

Unclassified

DCD/DAC/STAT(2015)29

Organisation de Coopération et de Développement Économiques
Organisation for Economic Co-operation and Development

27-Oct-2015

English - Or. English

Development Co-operation Directorate
Development Assistance Committee

DCD/DAC/STAT(2015)29
Unclassified

DAC Working Party on Development Finance Statistics

BETTER TRACKING OF ODA ALLOCATION: ASSESSING MULTI-COUNTRY ODA

2-3 November 2015

This document is submitted for DISCUSSION under Item 9 of the draft annotated agenda DCD/DAC/STAT/A(2015)5/PROV.

The paper provides a first analysis of the current reporting on multi-country ODA and presents options to better reflect members' efforts in LDCs, including explore opportunities for improved statistical reporting and options and potential impact of imputing a share of multi-country ODA towards LDCs.

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JT03385162

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BETTER TRACKING OF ODA ALLOCATION: ASSESSING MULTI-COUNTRY ODA

1. OECD DAC statistics are a cornerstone in the global accountability system and the main source for monitoring the UN ODA targets to provide 0.7% of GNI in ODA to developing countries of which 0.15-0.20% to least-developed countries (LDCs).¹

2. The decision reached by DAC Ministers at the 2014 HLM to *allocate more of total ODA to countries most in need* and to *collectively reverse the declining trend of ODA to LDCs* further underscored the importance of effective monitoring of members' performance against these targets. The Addis Ababa Agenda for Action (AAAA) also *encouraged ODA providers to consider setting a target to provide at least 0.20 per cent of ODA/GNI to LDCs* and was *encouraged by those who are allocating at least 50 per cent of their ODA to LDCs*.²

3. The increased focus on the monitoring of ODA to LDCs has sparked a methodological debate regarding the calculation of providers' total contribution to this group of countries. While the current methodology only acknowledges country-allocable ODA to LDCs, multi-country ODA, *i.e.* ODA flows that are reported as global or regional, are not taken into consideration in the calculations although it can be argued that a portion of these allocations benefits LDCs.³ As such, the current methodology underestimates providers' efforts in supporting LDCs.⁴

4. At the last WP-STAT meeting in May 2015, Canada initiated a discussion to develop a methodology to include a share of providers' global and regional programmes as ODA to LDCs to more accurately show members' total efforts in supporting the LDCs. Members welcomed the initiative, but also recognised the importance to better understand members' current reporting on global and regional ODA.⁵

5. This paper aims to provide a first analysis of the nature of global and regional ODA and to highlight options to better reflect members' efforts in LDCs. In particular, the purpose of this paper is to:

- take stock on ODA flows to LDCs, recalling the UN target supported by many members, and remind members of the current methodology to calculate ODA to LDCs.

1. For the latest list of LDCs, see <http://unohrrls.org/about-ldcs/>. The proposed target 17.2 of the Sustainable Development Goals (SDGs) also requests *developed countries to implement fully their official development assistance commitments, including the commitment by many developed countries to achieve the target of 0.7 per cent ODA/GNI to developing countries and 0.15 to 0.20 per cent of ODA/GNI to least developed countries; ODA providers are encouraged to consider setting a target to provide at least 0.20 per cent of ODA/GNI to least developed countries*

2. Addis Ababa Agenda for Action para 51-52, available at: <http://www.un.org/esa/ffd/ffd3/wp-content/uploads/sites/2/2015/07/Addis-Ababa-Action-Agenda-Draft-Outcome-Document-7-July-2015.pdf>

3. In this paper, the term “multi-country ODA” comprises global and regional ODA. “Global ODA” covers all ODA flows that are reported as bilateral unallocated, recipient code 998. “Regional ODA” covers all ODA flows that are reported using the following recipient codes: 88, 89, 189, 289, 298, 380, 389, 489, 498, 589, 619, 679, 689, 789, 798, and 889.

4. For example by not considering core support to NGOs, which is generally reported as global or regional ODA, and contributions to global and regional trust funds and other initiatives.

5. For more information, see DCD/DAC/STAT/RD(2015)3/RD6 and DCD/DAC/STAT/M(2015)3.

- examine the current reporting on global and regional ODA and explore opportunities for improved statistical reporting.
- present options for imputing a share of global and regional ODA towards LDCs, including simulations based on 2013 data.

6. While the focus of this paper is the calculation of ODA to LDCs, bearing in mind the specific UN target on ODA to LDCs, **any methodology presented can also be applicable to calculate ODA to other groups of countries most in need**, e.g. low-income countries (LICs), small island developing states (SIDS), landlocked developing countries (LLDCs), and fragile and conflict-affected states.

Long-standing methodology to calculate ODA to LDCs

7. The methodology for calculating ODA to LDCs is a well-established practice in DAC statistics, dating back to the original formation of the UN LDC target in 1981.⁶ It attempts to reflect bilateral providers total ODA efforts to countries on the LDC list, based on bilateral net ODA flows and imputed multilateral ODA [see Box 1].

Box 1. Imputing multilateral ODA

DAC statistics have traditionally been focused on presenting provider effort. Therefore, the imputation method used by the OECD is designed to calculate the amount of each provider's multilateral ODA that can be attributed to individual recipients. There are three steps in this calculation:

1. The country shares of each multilateral agency's total annual gross disbursements are calculated.
2. The shares derived in step 1) are multiplied by a donor's core contribution (multilateral ODA) to the same agency in the same year.
3. The results from step 2) for all agencies are summed to obtain the total imputed multilateral aid from each provider to each recipient country.

Example: In a given year, WFP provides 10% of its disbursements from core resources to Sudan. Provider X contributes USD 50 million to WFP core resources in the same year. Provider X's imputed multilateral ODA to Sudan through WFP is $0.1 * \text{USD } 50 \text{ million} = \text{USD } 5 \text{ million}$. This calculation is repeated for each multilateral agency.

Source : See: <http://www.oecd.org/dac/stats/oecdmethodologyforcalculatingimputedmultilateraloda.htm>

6. The target was set at the First United Nations Conference on the Least Developed Countries in Paris 1-14 September 1981 (Scott, S., 2015, *The accidental birth of "official development assistance"*). The 1981 Development Co-operation Report compares DAC members' total net ODA to LDCs (based on bilateral ODA and imputed multilateral ODA) as a share of Gross National Product (GNP).

8. Imputed multilateral ODA is an estimate of bilateral providers' indirect support to individual recipients through funding of the multilateral system.⁷ It can be calculated for all multilateral agencies that report their outflows to the OECD. Core contributions to other agencies, for which the OECD does not have outflow data, are not imputed back to the original funders. As a result, total ODA calculated on the basis of bilateral ODA and imputed multilateral ODA remains slightly lower than total official net ODA as reported to DAC statistics.⁸ In 2013, imputed multilateral ODA represented 93% of DAC members' total multilateral ODA. The DAC Secretariat is working to close the gap by encouraging more multilateral agencies to report their outflows, and examining CRS channel codes, rather than using DAC2a, for a more detailed breakdown of multilateral agencies.⁹

9. The DAC Secretariat is also standardising its presentation on ODA to LDCs across publications. Although previous DAC peer review assessments of provider efforts towards LDCs were often limited to bilateral net ODA, the standard methodology in assessing members' performance against the UN LDC target has been integrated into more recent reviews of members' development co-operation policies in accordance with the HLM agreement.

