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DEVELOPMENT CO-OPERATION DIRECTORATE
DEVELOPMENT ASSISTANCE COMMITTEE

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Working Party on Statistics

Statistical Reporting Issues

Letter from Chair of the Working Party on Statistics to Chair of the DAC.

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MEMORANDUM

Date: 26 July 2006
TO: Mr Richard Manning, Chair of the Development Assistance Committee
FROM: Mr Fritz Meijndert, Chair of the DAC Working Party on Statistics
RE: **STATISTICAL REPORTING ISSUES**

Dear Richard,

1. I am taking the opportunity of the end of my term as Chair of the Working Party on Statistics to write to you and DAC delegates about two reporting issues on which we have not been able to make progress in our two meetings this year.

2. Let me first note, though, that the Working Party has taken useful decisions in June, as noted in DCD/DAC/RD(2006)9/RD1. It agreed to a new definition and codes for humanitarian aid, an update to the gender equality marker, and updates to both the CRS and DAC Statistical Reporting Directives that the DAC will be asked to approve in September. It also marked major advances on member-driven efforts to merge the two reporting systems and set directions to improve the quality and policy relevance of the statistics in the coming years.

3. The first issue on which the Working Party has gone as far as it can is *In-donor refugees*. The Swiss government funded work to see if members' reporting could be made more comparable. The summarised results are shown in Annex 1 to this letter. They show, and WP-STAT participants confirmed, that reporting is on a very different basis across members, as it is subject to different laws and rules on the legal status of refugees and asylum seekers. The inclusion of this item as ODA is not well understood by donor publics and NGOs, who see little connection of such domestic expenditures to the development and welfare of people living in developing countries. Two DAC Members (Luxembourg and the United Kingdom) still decline to report this item on just this ground. Others who support such expenditure see no convincing rationale for the one-year cut-off rule. WP-STAT decided to increase transparency about this item by including it identifiably in the miscellaneous group of purpose codes, rather than including it with the new classification of humanitarian aid.

4. Given its questionable value as ODA and the impossibility of obtaining identical reporting norms across donors given their different legal systems, I suggest that the only way to achieve comparable reporting of this item would be to simply abolish it. This would go some way to restoring public confidence in the credibility of ODA statistics and eliminate an anomaly whereby expenditures on individuals made from domestic welfare budgets without regard for their impact on developing countries are counted as official development assistance. In this connection you will have noticed the sharp criticism of donors' reporting these costs as ODA recently voiced by the EURODAD consortium of European NGOs¹, by Coordination Sud in France², by GermanWatch³ and by ActionAid.⁴ As I reported to the

¹ "EU Aid: Genuine Leadership or Misleading Figures", page 8 and passim, available at http://www.trocaire.org/policyandadvocacy/oda/european_aid_report_may2006.pdf

² "L'APD française et la politique de coopération..." , pp. 37-8, available at www.coordinationsud.org/article.php3?id_article=2380

Working Party⁵, tightening the ODA reporting rules to exclude the costs of in-donor refugees was also among the requests made by the NGO-EU Network in personal representations to my minister earlier this year. The Network stated that “these are not expenditures which our members expect to be described as development assistance. This is because they provide almost no new resources to developing countries and are not tied to development objectives of improving the welfare of poorer people in those countries.”

5. Annex 2 shows the amount of ODA recorded under this item in 2004 for each member in both volume terms and as a share of their net ODA. May I suggest the DAC schedule a discussion of this possibility as soon as practicable in its timetable?

6. The second issue I want to cover is the *ODA treatment of debt relief*. I believe that Working Party members have achieved as much as they can be expected to at a technical level on this topic. The *Handbook for Recording Debt Reorganisation on the DAC Questionnaire* [DCD/DAC(2000)16] was a major achievement in bringing comparable reporting between members and consistent treatment for different options within Paris Club agreements. But fundamental questions are increasingly being raised, including by you, on the amount of ODA that can be claimed when past, mainly export credit, debt is taken into the official sector (where it was not official in the first place) and forgiven. The current reporting rules allow this to be recorded at full face value, irrespective of the actual cost to public funds. Much of this debt is insured and yet not even the premiums are deducted from the amounts recorded, let alone the compensation paid out by such schemes, which according to WTO rules should be self-funding and therefore not a drain on official resources. And the private sector is usually left to meet part of the costs when such debts are cancelled. Once again, increased transparency and credibility provide strong arguments for accounting for these operations in a way that reflects the true effort by the official sector for the benefit of developing countries.

7. From a statistical standpoint, it would be possible to come up with rules to achieve comparable reporting on such a basis. But the obstacles are political, not least tensions between ministries of finance and aid agencies on how much the former can charge to the budgets of the latter. I invite the DAC to consider if and how it wishes to address this challenge, as it is not a technical issue that WP-STAT participants can solve. What we have asked members to do is to provide practical examples of how different debt relief operations are handled in their budgetary systems as a way to inform any work by the DAC on this issue.

