Aid allocations to these countries are national policy decisions and responsibilities.

Countries are divided into income groups based on Gross National Income (GNI) per capita as reported by the World Bank, with the Least Developed Countries (LDCs), as defined by the United Nations, separately identified. The DAC List is reviewed every three years. Countries that have exceeded the high-income threshold for three consecutive years at the time of the review are removed from the List.

Debt relief: this includes *Debt cancellation* (sometimes called stock relief) – partial or 100 per cent reduction of amounts outstanding (principal and/or interest); *Debt rescheduling* where payments (interest and/or principal) are delayed or rearranged; *Flow relief* – partial or 100 per cent debt service payments.

Development Assistance Committee (DAC): a forum within the Organisation for Economic Co-operation and Development (OECD) for consultation among 29 donor countries, together with the European Commission, on how to increase the level and effectiveness of aid flows to all aid recipient countries. The list of 30 members are found [here](#)

The DAC sets the definitions and criteria for aid statistics internationally. Statistical Directives exist to encourage comparability of reporting of resource flows by DAC members.

DFID programme: DFID's expenditure on development assistance. The DFID programme comprises broadly:

Bilateral aid to developing countries, where DFID's budget is used to fund specific activity with a recipient country or in sectors. This includes jointly managed funding where DFID has a stake, such as the Conflict, Stability and Security Fund or International Climate Fund; *Multilateral aid*, including core funding to multilateral organisations such as UN agencies, the World Bank and the UK share of EC development programmes, and *Administration costs*.

Export Credit Guarantee Department (ECGD): a ministerial department that provides insurance for exporters against the main risks in selling overseas, and guarantees to banks providing export finance. It also negotiates debt relief arrangements on commercial debt.

Payments by the ECGD to commercial banks, enabling them to maintain internationally agreed interest rates for export credits for trade with aid recipient countries, are known as International Stabilisation Grants. These are included in Other Official Flows (OOF).

Export credits: finance for goods and services to aid recipient countries. Only credits with an initial or extended maturity of over one year are included in total flows of resources. Private export credits are those made available by the private, bank and non-bank, sector. Guaranteed export credits are those parts of private export credits guaranteed by UK Export Finance (UKEF).

General Budget Support
See Poverty Reduction Budget Support

Gift Aid: a tax that is reclaimed by UK charities from the HMRC on donations made by UK taxpayers. The ODA estimate includes an estimate for the amount of Gift Aid that is spent on ODA-eligible activities.

Gross National Income (GNI): a

statistical measure of a country's wealth, which consists of the total value of goods and services produced within a country (i.e. its Gross Domestic Product or GDP), together with income received from other countries (notably interest and dividends), less similar payments made to other countries. It is used to compare the aid flows of donors for the UN ODA target, and for the DAC list of ODA recipient countries.

Gross Public Expenditure on Development (GPEX): gross expenditure by DFID to DAC listed countries and non-DAC listed countries, i.e. some British Overseas Territories.

Guaranteed export credits
See Export credits.

Humanitarian assistance: involving the provision of material aid (including food, shelter and medical care), personnel, and advice in order to: a) save lives, alleviate suffering and maintain human dignity during and in the aftermath of man-made crises and natural disasters; b) reduce the incidence of refugees and internally displaced people ; c) hasten recovery and protect and rebuild livelihoods and communities; d) reduce risks and vulnerability to future crises, including strengthening preparedness measures.

The UK provides funding to certain UN agencies (mainly WFP, UNICEF, OCHA, UNHCR and WHO) for their humanitarian assistance programmes in individual countries – classified as bilateral aid. The UK also gives core funding to these organisations where we do not specify the recipient of the funding; this is classified as multilateral aid.

The UK also channels assistance through Civil Society Organisations, such as the Red Cross, as a means of providing humanitarian assistance to individual countries. .

Income groups: a categorisation of countries for ODA (and lending) based

on average Gross National Income (GNI) per person. These figures [are reported by the World Bank.](#)

Input Sector Codes
See Sector

International Climate Fund (ICF) an international fund aimed at reducing poverty by supporting adaptation measures to climate change, low carbon growth, and protection of forests and natural environments. It is jointly managed by DFID, DECC and Defra.

Least developed country (LDC): a country that has particularly severe long term constraints on development, according to per capita GDP and human development indicators. Inclusion on the list of LDCs is defined by the United Nations.

Multilateral aid: core contributions to organisations on the DAC List of Multilateral Organisations. A core contribution is when DFID does not specify the recipient or sector of the contribution and funds are transferred into the general budget of a multilateral and are not separately identifiable from other donor's contributions.

Some international bodies conduct activities that benefit both developing and developed countries. The DAC assess the share of activities of these organisations that focus on developing countries and express this as a coefficient. When ODA is reported these coefficients are applied to core contributions. For example, when reporting core contributions to UNESCO only 60% is reportable as ODA.

Official Development Assistance (ODA): those flows to developing countries and multilateral institutions provided by official agencies or by their executive agencies, 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 ([See the OECD statistics directives](#))

The UN target for ODA (0.7 per cent of GNI), endorsed in 1970 by the UN General Assembly, is expressed in terms of net ODA (i.e. after deduction of loan capital (i.e. principal) repayments) as a percentage of Gross National Income.