More efforts needed to meet the LDC ODA commitments

10. The recent commitments made by DAC Ministers at the 2014 HLM and in the Addis Ababa Agenda for Action mark a historical milestone in shifting ODA allocations to LDCs, which have fallen in recent years. Although DAC ODA to LDCs more than doubled between 2000 and 2010, preliminary estimates indicate a decline in aid to LDCs since the peak in 2010 – from USD 46 billion in 2010 to 40 billion in 2014 in constant 2013 prices, a decline of 13 per cent in real terms. Preliminary figures for 2014 suggest that DAC bilateral net ODA to LDCs decreased by 3.5 billion (-12 per cent in real terms) between 2013 and 2014. This is despite stable levels of total DAC ODA in 2014, after hitting an all-time high in 2013.

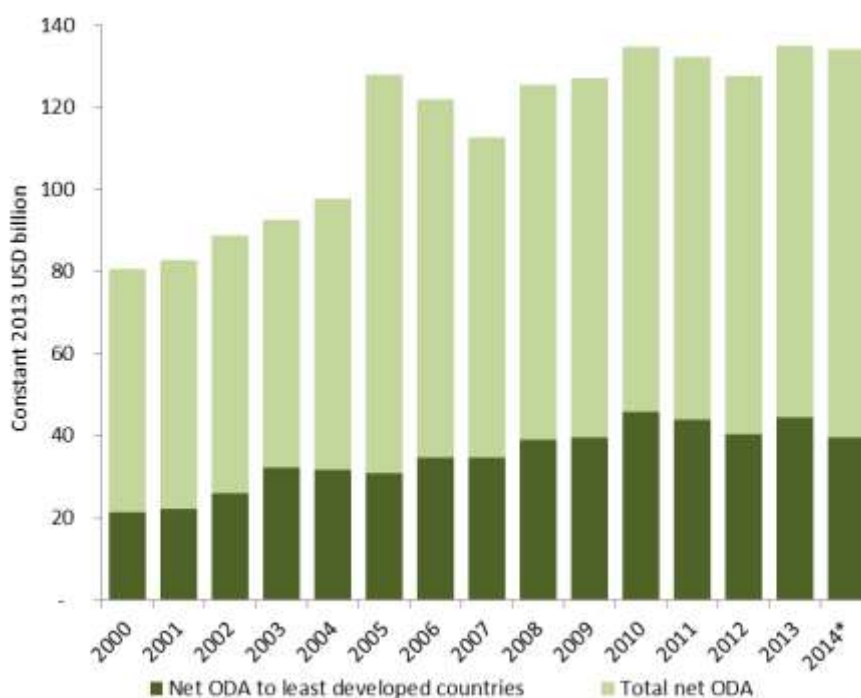
11. Preliminary figures of assistance from multilateral agencies collected through the recent Survey on Forward Spending Plans also revealed lower volumes of multilateral assistance to LDCs in 2014, although planned increases will begin in 2015. The Survey also indicated that country-level aid to LDCs should recover over the next few years after several years of decline, in line with the 2014 DAC HLM commitment.¹⁰ Figure 1 presents DAC countries' total net ODA and net ODA to LDCs from 2000 to 2014 (bilateral and imputed multilateral).

7. Note that there are several methods to impute concessional outflows by multilateral agencies back to the funders of those agencies; however, any methodology for imputing multilateral flows can only ever be an approximation. There are several reasons why multilateral flows in a given year do not match with providers' contributions in that year, including the time lag between receiving and spending funds, adding resources from reflows and interest payments of loans and internal transfers of funds within the agencies.

8. In 2013, this difference amounted to USD 2.9 billion.

9. The DAC Secretariat is also working to establish a methodology to impute multilateral ODA by other dimensions, *e.g.* although there is no regular methodology for calculating sectoral imputed multilateral ODA, this has been done occasionally in the context of sectoral studies.

10. For more information about the survey and data on providers' latest spending plans, see www.oecd.org/dac/aidoutlook

Figure 1. DAC countries' total net ODA and net ODA to LDCs (2000-2014)

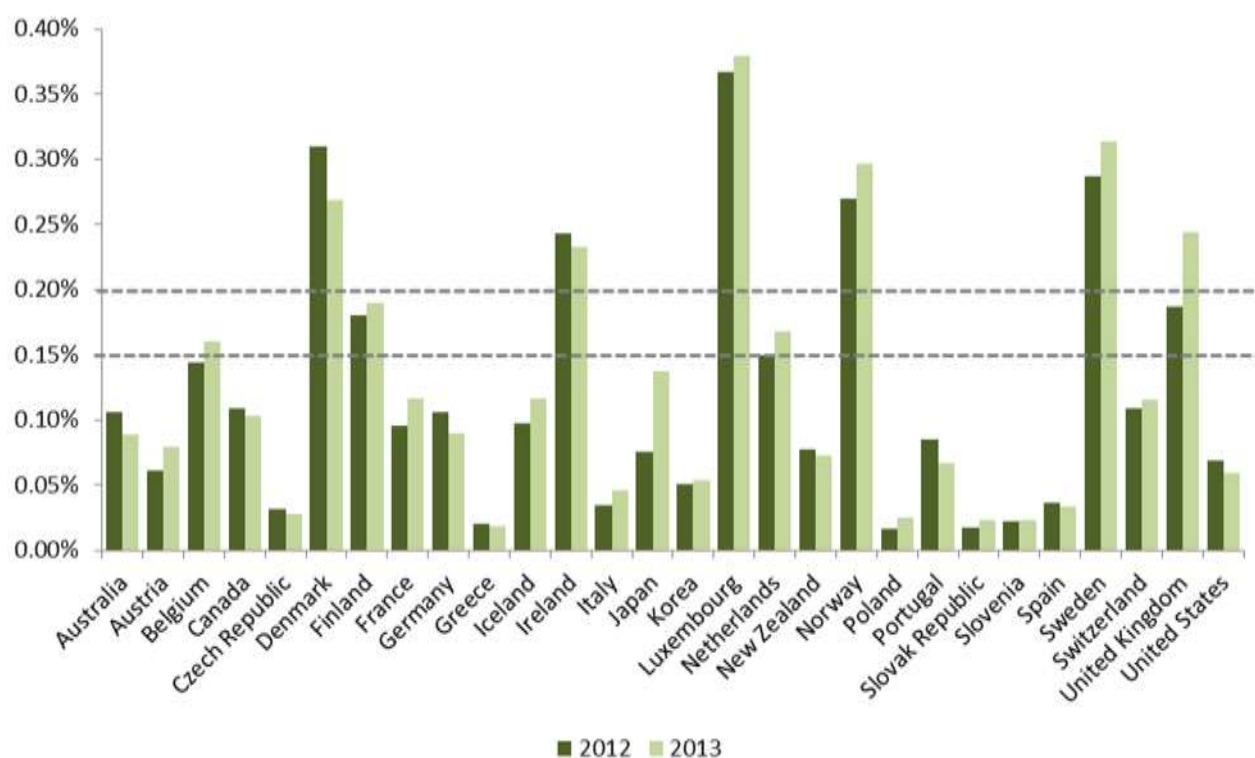
* 2014 preliminary estimates

12. Collectively, DAC countries do not meet the UN ODA target of allocating 0.15-0.20 per cent of GNI to LDCs. In 2013, total DAC ODA to LDCs represented 0.10 per cent of total DAC GNI.¹¹ Nine DAC countries¹² provided more than 0.15 per cent of their GNI as ODA to LDCs and 6 of these provided more than 0.20 per cent of their GNI as ODA to LDCs. Figure 2 presents the latest figures on DAC countries' ODA to LDCs in relation to their GNI.