8. Let me close by recording my thanks for the opportunity to address the DAC occasionally under your Chairmanship, for the strong interest in ODA statistics that you personally have shown and for the guidance that you have managed to elicit from the DAC and its Senior Level Meetings for the work of WP-STAT.

Yours sincerely,

Fritz Meijndert

cc. DAC Delegates
WP-STAT Delegates
Mr Roeskau

Mr Carey
Mr Hammond
Staff of Statistics and Monitoring Division

³ “Die deutschen ODA-Leistungen, 2000 bis 2003-4”, especially page 12, available at www.germanwatch.org/ez/oda05.htm

⁴ “Real Aid II: Making Technical Assistance Work”, page 12, available at www.actionaid.org/wps/content/documents/18%20REAL%20AID%202%20PAGES%20%20COVER.pdf

⁵ DCD/DAC/STAT/RD(2006)3/RD6.

Annex 1 – SUMMARY OF ODA REPORTING OF IN-COUNTRY REFUGEE COSTS

	Australia	Austria	Belgium	Canada	Denmark	Finland	France	Germany	Greece	Ireland	Japan	Luxembourg	Netherlands	New Zealand	Norway	Portugal	Spain	Sweden	Switzerland	United Kingdom	United States
Refugee categories												j)			k)					i)	
1. Recognized under the Geneva convention	X	X a)		Xc)			X	X	X		X		X		X		X	X			X
2. Quota refugees	X	X b)		X	X	X			X	X			X	X	X			X			X
3. Right to remain on humanitarian or protection grounds	X	X	X	X d)		X		X	X		X g)		X		X		X	X			X
4. Asylum-seekers		X	X		X	X e)	X		X		X h)		X		X	X	X	X	X		X
5. Other																					j)
Types of expenditure																					
1. Subsistence	X		X	X	X	X	X	X	X	X	X		X	X	X	X	X	X	X	X	X
2. Transport	X		X	X	X	X							X		X	X	X	X			
3. Lodging, meals, clothing, cash	X		X	X	X	X	X	X	X	X	X		X	X	X	X	X	X	X	X	X
4. Medical treatment	X		X	X	X	X	X	X	X	X	X		X	X	X	X	X	X	X	X	X
5. Basic education, language training	X		X	X		X	X		X	X	X		X	X	X		X	X			X
6. Professional training			X								X			X			X	X			X
7. Costs of return to home country or other developing country	X		X			X							X				X	X	X		X
8. Resettlement assistance			X	X		X			X		X		X		X		X		X		X
9. Other						X f)													X		

a) Austria: Assistance provided only during the first four months after being granted refugee status, in case of need (i.e. no job, no place to stay).

b) Austria: No ODA for quota refugees has been reported since reporting year 2001 (operation for Kosovo ended in 2000).

c) Canada: Convention refugees receive transport (loans for dependents abroad) and medical treatment only.

d) Canada: Refugees granted the right to remain on humanitarian or protection grounds only receive medical treatment.

e) Finland: Asylum seekers who obtain refugee status according to the Geneva Convention. These persons receive subsistence, lodging, medical treatment, basic education and return costs.

f) Finland: Vocational and orientation courses.

g) Japan: Persons in Japan on humanitarian or protection grounds do not benefit from subsistence, lodging, or medical treatment expenditure.

h) Japan: Asylum seekers do not benefit from basic education, professional training or resettlement assistance.

i) Luxembourg and United Kingdom: These countries do not believe that in-country refugee costs should count as ODA. The UK would, in any case, have difficulty collecting the data.

j) United States: Other refugees are Amerasians.

k) Norway: Not all refugee categories receive each type of expenditure.