Other Bilateral Aid: a term used in the GPEX statistics that covers bilateral aid not elsewhere classified, i.e. it is not defined as Budget Support, Technical Assistance, or Debt Relief and it is not delivered by a multilateral organization or an NGO. It includes funding to other donors for shared development purposes, development awareness, and other types of project type interventions.

Other Official Flows (OOF): flows to developing countries by the official sector which do not meet the criteria for ODA, either because they are not primarily aimed at development, or because they are not sufficiently concessional.

Poverty Reduction Budget Support (usually referred to as 'Budget Support'): financial support to developing country governments that take the form of a general contribution to their overall budgets (general budget support) or support with a more restricted focus (sector budget support).

PRBS is provided to support of a government's policy and budgetary expenditure that has a long-term objective of poverty reduction; and uses national (or sub-national) financial management, procurement and accountability systems, although provided the recipient government's Public Financial Management Administration (PFMA) systems remain the principle means by which fiduciary risk is managed, additional safeguards

may be agreed to where necessary;

Promissory notes: a method of funding multilateral organisations where DFID 'deposits' funds with the Bank of England. Multilateral organisations then 'encash' these funds as they need them. They include capital subscriptions to the World Bank, the Regional Development Banks, the International Fund for Agricultural Development, the Global Fund to Fight AIDS, TB and Malaria, Global Environment Facility and the Montreal Protocol. Promissory note deposits are reported, consistent with OECD reporting standards. This funding method is reported as Multilateral aid in Statistics on International Development.

Regional Development Banks: banks which serve particular regions, for example the African Development Bank or the European Bank for Reconstruction and Development, and are part of the multilateral system.

Resource accounting: is an accrual-based approach to Government accounting that adopts a commercial style of preparation in line with generally accepted accounting practice. Accruals accounting is a method of recording expenditure as it is incurred, not when it is paid out, and income as it is earned, not when it is received.

Sector: areas of economic, social or humanitarian activity that aid is intended to support. See section 1.9 for sector types.

Sector Budget Support
See Poverty Reduction Budget Support

Technical Assistance: the provision of know-how in the form of personnel, training, research and associated costs. ([see the DAC directives for the different types of aid used for statistical purposes](#))

ANNEX 3: ODA CONTRIBUTORS

DFID

3.1 The majority of UK Official Development Assistance (ODA) is delivered through DFID's budget. The 2002 International Development Act makes reducing poverty the core purpose of UK aid. As such, the vast majority of DFID aid expenditure is included in ODA; only a small amount of expenditure on non-ODA eligible countries and multilateral institutions is excluded. Figures for the DFID programme are produced from a combination of data held on DFID's internal accounting and management information system (ARIES) and the UK attributions of EC budgetary spending.

ODA managed jointly by DFID and other UK Government Departments

3.2 In these statistics all CSSF funds disbursed through DFID are ODA-eligible and are included as part of CSSF pooled expenditure. The remaining ODA figures comprise other government departments' spend. Data on the ODA eligible spend are collected by DFID contacting programme officers in the relevant departments.

3.3 The CSSF manages HMG's Peacekeeping Budget. This covers the UK's assessed peacekeeping costs – a legal obligation as a member of these organisations – for UN Peacekeeping (UNDPKO), the Organisation for Security and Cooperation in Europe (OSCE) Field Missions, European Security and Defence Policy (ESDP) Military and Civilian Missions, NATO operations in the Balkans, and the International Criminal Courts and Tribunals. In line with DAC rules 15% of the funding to UNDPKO and 74% to the OSCE are allowed to score as ODA.

3.4 Ministerial responsibility is joint between DFID, the Department for Business, Energy and Industrial Strategy (BEIS), HM Treasury and the Department for Environment, Food and Rural Affairs for the International Climate Funds. This arrangement brings together expertise from across Government on international development, climate change adaptation and mitigation, and forestry.

Other ODA delivered by UK Government Departments

3.5 The **FCO** ODA includes spend through the British Council, strategic and bilateral programmes, aid related frontline diplomacy and contributions to multilateral organisations. More information on FCO ODA is including on the FCO's transparency pages.

3.6 The **Ministry of Defence** (MoD) undertakes several ODA related activities, including disaster relief training, international capacity building and policy advice. Under the statistical rules for ODA, only the additional costs of MoD activity is included for their support in emergency humanitarian situations.

3.7 **BEIS's** ODA includes contributions to the International Climate Fund, and annual contributions to multilaterals including the International Atomic Energy Agency (IAEA). BEIS supports research ODA to specific countries or regional programmes via Newton and General Challenge Research Funds.

3.8 **DEFRA** is responsible for the following ODA related activities: the BioCarbon Fund Initiative for Sustainable Forest Landscapes (ISFL), the Darwin Initiative, the Illegal Wildlife Trade Challenge Fund and contributions to the Multilateral Fund for the Implementation of the Montreal Protocol (MLF).

3.9 The **Department for Culture Media and Sport** works closely with DFID to deliver a range of initiatives to help address wider social issues encompassed by the MDGs; including contributing towards addressing gender inequality and acting as an effective medium for conveying educational messages relating to health.