11. While data collection of final 2014 flows is still on-going, preliminary estimates based on the advance questionnaire and the Survey on Forward Spending Plans indicate that DAC ODA to LDCs represented 0.09 per cent of total DAC GNI in 2014.

12. They were: Belgium (0.16%), Denmark (0.27%), Finland (0.19%), Ireland (0.23%), Luxembourg (0.38%), the Netherlands (0.17%), Norway (0.30%), Sweden (0.31%) and the United Kingdom (0.24%).

Figure 2. DAC countries' net ODA to LDCs as a share of GNI (2012-2013)

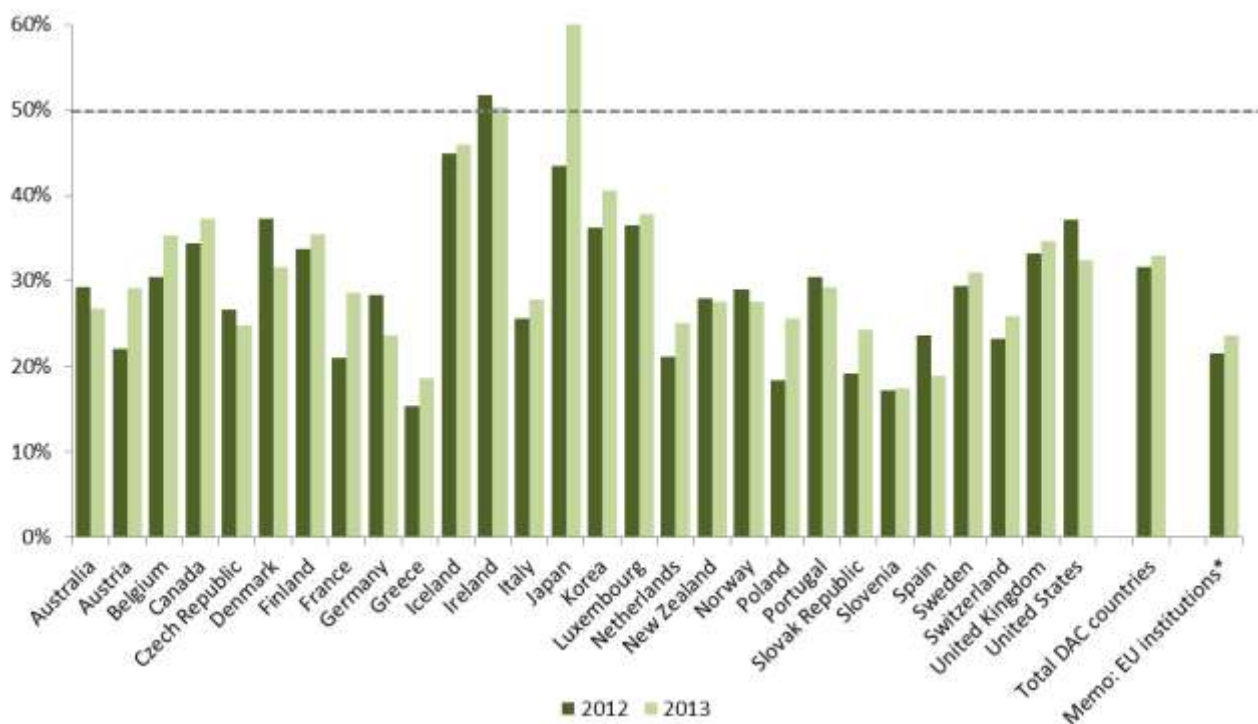


13. The DAC has previously discussed the possibility of setting new voluntary targets to increase aid to LDCs in addition to the UN target.¹³ The encouragement in the AAAA *vis-à-vis* a voluntary target of 50% of total net ODA to LDCs increased the importance to also monitor members' performance based on their individual ODA volumes. On average, DAC countries allocated one-third of their ODA to LDCs in 2013, an increase from 31% in 2012.¹⁴ Only Ireland and Japan allocated at least 50 per cent of their ODA to LDCs. Figure 3 presents the latest figures on DAC countries' ODA to LDCs in relation to total net ODA.

13. See for example DCD/DAC(2014)20.

14. Preliminary estimates suggest that this share declined to 29% in 2014.

Figure 3. DAC members' net ODA to LDCs as a share of total ODA (2012-2013)

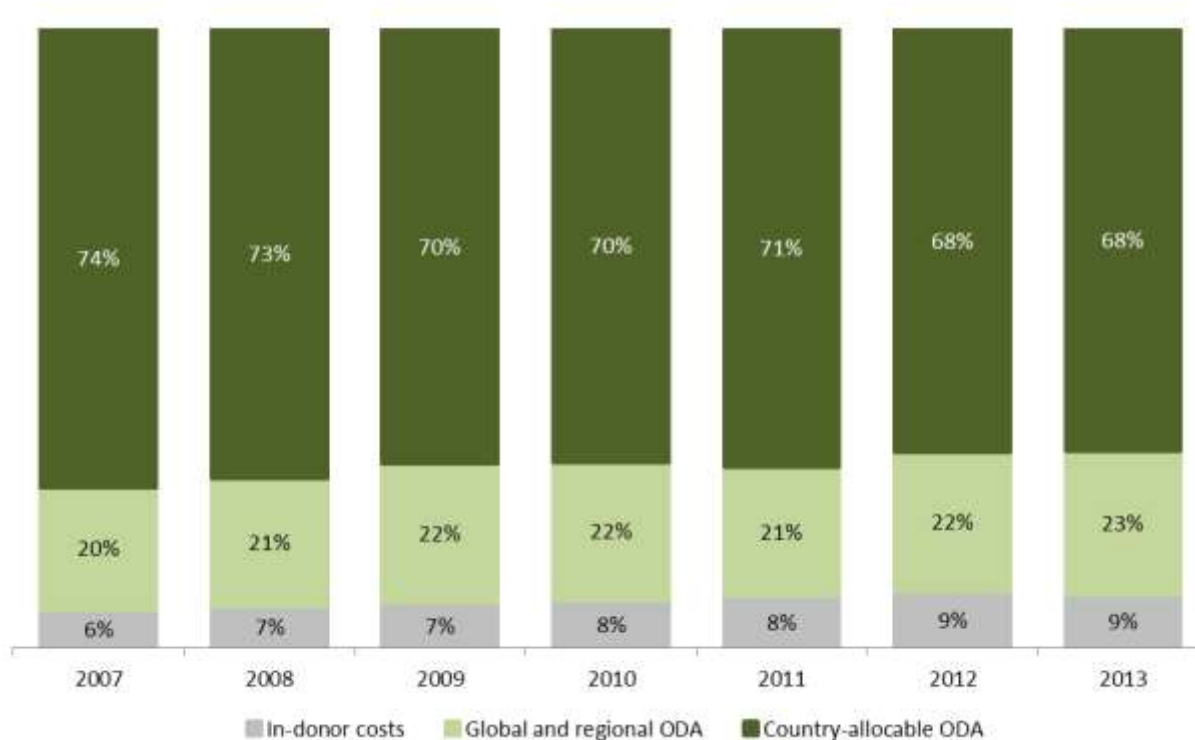


* Note that flows from the EU institutions are included as imputed multilateral ODA for DAC countries. However, EU institutions are shown in this graph for comparison purposes.