Annex 2: ODA REPORTING ON AID TO REFUGEES IN DONOR COUNTRIES, 1992-2004
USD million

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Australia	..	..	..	..	0.0	..	..	56.6	10.2	0.0	4.3	30.7	54.5
Austria	116.0	113.4	122.4	109.4	85.2	34.4	29.4	41.4	22.7	20.6	28.3	34.1	51.7
Belgium	..	..	..	..	..	0.3	..	..	0.3	0.3	0.2	79.5	41.6
Canada	..	183.7	153.2	111.5	120.0	112.1	104.7	105.2	143.3	137.4	125.6	145.4	176.6
Denmark	104.9	77.1	78.6	71.4	54.2	94.6	91.8	87.3	124.1	114.1	109.6	105.7	85.1
Finland	42.7	11.2	5.9	7.4	11.2	10.3	7.9	16.4	16.3	14.8	8.1	10.8	..
France	..	..	..	..	..	56.9	80.3	..	147.5	202.7	245.9	445.2	544.3
Germany	624.0	497.7	353.0	381.0	173.4	114.7	58.9	109.9	67.4	80.4	35.8	25.0	15.4
Greece	..	..	..	..	..	..	..	..	1.3	0.0	2.5	3.1	2.8
Ireland	..	..	0.9	2.1	4.4	2.2	1.6	..	..	..	0.9	1.1	1.9
Italy	..	52.3	0.5	..	1.9	..	..	16.5	3.3	15.9	..	43.8	..
Japan	..	..	..	..	..	..	..	..	..	..	..	..	..
Luxembourg	..	4.3	..	..	..	..	..	..	..	..	..	..	..
Netherlands	109.6	169.5	75.3	..	70.6	73.7	72.4	129.9	162.5	154.5	83.3	173.6	118.5
New Zealand	..	..	..	..	..	..	..	..	..	..	6.1	7.6	10.7
Norway	..	..	68.0	9.5	9.4	12.0	33.2	55.6	98.3	67.6	124.5	176.4	111.3
Portugal	..	..	..	..	..	..	..	..	..	..	..	..	0.8
Spain	..	0.3	..	..	..	..	..	18.1	11.3	7.3	14.2	21.2	20.0
Sweden	..	..	105.6	114.3	114.1	100.2	97.9	79.8	83.3	81.3	138.1	190.7	178.5
Switzerland	..	..	..	..	..	..	9.5	15.0	18.7	19.7	19.7	22.1	193.8
United Kingdom	..	..	..	..	..	..	..	..	..	..	..	..	..
United States	..	..	..	..	..	36.0	387.1	1.7	450.6	416.0	143.7	344.0	512.4
Total reported	997.1	1 109.6	963.5	806.4	644.4	647.4	974.7	733.3	1 361.0	1 332.4	1 090.6	1 860.1	2 119.8

**ODA REPORTING ON AID TO REFUGEES IN DONOR COUNTRIES,
1992-2004**

As percentage of total net ODA

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Australia	..	..	..	..	0.0	..	..	5.8	1.0	0.0	0.4	2.5	3.7
Austria	56.8	55.0	37.9	17.6	16.2	6.9	6.4	8.4	5.2	3.2	5.4	6.8	7.6
Belgium	..	..	..	..	..	0.0	..	..	0.0	0.0	0.0	4.3	2.8
Canada	..	7.7	6.8	5.4	6.7	5.5	6.1	6.2	8.2	9.0	6.3	7.2	6.8
Denmark	7.5	5.8	5.4	4.4	3.1	5.8	5.4	5.0	7.5	7.0	6.7	6.0	4.2
Finland	6.6	3.1	2.0	1.9	2.7	2.7	2.0	3.9	4.4	3.8	1.8	1.9	..
France	..	..	..	..	..	0.9	1.4	..	3.6	4.8	4.5	6.1	6.4
Germany	8.2	7.2	5.2	5.1	2.3	2.0	1.1	2.0	1.3	1.6	0.7	0.4	0.2
Greece	..	..	..	..	..	..	..	..	0.6	0.0	0.9	0.9	0.6
Ireland	..	..	0.8	1.4	2.5	1.2	0.8	..	..	..	0.2	0.2	0.3
Italy	..	1.7	0.0	..	0.1	..	..	0.9	0.2	1.0	..	1.8	..
Japan	..	..	..	..	..	..	..	..	..	..	..	..	..
Luxembourg	..	8.7	..	..	..	..	..	..	..	..	..	..	..
Netherlands	4.0	6.7	3.0	..	2.2	2.5	2.4	4.1	5.2	4.9	2.5	4.4	2.8
New Zealand	..	..	..	..	..	..	..	..	..	..	5.0	4.6	5.1
Norway	..	..	6.0	0.8	0.7	0.9	2.5	4.1	7.8	5.0	7.3	8.6	5.1
Portugal	..	..	..	..	..	..	..	..	..	..	..	..	0.1
Spain	..	0.0	..	..	..	..	..	1.3	0.9	0.4	0.8	1.1	0.8
Sweden	..	..	5.8	6.7	5.7	5.8	6.2	4.9	4.6	4.9	6.9	7.9	6.6
Switzerland	..	..	..	..	..	..	1.1	1.5	2.1	2.2	2.1	1.7	12.5
United Kingdom	..	..	..	..	..	..	..	..	..	..	..	..	..
United States	..	..	..	..	..	0.5	4.4	0.0	4.5	3.6	1.1	2.1	2.6
Total reported	1.6	2.0	1.6	1.4	1.2	1.3	1.9	1.4	2.5	2.5	1.9	2.7	2.7