3.10 The **Home Office** reports ODA spend in-country to provide essential support (housing, sustenance, travel) to those granted refugee status within the UK, from the date support is applied for to the date that support ceases, for a maximum of twelve months. **Home Office** ODA spend also funds the identification of refugees overseas who are brought to the UK and supported for their first twelve months.

3.11 ODA from the UKBA for refugee costs is reported under the total ODA for the Home Office. Estimates of the ODA-eligible costs for education and health service use by refugees are reported separately by the **Department of Health** and the **Department for Education** in the ODA statistics. There is ongoing methodological work in these areas which aims to ensure the UK is reporting these costs in line the OECD DAC guidance.

3.12 The **Department for Work and Pensions** (DWP makes an annual contribution to the International Labour Organisation and the **Department for Health** makes an annual assessed contribution to the World Health Organisation.

Other sources of UK ODA

3.13 **Export Credit Guarantee Department** or its operating name of UK Export Finance (UKEF) negotiates debt relief arrangements of commercial debt. The relevant amounts of any debt relief are included in UK ODA statistics in line with OECD DAC definitions.

3.14 The majority of the **External Assistance Budget of the European Commission** (EU attribution) is deemed to be ODA eligible. The treatment of the allocation of this budget is described as a background note in the supporting information.

3.15 DFID's Overseas Pensions Department is responsible for the payment of colonial pensions made to ex-members of the UK Overseas Civil Service who were employed directly by developing countries, a small element of which is ODA.

3.16 The **Gift Aid** scheme allows UK charities to reclaim tax from HM Revenue and Customs on donations made by UK taxpayers. The proportion of additional support provided to UK NGOs via this scheme to deliver developmental objectives is estimated by DFID as explained in the Gift Aid methodology note⁵.

3.17 Promoting development awareness is an ODA-eligible activity. The costs of the **BBC World Service's** training of local journalists and capacity building activities in ODA-eligible countries are included in ODA.

3.18 The **Scottish Government** manages its own bilateral aid programme under its International Development Fund. It also provides funding for climate change funding through the Climate Justice Funds. The **Welsh Assembly's** 'Wales for Africa' programme also aims to help deliver the Global Goals and provides small grants to organisation based in Wales.

⁵ DFID, [Gift Aid Methodology Note](#) (October 2013)

ANNEX 4: DATA QUALITY AND PROCESSING OF THE DEPARTMENT FOR INTERNATIONAL DEVELOPMENT'S NATIONAL STATISTICS

Annex4 is in accordance with Principle 4 of the Statistics Code of Practice⁶, which ensures that official statistics are produced to a level of quality that meets users' needs, and that users are informed about the quality of statistical outputs. It also sets out the quality assurance procedures applied to the data used for compiling statistics on UK Official Development Assistance (ODA).

Introduction

4.1 The basic building block of UK ODA statistics is aid activity (project) data recorded by spending teams in DFID country offices and central departments, and by other UK official agencies. The aid activity data includes information for project or programme description; the agency extending the aid; the country, region or organisation receiving the aid; the purpose and sector that the aid activity is designed to assist, and the official expenditure or receipt for the activity. DFID collects this information through its financial management system, 'ARIES'⁷ and Other Government Departments (OGDs) use similar administrative systems for their data. In compiling UK ODA statistics, the OGD data is combined with DFID data.

4.2 On a spend basis DFID's data are about 76 per cent of total UK ODA, and OGDs' data comprise the remaining share.

4.3 A central team of statisticians, in the Finance and Performance Department (FPD) of DFID, are responsible for compiling annual UK ODA statistics, which are published in advance of the OECD DAC statistical releases, twice a year in the spring and autumn. The two National Statistics publications are:

- Provisional UK ODA as a proportion of Gross National Income (the ODA/GNI ratio) (released in the spring), which includes a provisional estimate of the UK ODA/GNI ratio based on preliminary ODA data;
- Statistics on International Development (published in the autumn), which confirms the UK's ODA/GNI ratio and includes more detailed disaggregated ODA statistics.

4.4 The central team of statisticians work with spending teams and the OECD Development Assistance Committee (DAC) during the year to ensure ARIES and OGD data comply and are consistent with definitions and classifications for reporting on ODA internationally. The definitions and classifications are specified in the OECD DAC Statistical Reporting Directives⁸.

⁶ The Code of Practice is being reviewed. Details are found [here](#)

⁷ ARIES is DFID's financial management system used to manage, monitor and evaluate the effectiveness of its aid programme, and manage resources for its operations

⁸ [DAC Statistical Reporting Directives](#)

4.5 The target for the UK's ODA/GNI ratio has been placed in law⁹. It makes provision for the Government to spend 0.7 per cent of GNI on ODA in 2015, and each year after 2015.

4.6 DFID's aid data is published through the Development Tracker available on the Gov.uk site¹⁰. ARIES project data, as well as other government departments'¹¹ data, is made available on the Open government website as part of the UK Aid Transparency Guarantee.

4.7 The Independent Commission for Aid Impact (ICAI) and the National Audit Office provide independent scrutiny and assurance to Parliament of DFID's work, including comment on UK ODA statistics¹² and the data that underpin the statistics¹³.