Multi-country ODA accounts for one-third of total ODA

14. Multi-country ODA represents a growing share of total ODA. In 2007, one-fourth of DAC countries' total net ODA was reported as global or regional. By 2013, this share had grown to nearly one-third (32%). Half of this increase can be attributed to a rapid increase in in-donor costs, in particular in-donor refugee costs which more than doubled between 2007 and 2013 and which are expected to continue to rise in the coming years. The remaining increase can be explained by additional funding to international initiatives and global and regional trust funds, research and bilateral programmes.

Figure 4. DAC countries' total net ODA by country-allocable and multi-country ODA (2007-2013)¹



1. For the purpose of this graph and benchmarking against total ODA, the “non-imputable part” of multilateral ODA is considered global and regional ODA. In 2013, the “non-imputable part” of multilateral ODA represented 2% of total ODA.

15. Most multi-country ODA is reported as globally unallocated ODA. The share of global ODA has increased from 70% during the mid-2000s to 75% of total multi-country ODA in 2013. A large part of this is due to increasing in-donor costs, which are generally reported as global ODA in accordance with the DAC statistical directives.¹⁵ In 2013, 42% of DAC members’ global ODA could be attributed to in-donor costs, amounting to USD 11.9 billion and a significant increase from 33% in 2007. The share of global ODA is reduced to two-thirds of total multi-country ODA if these expenditures are excluded. Half of the regional ODA is allocated to Africa, while the remaining half is mainly split by Asia and countries in the Americas.

16. While in-donor costs represent provider effort, it is debatable to what extent these expenditures should be considered as support to individual countries. In line with the approach outlined by Canada in its discussion paper *Imputing Member’s Regional Programs for Statistics on ODA to Least Developed Countries* presented at the previous WP-STAT, in-donor costs have been excluded from the rest of the analysis in this paper.¹⁶

15. Specifically, the DAC statistical directives state that “the category “bilateral, unallocated” is used if an activity benefits several regions. It is also used for a number of activities undertaken in donor countries such as administrative costs not included elsewhere, development awareness and certain refugee costs.”

16. The in-donor costs that have been excluded are: administrative costs, refugee costs in donor country, promotion of development awareness and imputed student costs.

Figure 5. Volume of DAC countries' multi-country net ODA (2013)

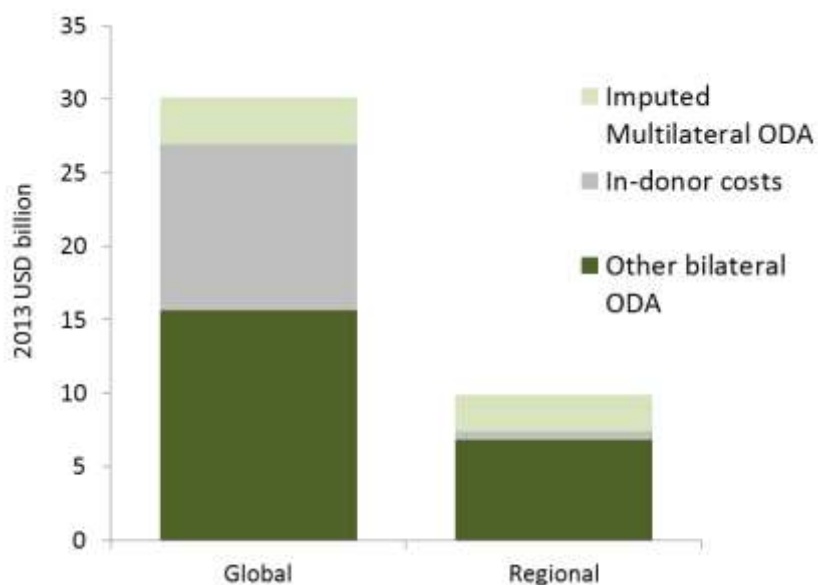
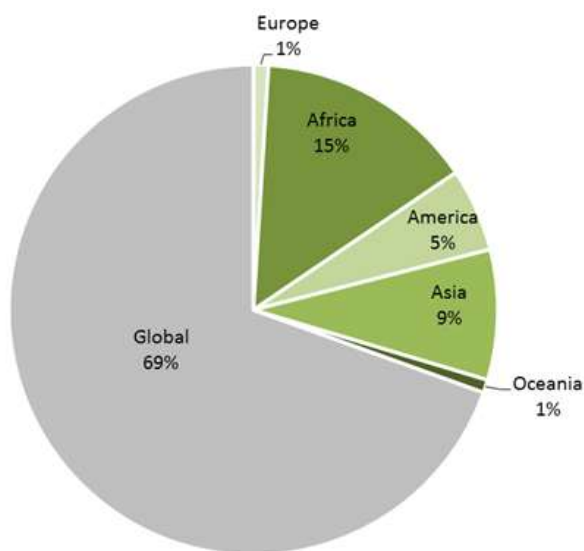


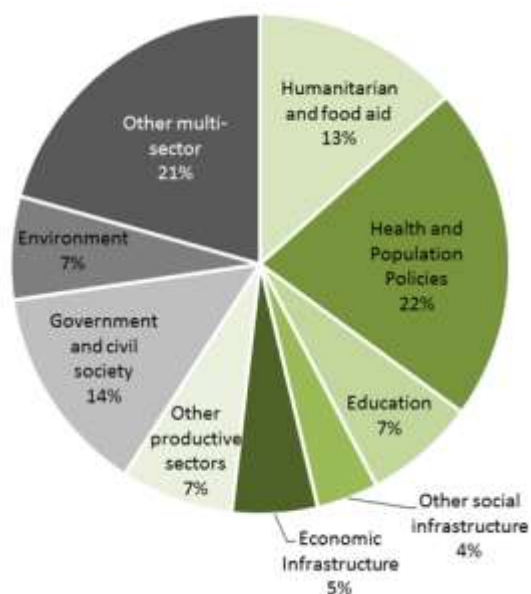
Figure 6. DAC countries' multi-country ODA by global and regional allocation, excl. in-donor costs (2013)



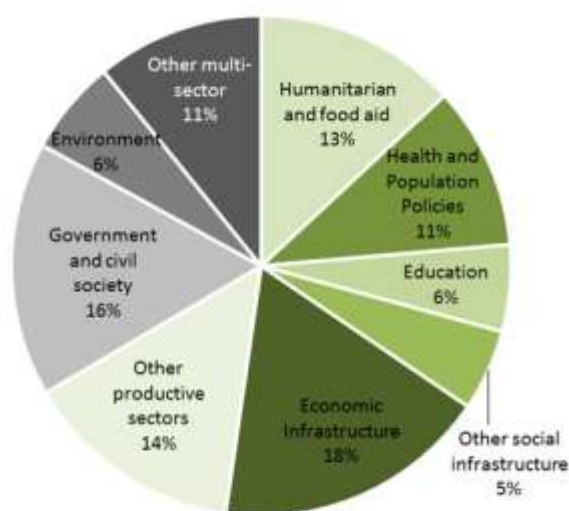
17. A further breakdown of bilateral global and regional ODA reveals different sectoral patterns. While nearly one-fourth of globally unallocated ODA is allocated to the health sector, other sectors which often benefit many countries, such as economic infrastructure and productive sectors, are key target areas for regional ODA. A large share of global ODA is also reported as multi-sector ODA. This is mainly because of aggregated reporting on activities and lack of information on NGO outflows.

