



## **Terms of Reference: Statistical review of Foreign & Commonwealth Office ODA-eligible frontline diplomatic cost**

### **National Statistics context**

UK Official Development Assistance (ODA) and ODA as a percentage of Gross National Income (the ODA:GNI ratio) are part of DFID's National Statistics. National Statistics designation means DFID has a statutory duty to follow the best practice guidance set out in the [Code of Practice for Statistics](#). National Statistics (NS) compliance is monitored by the [Office for Statistics Regulation](#), who set the standards for the production of official statistics and requires producers to assure themselves that their statistics are robust and reliable to justify the NS brand.

### **Background**

DFID is responsible for compiling total UK ODA, which is an internationally agreed measure of [official financial flows](#) from the UK to developing countries overseas for international development.

In 2016 the FCO's ODA spend accounted for almost 4% (over £500 million) of total UK ODA<sup>1</sup>. Within the FCO's ODA spending, costs related to diplomatic staff assigned wholly or partly to aid-related duties are included in line with the statistical directives and these are reported in the statistical category of FCO's administrative costs in the ODA statistics. The FCO include these admin costs through an activity-based accounting system which identifies ODA-eligible activity for staff members in Post and centrally. While this accounting methodology has been in use since 2011, changes in ODA delivery as a result of the UK Aid Strategy<sup>2</sup> and ODA modernisation<sup>3</sup> mean it's appropriate to review the methodology to examine whether it remains fit for purpose.

### **Scope**

This review will look at the methodology and data sources for capturing FCO ODA-eligible administration costs - which are not already included under other ODA items as an integral part of the costs of delivering or implementing a project or programme – and propose options for updating the methodology. The review will look at the method for attributing the costs of diplomatic staff assigned wholly or partly to delivering ODA as ODA. It will not change the basis for FCO ODA costs, which are based on established account codes, nor cover other ODA-eligible administration costs such as the cost of premises – as these items have been reviewed recently.

### **Review process and governance**

The review will be led by the FCO, who will work closely with the statisticians responsible for reporting UK ODA statistics in DFID's Finance and Performance Department (FPD). Any recommendations arising from this review will be considered by DFID's Chief Statistician for approval.

The review will also consult other stakeholders at key points, such as HM Treasury and DFID's Strategy Unit.

The review forms part of a set of reviews in the on-going development of Statistics on International Development.

### **Timing and deliverables**

The review was announced in Statistics on International Development (SID) 2017 and started at the beginning of 2017, and is due to conclude during 2018. The main outputs of the review will be an

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<sup>1</sup> Source is [Statistics on International Development: 2017](#)

<sup>2</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/478834/ODA\\_strategy\\_final\\_web\\_0905.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/478834/ODA_strategy_final_web_0905.pdf)

<sup>3</sup> [DAC High Level Meeting - OECD](#)

updated methodology and data for capturing FCO ODA activity administration costs, and a short note outlining the findings and any changes. Key findings of the review will be published a future edition of Statistics on International Development.

The review forms part of a set of reviews in the on-going development of the SID publication.

**Contact**

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