4.8 This annex is laid out in two sections, covering:

- **Data quality and processing arrangements** carried out to compile the National Statistics. This follows the four areas of practice suggested by the UK Statistics Authority for quality assurance of administrative data sources used in official statistics¹⁴: operational context and administrative data collection ; communication with data supply partners; quality assurance (QA) principles, standards and checks by data suppliers, and producers QA investigations and documentation.
- **An assessment of assurance** of the quality of the administrative data sources used and processes undertaken. This is based on the level of public interest in the National Statistics and level of documentation and assurance to keep users informed.

Data quality and processing arrangements

4.9 This section describes the operational context, communication with spending teams, quality assurance carried out by spending teams and quality assurance carried out by the statisticians compiling ODA statistics.

Operational context and data collection

4.10 ARIES data are used for a number of different operational purposes:

- managing, monitoring and evaluating DFID's aid projects
- providing Management Information (MI) for planning and performance
- providing transparency information for publishing on the Open Government website and through the Development Tracker

⁹ See. http://www.legislation.gov.uk/ukpga/2015/12/pdfs/ukpga_20150012_en.pdf

¹⁰ See DFID's Development Tracker. <http://devtracker.dfid.gov.uk/>

¹¹ The FCO data is being published to IATI standards.. FCO ODA activity can be found [here](#)

¹² See [Independent Commission for Aid Impact](#) webpage, Reports: UK aid spent by departments other than DFID, How DFID works with Multilateral Agencies to Achieve Impact.

¹³ The UK's Comptroller and Auditor General (C&AG) annually audits DFID's financial statements at 31 March in line with the Government Resources and Accounts Act 2000. The C&AG published the conclusions of his 2015/16 audit within the Report and Certificate shown on pages 83 and 84 of DFID's annual report.

¹⁴ See <http://www.statisticsauthority.gov.uk/assessment/monitoring/administrative-data-and-official-statistics/index.html>

- providing financial data for deriving accounting and statistical information. For example, it provides the source data of DFID's Resource Accounts and ODA statistics.

4.11 Spending teams entering project data into ARIES follow a process set out in DFID's SMART rules, which begins with the approval of a business case for project funds and ends with a mandatory review of the project following completion. The rules also include guidance on financial management, transparency of data and assurance checks applied to ARIES data through internal audit procedures, which help to ensure data quality. See paragraphs 4.13 to 4.15 for more details.

Communication with spending teams

4.12 FPD statisticians give advice throughout the year to spending teams on issues regarding the coding of project data, and more broadly they advise teams in DFID and Other Government Departments (OGDs) on whether the project and spending can be regarded as ODA as defined by the OECD DAC rules (ODA eligibility). By carrying out regular checks on the data FPD statisticians are able to feed back to teams on data quality issues. Communication with OGDs often involves meetings¹⁵, where FPD statisticians are able to better understand the nature and extent of OGDs' project spend and explain the ODA rules and the reporting requirements to their OGD counterparts.

Quality Assurance standards and checks by spending teams

4.13 Project and financial data entered into ARIES are subject to supervisory checks by line management, confirming they have reviewed the information entered on the system. Within ARIES the financial data entered have to be signed off by a quality assurer and a senior responsible owner before being posted to the system. As the input data are published on the open government website and via DFID's Development tracker, they are also reviewed for completeness, accuracy and accessibility – i.e. the checking will look at the accuracy and clarity of the project description, sector and financial information in particular to ensure that they meet international transparency standards¹⁶.

4.14 The financial transaction and project data in ARIES are also subject to challenge through an internal assurance process, led by DFID's internal audit team twice a year (autumn and spring). Spending teams are requested to complete statements of assurance to confirm they have received audited statements for project spend; funds have been paid to intended recipient and used for the agreed purposes, and payments have not been made in advance of need. These statements of assurance, which are prepared by the spending team's financial accountant/manager and signed off by the head of the spending team, provide a level of assurance that the spending in ARIES is accounted for.

4.15 Some spending teams in DFID have statisticians within them and, through their understanding of ODA statistics and the reporting requirements, they help improve the quality of the input data on site. However, the data within ARIES are subject to input error from spending teams. The risk of error is considered to be relatively low for data by country, region and project spend; and relatively higher for disaggregated data by sector (where there are around 180 statistical codes to

¹⁵ FPD Statisticians run an annual ODA Learning Day event usually in the spring.

¹⁶ DFID's data complies with the International Aid Transparency Initiative (IATI) standards for open publishing of information on aid activities (see <http://iatistandard.org/201/introduction/>)

choose from and there is sometimes ambiguity about the right code, especially for projects that cut across several sectors) and by funding channel. To minimise these kinds of input errors FPD statisticians carry out further checks centrally on the data.

Quality assurance Investigations and Documentation by FPD statisticians and OECD DAC

4.16 The overall approach taken by FPD statisticians to quality assurance of the data involve the following:

- In-depth review exercises
- Data investigations (to improve the quality of MI data)
- Analytical checks for internal data consistency
- Trend and coverage analysis
- Basic rule checks on OGD supplied data
- External validation of the data by OECD DAC.