Figure 7. DAC countries' global and regional ODA by sector, excl. in-donor costs (2013)

Global ODA (USD 15.7 billion)



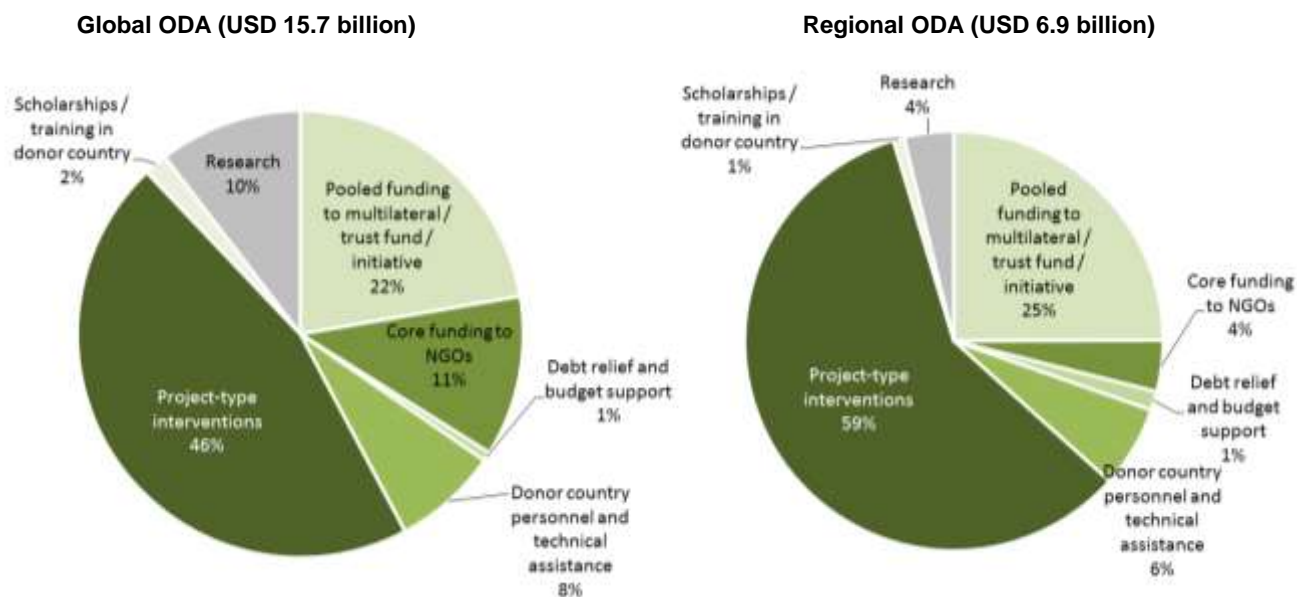
Regional ODA (USD 6.9 billion)



18. Global ODA contains a large share of activities where the allocation decisions are often taken outside of the providers' direct control, e.g. core funding to NGOs, and where the main beneficiary countries may not be the same as in the providers' own portfolio. In 2013, one-third of global ODA was reported as pooled funding or contributions to trust funds, global initiatives or NGOs. An additional 10% can be classified as research activities across a wide range of sectors.

19. Roughly half of global and regional ODA is reported as project-type interventions, amounting to USD 11.2 billion in 2013. This category contains a wide variety of activities, including bilateral global or regional programmes, equity investments, aggregated projects, and earmarked funding to multilateral organisations. The activities are also spread over all sectors and across all of the main channels. The different nature of activities reported under this category, as well as the lack of information, makes it difficult to assess to what extent the main beneficiaries belong to a certain group of countries, e.g. LDCs, or if these activities benefit all countries alike. Further research could explore this category in greater detail.

Figure 8. DAC countries' global and regional ODA by type of aid, excl. in-donor costs (2013)¹



1. Note that these graphs include research as a separate category. This is to indicate support to research activities (which is not a type of aid category), which may benefit a larger number of recipient countries than some of the other categories. The identification of research activities is based on text search within the project title description field as well as the following purpose codes: 11182 (Educational research), 12182 (Medical research), 23082 (Energy research), 31182 (Agricultural research), 31282 (Forestry research), 31382 (Fishery research), 32182 (Technological research and development), 41082 (Environmental research) and 43082 (Research/scientific institutions).

20. A closer examination of each provider's largest 20 global and regional activities reveals not only a significant variety in the types of projects, but also lack of descriptive information on the nature of these activities. Several members aggregate small projects and activities and report these as global or regional ODA without adequate description on the type of activities included or the main beneficiary countries. For example, some of the descriptions of DAC members' largest CRS records reported as global and regional ODA are limited to statements such as 'aggregate', 'common services' or 'various projects'. The lack of information also makes it difficult to assess the best way to impute the amount of ODA to LDCs. **Improved reporting by disaggregating these activities, or at least providing more meaningful descriptions, is crucial for transparency and a requirement to better understand how these activities support individual countries.**

21. **More collaborative efforts to collect outflows from development partners receiving official support, e.g. the NGO community, could also improve the information base on main beneficiaries and raise member's ODA to LDCs.** In 2013, 14 DAC members reported more than 95% of their core support to NGOs as global or regional ODA. As a result, two-thirds of DAC members' total core support to NGOs could not be specified by country.¹⁷ Improved statistical collaboration with development partners could improve the reporting of core funding activities. In 2013, four DAC members used the bi-multi code indicating *ex-post reporting on NGOs' activities funded through core contributions* (CRS bi-multi code 7). Even though the ex-post reporting did not cover all of their core support to NGOs, it contributed to increasing their ODA to LDCs and lifting their performance towards the LDC targets by a few percentage points.¹⁸

17. In 2013, DAC members' reported 2.3 billion as global and regional ODA out of a total of 3.3 billion reported as core support to NGOs.

18. These were Belgium, Ireland, Italy and Switzerland.

22. **Enhanced reporting to the CRS on main beneficiaries of global and regional expenditures, including contributions to trust funds and other international programmes and initiatives, would allow for a better assessment of how these activities support LDCs and other countries.** While it can be assumed based on the number of LDCs that a regional programme in Africa would support LDCs to a greater extent than a similar programme in Latin America, it is currently difficult to assess to which extent global expenditures benefit this group of countries.

