



Chair

Development Assistance Committee

Sarah Champion, MP
Chair of the International Development Select Committee
Parliament of the United Kingdom

SM(2020)25

Paris, 12 June 2020

Dear Ms Champion,

The ODA eligibility of actions related to COVID-19

I would like to thank you for your invitation to participate in next week's hearing of the International Development Committee, as part of your inquiry into the impact of the COVID-19 pandemic on developing countries and the work of DFID. I am very happy to contribute to the deliberations of the Committee; however, I think it more appropriate that I submit evidence in writing. I am a British diplomat, but am currently serving as the elected, independent Chair of the Development Assistance Committee (DAC) at the OECD. The DAC has 30 members, of which the UK is one.

On 9 April, the DAC published a [joint statement](#) on COVID-19 and the impact on developing countries. This set out the DAC's concerns about the impact of the pandemic on the least developed countries (LDCs) and on the achievement of the Sustainable Development Goals. Since the DAC published its statement more evidence has emerged, including from the World Bank, which suggests COVID-19 and its socioeconomic consequences could push between 70 and 100 million people into extreme poverty in 2020.

As you will be aware, numerous countries - including the UK - have announced contributions to the international COVID-19 response effort. There is a live conversation in the DAC about the Official Development Assistance (ODA) eligibility of COVID-19 related activities. Indeed, the statistical sub-committee of the DAC (WP-Stat) - of which the UK is also a member - is due to meet later this month to discuss this issue. Given the volumes pledged to the global response, these negotiations are highly sensitive. It is therefore important that my communications about this topic are neutral, and do not indicate a preference for any particular perspective.



Despite the sensitivities, a number of issues related to ODA eligibility are very clear. The basic principle of [the DAC rules](#) is that contributions to eligible countries can be counted as ODA providing (a) that they have the economic development and welfare of developing countries as their main objective; and (b) that they are concessional in nature. These are the key criteria used to determine the eligibility of official flows as ODA.

These rules hold true during the response to the COVID-19 pandemic. Therefore, all direct support to countries on the [DAC list of ODA recipients](#) to fight the pandemic and invest in recovery counts as ODA so long as it meets the above criteria. Investments in partner countries' health systems, activities related to COVID-19 control (e.g. information, education, communication and testing), and humanitarian response to mitigate the impact, would all be ODA eligible.

Questions have been raised about the ODA eligibility of vaccines, tests or treatments for COVID-19. Again, the ODA rules are clear. So long as the main objective of such activities is to contribute to the welfare of developing countries and are concessional, the costs of providing vaccines, tests and treatments to developing countries are eligible as ODA.

Furthermore, research into the problems of developing countries is ODA eligible, whether conducted in the benefitting country, a donor country or elsewhere. To be eligible, research needs to be either:

- (i) undertaken by an agency or institution whose main purpose is to promote the economic growth or welfare of developing countries; or
- (ii) commissioned or approved, and financed or part-financed, by an official body from a general-purpose institution with the specific aim of promoting the economic growth or welfare of developing countries.

This is why 100% of contributions provided in 2020 to fund the core work of the Coalition for Epidemic Preparedness Innovations (CEPI) – which works to accelerate vaccines for infectious diseases affecting developing countries – count as ODA. The ODA eligibility of CEPI beyond 2020 has not yet been assessed. That decision will be based on CEPI's new five-year plan starting in 2021, and guidance from the DAC.

At present, funding for global public goods – those activities addressing global challenges – does not count as ODA. For example, medical research on cancer is excluded from ODA because it benefits people in developed countries as much as those in developing countries. Initiatives designed to pool funds for COVID-19 vaccine research or to facilitate global access to vaccines will be reviewed on a case-by-case basis, as part of the regular business of WP-Stat.



Under the current ODA rules, earmarked funding for research towards a global challenge like COVID-19 (as opposed to one that predominantly affects developing countries, like malaria) would also be reviewed on a case-by-case basis in line with the directives above. Supporting affordable access to vaccines in poor countries is ODA eligible and would be an essential part of DAC members' response to COVID-19 should a vaccine be found. Similarly, supporting epidemiological capacity building and stronger health systems in developing countries is ODA eligible.

The international development community is coming to terms with the impact of the COVID-19 pandemic. It will take time to evaluate the implications for developing countries and for the DAC's work. The DAC and its statistical sub-committee are very focussed on this and we will continue our deliberations over the summer.

I hope this is useful for your Committee. I would be very happy to respond to any specific questions you might have.

Yours sincerely,

Susanna Moorehead
Chair of the OECD Development Assistance Committee

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Fergus Reid, Committee Clerk
Jorge Moreira Da Silva, Director, Development Cooperation Directorate, OECD