In-depth review exercises

4.17 FPD statisticians carry out periodic in-depth review exercises, which will look at the quality processes and procedures of several areas of the national statistics. The last review was carried out in 2013, and covered ODA eligibility; arrangements for estimating ODA expenditure by other government departments, methods used to estimate European Commission ODA attributable to the UK and Gift Aid, ARIES data capture and extraction, and documentation. The results of the last review are attached as Annex A.

4.18 More recently in 2016 FPD statisticians have reviewed specific items of the ODA statistics such as the [quality of the UK imputed multilateral share](#) ODA estimates derived from OECD DAC databases, and further plans are being made to carry out further review exercises of Gift Aid costs and FCO administration costs for ODA. The findings of these reviews are placed on [DFID's statistics page at gov.uk](#).

Data investigations (to improve the quality of MI)

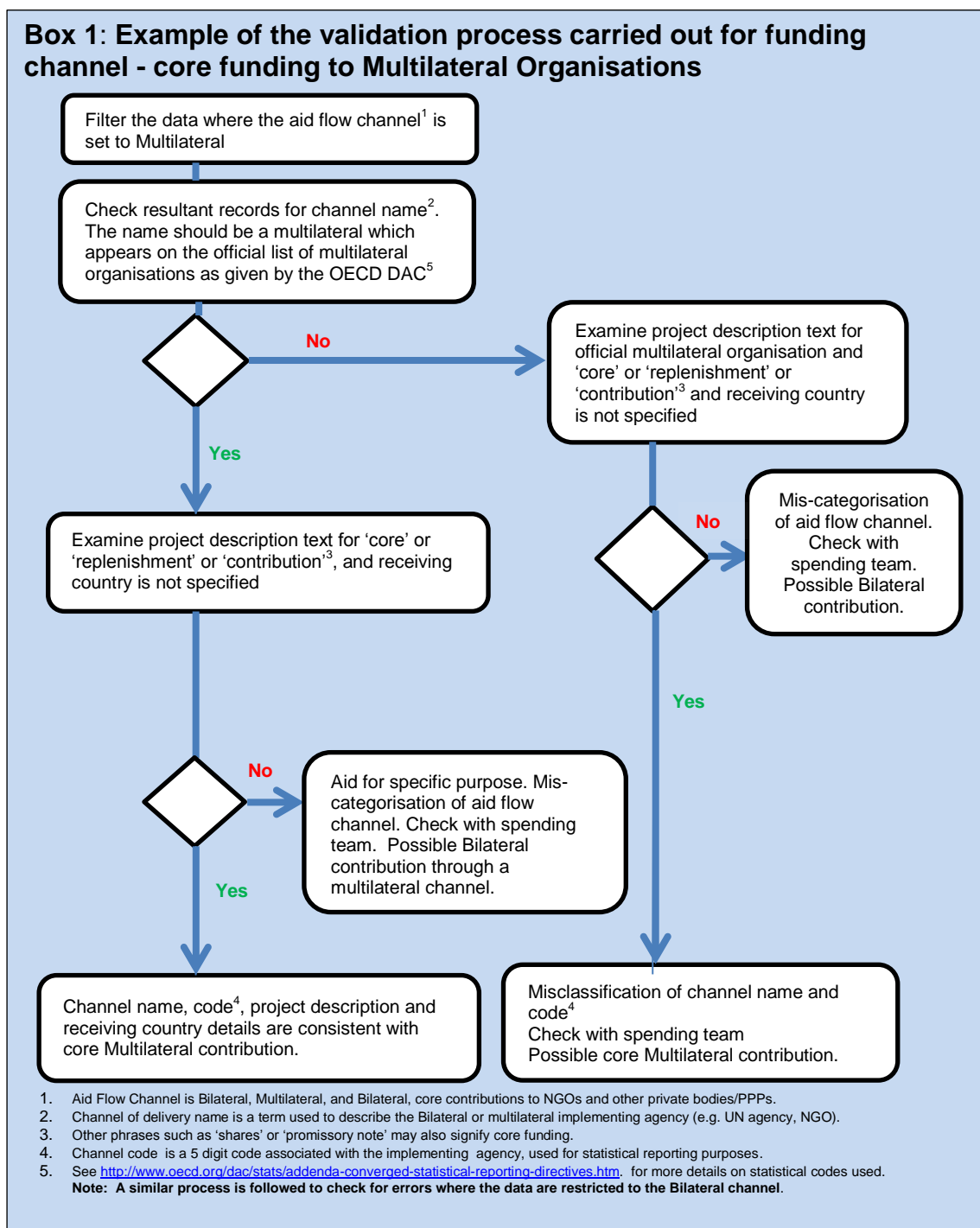
4.19 Through the continued development of the Aid Management Platform (AMP), responding to errors found by end users of the data for MI and data inconsistencies should be found before they are published. One dedicated team of such end users sit within FPD and have been working with spending teams to clean live data used for MI and other reporting purposes, such as the ODA statistics and the Development Tracker.

4.20 A further development of the AMP is also planned in 2018 to help spending teams enter the right data on ARIES first time by building in 'SMART' guidance within the system.