23. The Netherlands undertook an internal assessment of its global and regional programmes in 2014 and ascertained that in many regional or worldwide activities the actual number of potential beneficiary countries was rather limited. For example, only 15 countries were eligible for a global scholarship programme. Rather than imputing the share of the total activity expenditures across all developing countries, the imputation could therefore be reduced to the 15 eligible countries. This exercise nearly doubled the Netherlands' share of ODA to LDCs.¹⁹ **The DAC Secretariat encourages other members to follow the Netherlands example and undertake similar exercises in order to improve the evidence base on global and regional programmes.**

Options and potential impact of imputing global and regional ODA to LDCs

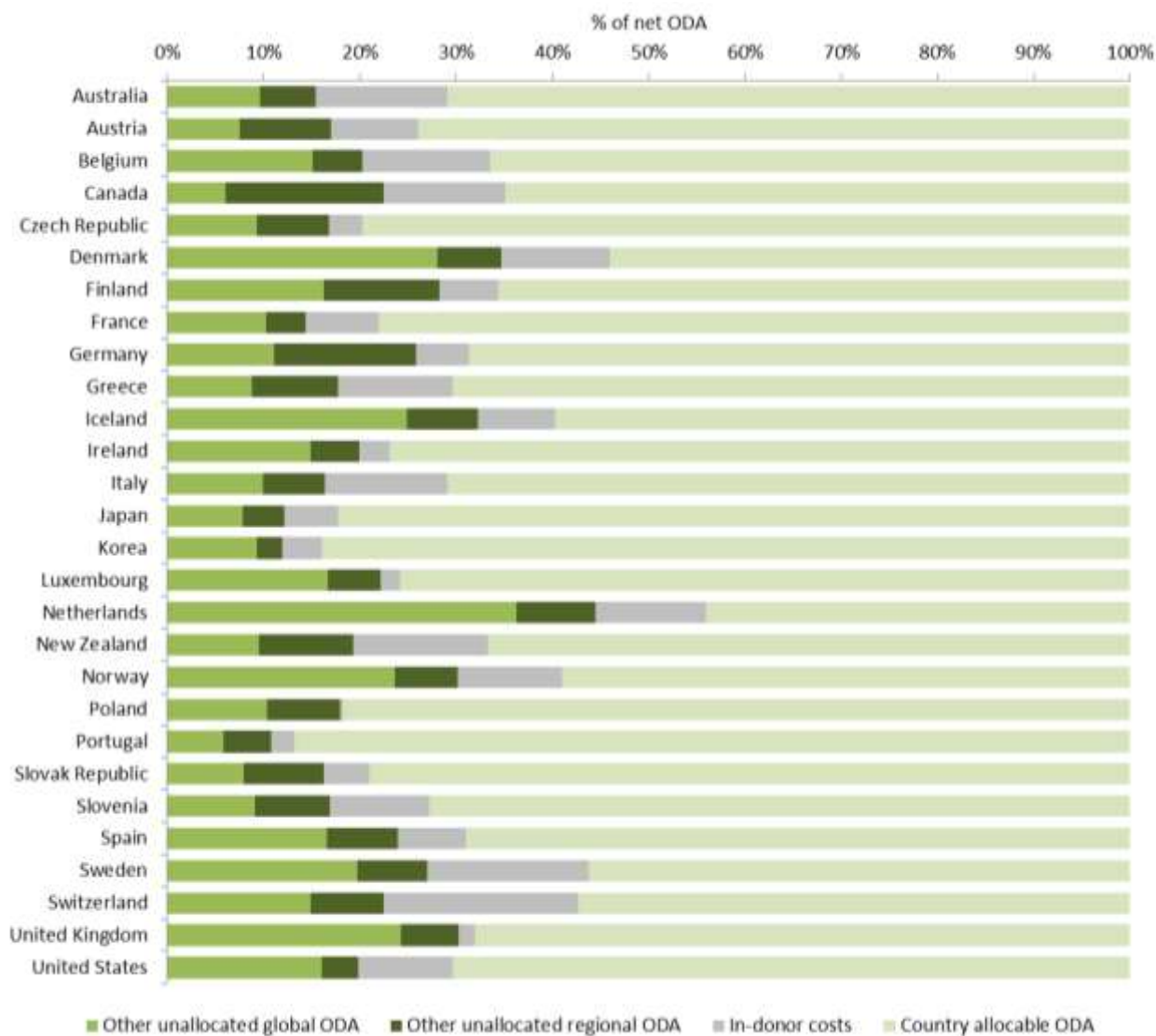
24. Enhanced reporting on multi-country ODA can contribute to better assessments of members' total efforts in LDCs; however, improved reporting practices might not be sufficient. The notion of imputing a share of multi-country ODA flows to provide a better estimate of members' efforts in LDCs has emerged in recent years. While developing a methodology can be an appealing option, it will be important that any methodology for imputing multi-country ODA be based on sound empirical evidence and robust enough to withstand public scrutiny.

25. Each DAC member has its own priorities, values and set of norms that underpin its development co-operation policy and its strategic allocation of official resources for development. At the same time, providers' internal systems and reporting practices differ across the DAC membership. Consequently, the total share of ODA a provider can report to individual countries differs across members. While some members can report the specific recipient of their activities for most of their ODA flows, other members report more activities as global or regional ODA.

26. The potential impact on imputing a share of global and regional ODA towards LDCs therefore depends on the size of each member's global and regional ODA. For countries where large bilateral loan portfolios make up a significant portion of ODA, e.g. Korea, Japan and Portugal, any imputation method would result in minor changes to the current calculation of ODA to LDCs. For other countries the impact of imputing a share of global and regional ODA could lead to a significant increase in the volume of ODA benefitting LDCs, e.g. Denmark, the Netherlands and Norway. Figure 8 presents the share of each DAC member's net ODA that is reported as global and regional ODA.

19. Information on this exercise is based on bilateral discussion with the Netherlands.

Figure 9. DAC countries' net ODA by country-allocable and multi-country ODA (2013)



27. The discussion paper presented by Canada at the WP-STAT meeting in May 2015 highlighted some guiding principles of possible methods to impute a share of global and regional ODA to LDCs. Any method needs to be credible and easy to explain, accurate in its representation of members' efforts in LDCs and predictable in order to allow providers to plan their budgets accordingly. **It is also crucial to find a methodology which does not disincentivise improved reporting on global and regional ODA flows.**

28. There are several possible methods which could fulfil these criteria; however, for the purpose of this paper, five methods are presented. Several of these methods have been discussed earlier, either as part of DAC discussions on ODA allocations or as options in the discussion paper presented by Canada.²⁰ However, it is important to bear in mind that this list of methods is neither exhaustive nor that any agreed solution must solely be based on one method. For example, different methods might be required depending on the type of aid, *e.g.* while project-type interventions could be assumed to follow a provider's general

20. See for example DCD/DAC(2014)9, DCD/DAC(2014)20 and DCD/DAC/STAT/RD(2015)3/RD6.

allocation pattern, core resources to development partners and trust funds could be assumed to be distributed more equal across populations and/or countries.

29. The five methods to estimate the share of members' global and regional ODA that can be attributed to LDCs are:

- **Method 1: Fixed share for all providers, e.g. 50 per cent of global and regional ODA to LDCs.**

This method was used to highlight this issue as part of the discussion paper on development finance for the DAC SLM in March 2014. It is the simplest solution; however, it would rely on an arbitrary set threshold that does not adequately represent each member's individual development co-operation programme.

Example: if provider X reported USD 100 million as global and regional ODA excluding in-donor costs, then 50% of this amount, or USD 50 million, would be added to the calculation of provider X's ODA to LDCs.

- **Method 2: Relative share based on providers' own country allocations within the same geographic area**

Method 2 was used in DAC discussion paper *Targeting ODA Towards Countries In Greatest Need* [DCD/DAC(2014)20] in May 2014. The method assumes members' global and regional ODA follow similar patterns as their country-allocable ODA. As such, method 2 imputes global and regional ODA to LDCs based on the same provider's overall country-allocable ODA within the same region. Following this methodology, each member's specific allocation pattern is taken into account, resulting in more empirically sound estimations.

Example: if provider X reported USD 10 million as South and Central Asia unallocated and allocated 80% of all its country-allocable ODA within South and Central Asia to LDCs, the volume of its regional ODA to LDCs would be estimated to USD 8 million. The same approach is used for each region. For global ODA, all country-allocable ODA is used as the basis for the estimation.

- **Method 3: fixed share based on the relative population size of LDCs within the same geographic area**

Method 3 is based on the assumption that global and regional ODA do not necessarily follow the same allocation pattern as the allocation decisions. Since actual allocation is unknown, method 3 assumes a proportionate allocation based on the population size of all countries within the same region.

Example: provider X reported USD 10 million as Sub-Saharan Africa unallocated. In 2013, the estimated population in the Sub-Saharan region was 930 million, of which 560 million people lived in LDCs. The estimated share of provider X's regional allocation targeting LDCs could therefore be assumed to be $560 / 930 = 60\%$. The volume of its Sub-Saharan regional ODA attributed to LDCs would then be estimated to USD 6 million. For global ODA, the total population in ODA eligible countries would be used for the estimation.

- **Method 4: fixed share based on the share of LDCs within the same geographic area**

Method 4 assumes equal distribution of resources across countries rather than by population size. As such it is a simple solution, which globally also respond to the systematic small country bias in aid allocation, meaning that small countries receives a proportionally higher share of total ODA than more populous countries. However, it can be discussed whether assuming equal distribution of resources

across countries is an appropriate method considering that LDCs represent one-third of all ODA eligible countries, but only 16% of the total population in developing countries.

Example: provider X reported USD 100 million to Asia, regional. There are 35 ODA eligible countries within Asia, of which 9 are LDCs. The estimated volume of provider X's contribution to LDCs in Asia would therefore be $(9/35) * 100 = \text{USD } 26 \text{ million}$.

- **Method 5: relative share based on providers' sector allocations and the share of their allocations to LDCs within the same sector**

Methods 2-4 were all based on country allocations; however, it can also be argued that sector distribution would provide a stronger evidence base of the volume or resources that could be assumed to benefit LDCs. For example, the provision of development food aid mainly targets LDCs while ODA to production sectors and economic infrastructure could to a higher degree supports other countries.²¹ Method 5 imputes global and regional ODA based on each provider's country allocations of resources within each sector.

Since no standard methodology to impute multilateral ODA by sector and recipient currently exists, the simulation presented in tables A.1. and table A.2. for this method is based on a combination of imputing bilateral global and regional ODA according to method 5 and imputed multilateral ODA according to method 2.

Example: Provider X reported USD 100 million as global and regional development food aid. At the same time, LDCs received 90% of provider X's total development food aid allocated to countries. The estimated volume of provider X's global and regional contribution to LDCs within this sector would therefore be $0.9 * 100 = \text{USD } 90 \text{ million}$.

30. Table 1 shows the potential impact on members' performance towards the global LDC targets by adding a global and regional estimate to the calculation of ODA to LDCs in 2013.²² The range presented is based on simulations of the five imputation methods. Annex 1 presents the simulations for each imputation method.

31. The simulations show that total DAC ODA that could be attributed to LDCs would increase by USD 6–14 billion if a global and regional estimate was added to the calculation. This represents an increase in the share of total DAC ODA to LDCs by 4-10 percentage points. Three additional providers would also have reached the 0.15% UN target (Iceland, Japan and Switzerland) and four countries would have surpassed the voluntary target of 50 per cent of ODA to LDCs (Denmark, Finland, Iceland and the Netherlands). These changes are highlighted in Table 1.

21. While this is not the case for all DAC members, the simulation exercise reveals that DAC members on average allocate a higher share of ODA to economic sectors to countries beyond the LDC group.

22. All simulations presented in this paper exclude in-donor costs from the imputation. In addition, the simulations are based on imputing both bilateral and imputed multilateral global and regional ODA. While the majority of global and regional ODA is bilateral, there are important multilateral contributions to global and regional challenges which also benefits LDCs. Although the simulations presented in this paper are based on one-year estimates in accordance with the methodology for imputed multilateral ODA, other approaches could use 3 or 5-year averages to smooth out yearly fluctuations in ODA allocation.

Table 1. Potential impact on DAC members' net ODA to LDCs (2013)

	Net ODA to LDCs as a share of GNI		Total share of net ODA to LDCs	
	Current methodology <u>without</u> global and regional estimate	Possible range <u>with</u> a global and regional estimate ¹	Current methodology <u>without</u> global and regional estimate	Possible range <u>with</u> a global and regional estimate ¹
Australia	0.09%	0.10% - 0.11%	27%	29% - 34%
Austria	0.08%	0.09% - 0.10%	29%	33% - 37%
Belgium	0.16%	0.18% - 0.21%	35%	39% - 46%
Canada	0.10%	0.12% - 0.13%	37%	43% - 49%
Czech Republic	0.03%	0.03% - 0.04%	25%	27% - 32%
Denmark	0.27%	0.33% - 0.44%	32%	38% - 52%
Finland	0.19%	0.22% - 0.27%	35%	42% - 51%
France	0.12%	0.13% - 0.14%	29%	31% - 35%
Germany	0.09%	0.11% - 0.14%	24%	29% - 36%
Greece	0.02%	0.02% - 0.03%	19%	22% - 27%
Iceland	0.12%	0.13% - 0.18%	46%	50% - 69%
Ireland	0.23%	0.25% - 0.29%	50%	54% - 63%
Italy	0.05%	0.05% - 0.06%	28%	31% - 35%
Japan	0.14%	0.14% - 0.15%	60%	63% - 67%
Korea	0.05%	0.056% - 0.061%	41%	42% - 46%
Luxembourg	0.38%	0.42% - 0.49%	38%	42% - 49%
Netherlands	0.17%	0.23% - 0.38%	25%	34% - 56%
New Zealand	0.07%	0.08% - 0.09%	28%	30% - 36%
Norway	0.30%	0.35% - 0.45%	28%	33% - 42%
Poland	0.02%	0.028% - 0.033%	26%	29% - 34%
Portugal	0.07%	0.07% - 0.08%	29%	31% - 34%
Slovak Republic	0.02%	0.026% - 0.03%	24%	27% - 32%
Slovenia	0.02%	0.027% - 0.033%	17%	20% - 25%
Spain	0.03%	0.04% - 0.05%	19%	22% - 27%
Sweden	0.31%	0.37% - 0.46%	31%	36% - 46%
Switzerland	0.12%	0.13% - 0.16%	26%	30% - 36%
United Kingdom	0.24%	0.28% - 0.34%	35%	40% - 48%
United States	0.06%	0.065% - 0.075%	33%	36% - 42%
Total DAC Countries	0.10%	0.11% - 0.13%	33%	37% - 43%
EU Institutions			24%	27% - 30%
Total DAC			32%	36% - 42%

1. This is the estimated range based on simulations of five methods of attributing a share of global and regional ODA to the calculation of ODA to LDCs.