Analytical checks for internal data consistency

4.21 FPD statisticians have developed analytical checks, which have been documented, to validate the data. The checks examine the internal consistency of the data based on the input information. An example of the validation performed is shown as a flow diagram in Box 1 below. This example looks at the consistency of the information for core multilateral funding. It shows the data are judged to be assigned correctly to the multilateral funding channel only when the name of the organisation and associated code, project and country descriptions comply with the definition of core multilateral funding, otherwise the data are returned to the spending

team for checking. Similar analytical checks are also performed on other funding channel codes.



Trend and coverage analysis

4.22 FPD statisticians carry out trend and coverage analysis during data processing, looking at annual percentage changes of spend with the back series to judge if particular data is out of kilter with historical trends and checking that the large spending projects have been correctly included in the data set. Results of this check have shown some incorrect coding of spend between bilateral and multilateral funding channels and among extending agencies. These errors have been corrected during processing.

Basic rule checks on OGD supplied data

4.23 Non-DFID data from other government departments have a number of validation checks built in to ensure information is captured in a consistent format – i.e., some fields (sector, aid flow channel, expenditure) are mandatory and have OECD DAC values /categories within specific given ranges. Any errors found are fed back to the spending teams for further investigation.

External validation of the data by OECD DAC

4.24 FPD statisticians submit a return to the DAC prior to the releases of the national statistics, who then carry out further external quality assurance checks on UK ODA data and that of other OECD DAC statistics providers. For example, the DAC secretariat assesses the quality of the UK's ODA data by verifying its coverage (completeness) and its conformity of reporting with definitions (so as to ensure the comparability of data with other donors). Any discrepancies in the data are reported back to FPD statisticians, who then do further investigations and make corrections as necessary.

Producing statistical outputs

4.25 Once the data are cleaned and checked, FPD statisticians apply a restriction to the data to compile ODA statistics, in line with OECD DAC rules. This ensures that countries and financing eligible for ODA is used in the statistical outputs. It captures ODA data on projects funded to ODA eligible countries as grants, loans at low rates of interest (concessionary lending), deposits to multilateral organisations delivering development and humanitarian aid, debt forgiveness/conversion and other types of development investment (e.g. equity acquisitions and interest subsidies)¹⁷

4.26 FPD statisticians also produce separate estimates of Gross Public Expenditure on Development (GPEX) applying a different restriction to the ARIES data. GPEX captures gross official expenditure on aid to ODA eligible countries and some other countries and is produced on a financial year basis rather than calendar year (as the case for Net ODA). Information about GPEX can be found here.

4.27 The main statistical tables in SID are produced using SPSS syntax, which enables a complete audit of the processing steps from input data sources through to statistical outputs. Using syntax avoids the risks of errors associated with carrying out calculations and processing using spreadsheets. The syntax also enables clearer validation and audit of the statistical outputs internally than would be the case with spreadsheet processing.

Estimates of Gross National Income (ONS)

4.28 Estimates of GNI used in the calculation of the ODA/GNI ratio are supplied by the Office for National Statistics. The strength of the GNI measure is it is produced according to international standards for compiling National Accounts¹⁸ and has been adopted by the OECD as the standard measure for comparing aid across countries. GNI estimates are subject to the ONS quality assurance and revision processes as described here. The ODA:GNI ratio calculation uses GNI estimates reported in March and September for provisional and final ODA:GNI ratios respectively.

¹⁷ For more information on the countries and types of finance eligible for ODA see

[http://www.oecd.org/dac/stats/documentupload/DCD-DAC\(2013\)15-FINAL-ENG.pdf](http://www.oecd.org/dac/stats/documentupload/DCD-DAC(2013)15-FINAL-ENG.pdf)

¹⁸ See <http://www.ons.gov.uk/ons/guide-method/method-quality/specific/economy/national-accounts/articles/index.html> for more information.

An assessment of assurance of the administrative data used

4.29 The following section uses the approach in line with the UKSA's Standard for the Quality Assurance of Administrative Data to assure the quality of the administrative data and the processes used in deriving our National Statistics. The approach considers the public interest in our National Statistics (low, medium and high) and then the level of assurance and documentation needed to keep users informed about the quality assurance arrangements in place for the administrative data from which the statistics are sourced. There are four levels of assurance, where the need for investigation and documentation increases with each:

- A0: No assurance – the operational context and administrative data collection not investigated, managed or documented.
- A1: Basic assurance – the statistical producer has reviewed and published a summary of the administrative data QA arrangements
- A2: Enhanced assurance – the statistical producer has evaluated the administrative data QA arrangements and published a fuller description of the assurance
- A3: Comprehensive assurance – the statistical producer has investigated the administrative data QA arrangements, identified the results of independent audit, and published detailed documentation about the assurance and audit

Public interest profile

4.30 As mentioned in the introduction (paragraph 6), the UK introduced legislation in 2015 which commits the UK Government to investing 0.7 per cent of GNI on ODA in 2015, and years after 2015. The United Nations General Assembly agreed on an international target of 0.7 per cent for the ODA:GNI ratio in 1970. In 2013, the UK achieved the ODA/GNI ratio target of 0.7 per cent for the first time, following a commitment by the UK Government to increase ODA to 0.7 per cent of GNI by 2013 in the 2010 Spending Review.

4.31 We assess public interest in the ODA:GNI ratio and overall levels of UK ODA spending as medium. There is medium/lower public interest for Statistics on International Development which contains the final release of the ODA/GNI ratio, and more detailed ODA information, and lower interest for the detailed disaggregated spending data - as much of this information is accessible through the open government website and the DevTracker portal.

Level of quality concerns

4.32 Our assessment of the level of assurance required for ARIES data and data from OGDs is based on current arrangements for quality assurance carried out by the data collectors (the spending teams), the quality of the input data, the quality assurance arrangements and processes carried out centrally in FPD and by the OECD DAC, and how investigation, management and communication of the data is handled between the stakeholders involved. Paragraphs 4.13-4.27 describe these arrangements.

4.33 The key strength of the ODA statistics is it is sourced from ARIES, and is consistent with DFID's financial management system. There is no sampling error involved as a 100% extract of the database is taken to produce the statistical outputs. All the relevant variables needed to produce the statistical outputs are contained in ARIES. The ARIES system is underpinned by well-established operational rules, understood by staff, for quality assuring financial transaction and project level data. The financial data is assured by spending teams through an internal audit process,

and is also used to produce DFID's Resource Accounts which is independently audited by the National Audit Office.

4.34 The ARIES data are subject, however, to input error (particularly at a disaggregated sector and funding channel level), and FPD statisticians carry out a number of quality control activities to minimise the risk of errors entering the statistical outputs, described in paragraphs 4.16-4.24. This work has revealed the need to continually assess the quality of the data during processing and do more to help spending teams enter correct data first time. It has also highlighted the need to document the checks used by FPD and communicate these to spending teams.

4.35 An increasing share of UK ODA spend comes from OGDs, and FPD statisticians work with spending teams in OGDs to assess the ODA-eligibility of their spend, and the quality of the data for compiling ODA statistics. This will be a continuing growing feature of our work as the Government's UK aid strategy sets out a cross-government approach to development assistance.

4.36 We judge the level of assurance as enhanced based on the current arrangements, but will continue to assess the risk of quality issues and develop plans as indicated in paragraphs 4.34 -4.35 to mitigate these. The plans to review data quality of the ODA statistics will be placed on our statistics webpage.

Annex A: Review of DFID's National Statistics and actions undertaken.

Recommendation	Planned Action	Progress
<p>(a) Review whether CDC's equity investments fall within the official definition of ODA</p>	<p>It would be appropriate to carry out a short review to consider (i) how the existing guidance for ODA and for OOF apply to CDC's equity investments; (ii) how UK practice compares with international practice; and (iii) whether any statistical benefits from making an immediate change to the UK treatment are likely to outweigh the expected statistical benefits from maintaining continuity, until the DAC has completed its work on possible improvements to the ODA treatment of Development Finance Institutions (DFIs).</p> <p>The review should start in August and should aim to reach provisional conclusions by the end of September. Depending on the findings, it may be appropriate to consult users before taking any final decision. If the final decision is to change the UK approach, then it would still be appropriate to consult the DAC prior to implementation. Every effort should be made to complete this full process before the end of 2013. This would allow any changes to be incorporated in the National Statistics publication due in spring 2014, reporting a provisional estimate of UK ODA for 2013.</p>	<p>DFID conducted a short review considering the issues described in (i), (ii) and (iii). The findings of the review were published in December 2014 and the review recommended that from 2015 onwards DFID should report capital flows from the UK Government to CDC as ODA. It also requested that DFID publishes a short paper which sets out the impact of this change on the historic data series. We plan to do this after the SID 2016 has been published.</p>
<p>(b) Strengthen the arrangements for estimating ODA expenditure by other government departments; with particular reference to planned spend on (i) refugees (ii) peace and security (iii) research</p>	<p>The statistics team in FPD should review the current arrangements of other government departments for reporting their ODA spend to DFID for National Statistics purposes. This should consider any concerns about the ODA eligibility of the spending; the arrangements for quality assuring the estimates; and the systems that are in place for reporting the estimates. The review should be carried out on a proportionate basis. The greater the current and planned level of ODA reporting by a department, the more the review should seek to understand the underlying data systems and quality assurance arrangements.</p> <p>The review should start after summer 2013 and should scope out an expected timetable for completion.</p>	<p>FPD statisticians reviewed the current arrangements of other government departments for reporting their ODA spend to DFID for National Statistics purposes and took forward work to strengthen the arrangements for estimating ODA expenditure by other government departments; with particular reference to planned spending on (i) refugees</p> <p>The statistical review of the Home Office's (HO) ODA reporting in relation to refugees included an examination of the OECD DAC guidelines for reporting spending on refugees and HO activity for compatibility with ODA definitions.</p> <p>The review concluded that refugee support associated with the costs of asylum seekers for the first 12 months of stay in the UK was ODA eligible, irrespective of whether the asylum seeker is eventually granted refugee status. This was in line with OECD DAC directives and practice carried out by other DAC members. This spend is now included in the ODA statistics. The HO has also identified new areas of ODA from their better understanding of the ODA definition, such as the costs of identification of refugees overseas who are brought to the UK is ODA eligible.</p>

		<p>(ii) peace and security The review of ODA activities involved the HO and MOD. The MoD ODA reporting team have implemented a new system to report their ODA to DFID, which provides more detailed information and has improved the quality of their data.</p> <p>DFID is leading discussions about how Peace and Security should be considered in a modernised ODA definition through the International Network on Conflict and Fragility task team, managed by the OECD.</p> <p>(iii) research DFID statisticians worked with the Department of Business, Innovation and Skills (BIS) in different fora to help them ensure new planned ODA spend of £375m (over 5 years) is classified as ODA eligible. The activities undertaken included capacity building workshops with BIS and the Research Councils to ensure research activity is in line with ODA, and an 'in-day' at DFID where BIS staff presented their ODA activities. FPD statisticians continue to provide support BIS staff relating to ODA eligibility and reporting. In 2014, the Research council invested nearly £75 million in research projects in developing countries.</p>
<p>(c) Consider proposals to change the methods used to estimate (i) EC ODA attributable to the UK and (ii) Gift Aid</p>	<p>DFID officials have been working closely with Treasury officials to develop improved methods for estimating ODA in two areas. No formal process exists for signing off recommendations that come out of exercises of this nature.</p> <p>New governance arrangements should be put in place that will allow DFID's Chief Statistician to consider the findings from reviews of this type; and to initiate additional reviews from time to time, as considered necessary to maintain the quality of DFID's National Statistics.</p> <p>The governance arrangements should ensure that the views of data suppliers and key users (within DFID, in other government departments and externally), are taken into account before any changes to methods are approved. New governance arrangements should be in place as soon as possible.</p>	<p>Governance arrangements have been improved and the role of the Chief Statistician is now clearer amongst the production team in FPD. We have also agreed a clear role for the Chief Statistician in the ODA eligibility process. Since the quality review we have consulted users through formal consultations and through user engagement (seminar at the RSS) to ensure that the National Statistics publications and any changes in methodology are in line with the view of users of these statistics.</p> <p>A revised Gift Aid methodology has been adopted following updated survey information from a sample of charities. The approach to Gift Aid in the ODA statistics is briefly described here</p> <p>(ii) The method for apportioning the UK's contribution to the EU budget for external assistance (EU Attribution) has been improved by the DFID Europe Department and HM Treasury. The new methodology gives a more representative share of the contribution to departments other than DFID. The method is described in Annex 2 to Statistics on International Development.</p>
<p>(d) Investigate the ARIES data entry</p>	<p>There is a risk that the ARIES data entry arrangements may be</p>	

<p>arrangements and whether these will produce estimates of ODA by sector that are of sufficient quality to meet users' needs</p>	<p>producing inaccurate estimates of ODA by sector.</p> <p>In the first instance, this should be addressed through an exercise to document the arrangements for entering data into ARIES. This should cover the training and guidance that is provided to those responsible for inputting data; and should look at existing arrangements for quality assuring the data to ensure that information on ODA by sector is being captured accurately.</p> <p>The documentation should be completed by no later than the end of 2013. This will provide a basis for judging the quality of the data entered into ARIES, and the implications this has for the accuracy of the National Statistics estimates of ODA by sector.</p>	<p>DFID statisticians have investigated ARIES coding in more detail and took forward a number of key pieces of work with support from the Business Innovation (BI) team.</p> <ul style="list-style-type: none"> • A new post leads on QA of live MI data from the ARIES system and related statistical information. Investigation of the live financial ODA data has led to a cleaner dataset for compiling the National Statistics. • Specific analytical work is now part of the data processing before statistical outputs are produced. For example, validation of the multilateral/bilateral channel split now takes place by the statistician working in the multilateral effectiveness team. Their knowledge of the multilateral data has improved the quality of the funding channel information. • Specific analytical work is also being undertaken to improve sector information, involving quality assurance by policy departments to ensure sector statistics align with spending departments' expectations. • Separately the BI team are taking forward more detailed analysis to understand better the risks of input error; for example a sector code amnesty.
<p>e) Implement the plans that have been developed to improve the system that is used to extract from ARIES the data that are needed to produce ODA National Statistics</p>	<p>FPD has agreed to prioritise the implementation of this work (known as Project Datamart) and it is due to be completed by no later than December 2013.</p>	<p>A new system has been developed to extract ARIES data to produce the National Statistics. This project was undertaken with DFID IT Specialists and a consultant. DFID can now provide more accurate ODA data, and have brought the skills and expertise in-house, so we are more able to upkeep our systems. The FPD Statistics team can now extract these data themselves, which has increased efficiency considerably.</p> <p>FPD has bi-monthly meetings with DFID IT Specialists to ensure the smooth running of this system.</p>
<p>(f) strengthen the documentation of the processes used to produce, manage and disseminate ODA National Statistics</p>	<p>FPD has agreed that sufficient resources will be made available to update the desk instructions for producing the ODA statistics over a 12 month period. This will allow the documentation to be updated as part of each stage of the annual production process; to be completed by summer 2014.</p>	<p>The FPD Statistics team strengthened the documentation process used to produce, manage and disseminate ODA National Statistics. We have updated our desk notes and aligned them to the global standard of the Generic Statistical Business Process Model developed by UNECE, Eurostat and the OECD.</p>