Considerations for discussion

32. The current methodology for calculating ODA to LDCs undervalues providers' efforts in supporting LDCs. The growing share of global and regional ODA justifies a closer examination of these activities and possibly adapting the methodology in order to provide a better estimate of providers' full efforts. However, there are also political risks involved. Changing the long-standing methodology could be perceived as inflating figures if applied to monitoring of the UN LDC target.

33. The potential to improve statistical reporting and raise members' country-allocable share of ODA should also not be underestimated. More detailed reporting would most likely also raise members' performance against the LDC target. Any methodology for imputing multi-country ODA should not disincentivise improved statistical reporting. Therefore, it is recommended that any imputation method is only applied to ODA flows which clearly benefit LDCs, but where allocation of resources is not under the direct control of the provider.

34. It will be important that DAC members individually assess their multi-country ODA, including examining possible improvements to their ODA reporting, with the aim of developing a plan of action to be discussed at the forthcoming informal WP-STAT in the spring of 2016. Based on such assessments, DAC members' are invited to provide guidance on the possible scope and the most robust method to impute a share of multi-country ODA to LDCs and other countries most in need.

Questions for consideration

35. At the meeting of the WP-STAT on 2-3 November 2015, members are invited to comment on the above analysis of multi-country ODA and respond, in particular, to the following questions:

- **To what extent can members' improve their reporting practices in order to raise the share of ODA broken down by individual countries?**
- **Do members support developing a methodology to impute a portion of global and regional ODA to LDCs?**
- **If so, what should be the basis for imputation?**
 - a) **Should certain types of in-donor costs, e.g. administrative costs, be included?**
 - b) **Should all types of aid and/or sectors be considered?**

ANNEX 1: SIMULATIONS OF IMPUTING MULTI-COUNTRY ODA TO LDCS

Table A.1. Simulations of DAC members' net ODA to LDCs as a share of GNI (2013)

	Current methodology (no global/regional estimate)	Method 1 (incl. 50% of global and regional ODA)	Method 2 (incl. regional estimate based on providers' ODA allocation within each region)	Method 3 (incl. regional estimate based on the share of population in LDCs within each region)	Method 4 (incl. regional estimate based on the share of LDCs within each region)	Method 5 (incl. regional estimate based on providers' ODA sector allocation and the share of LDCs within each sector)
Australia	0.09%	0.11%	0.11%	0.10%	0.10%	0.10%
Austria	0.08%	0.10%	0.10%	0.09%	0.09%	0.09%
Belgium	0.16%	0.20%	0.21%	0.18%	0.19%	0.19%
Canada	0.10%	0.13%	0.13%	0.12%	0.12%	0.13%
Czech Republic	0.03%	0.04%	0.03%	0.03%	0.03%	0.03%
Denmark	0.27%	0.41%	0.44%	0.33%	0.37%	0.36%
Finland	0.19%	0.26%	0.27%	0.22%	0.24%	0.24%
France	0.12%	0.14%	0.13%	0.13%	0.13%	0.13%
Germany	0.09%	0.14%	0.12%	0.11%	0.12%	0.12%
Greece	0.02%	0.03%	0.02%	0.02%	0.02%	0.02%
Iceland	0.12%	0.16%	0.18%	0.13%	0.14%	0.13%
Ireland	0.23%	0.28%	0.29%	0.25%	0.26%	0.28%
Italy	0.05%	0.06%	0.05%	0.05%	0.05%	0.05%
Japan	0.14%	0.15%	0.15%	0.14%	0.15%	0.14%
Korea	0.05%	0.06%	0.06%	0.06%	0.06%	0.06%
Luxembourg	0.38%	0.49%	0.49%	0.42%	0.45%	0.46%
Netherlands	0.17%	0.32%	0.38%	0.23%	0.28%	0.33%
New Zealand	0.07%	0.09%	0.09%	0.08%	0.08%	0.09%
Norway	0.30%	0.45%	0.44%	0.35%	0.40%	0.42%
Poland	0.02%	0.03%	0.03%	0.03%	0.03%	0.03%
Portugal	0.07%	0.08%	0.07%	0.07%	0.07%	0.07%
Slovak Republic	0.02%	0.03%	0.03%	0.03%	0.03%	0.03%
Slovenia	0.02%	0.03%	0.03%	0.03%	0.03%	0.03%
Spain	0.03%	0.05%	0.04%	0.04%	0.04%	0.04%
Sweden	0.31%	0.45%	0.46%	0.37%	0.41%	0.42%
Switzerland	0.12%	0.16%	0.15%	0.13%	0.15%	0.14%
United Kingdom	0.24%	0.33%	0.34%	0.28%	0.31%	0.32%
United States	0.06%	0.07%	0.07%	0.07%	0.07%	0.07%
Total DAC Countries	0.10%	0.13%	0.13%	0.11%	0.12%	0.12%
EU Institutions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total DAC						

Table A.2. Simulations of DAC members' net ODA to LDCs as a share of total ODA (2013)

	Current methodology (no global/regional estimate)	Method 1 (incl. 50% of global and regional ODA)	Method 2 (incl. regional estimate based on providers' ODA allocation within each region)	Method 3 (incl. regional estimate based on the share of population in LDCs within each region)	Method 4 (incl. regional estimate based on the share of LDCs within each region)	Method 5 (incl. regional estimate based on providers' ODA sector allocation and the share of LDCs within each sector)
Australia	27%	34%	32%	29%	32%	30%
Austria	29%	37%	35%	33%	34%	34%
Belgium	35%	45%	46%	39%	42%	42%
Canada	37%	48%	49%	43%	45%	46%
Czech Republic	25%	32%	29%	27%	29%	29%
Denmark	32%	48%	52%	38%	43%	42%
Finland	35%	49%	51%	42%	45%	46%
France	29%	35%	33%	31%	33%	32%
Germany	24%	36%	31%	29%	31%	30%
Greece	19%	27%	23%	22%	24%	23%
Iceland	46%	61%	69%	53%	57%	50%
Ireland	50%	60%	63%	54%	57%	61%
Italy	28%	35%	33%	31%	32%	32%
Japan	60%	66%	67%	63%	64%	63%
Korea	41%	46%	45%	42%	44%	44%
Luxembourg	38%	49%	49%	42%	45%	46%
Netherlands	25%	47%	56%	34%	41%	49%
New Zealand	28%	36%	34%	30%	32%	33%
Norway	28%	42%	41%	33%	37%	39%
Poland	26%	34%	31%	29%	31%	30%
Portugal	29%	34%	32%	31%	32%	32%
Slovak Republic	24%	32%	29%	27%	29%	29%
Slovenia	17%	25%	21%	20%	22%	21%
Spain	19%	27%	23%	22%	24%	23%
Sweden	31%	44%	46%	36%	40%	41%
Switzerland	26%	36%	35%	30%	33%	32%
United Kingdom	35%	47%	48%	40%	43%	45%
United States	33%	42%	41%	36%	39%	38%
Total DAC Countries	33%	43%	43%	37%	40%	40%
EU Institutions	24%	30%	27%	27%	27%	27%
Total DAC	32%	42%	41%	36%	39%	39%

Table A.3. Simulations of DAC members' net ODA volume to LDCs (2013)

	Current methodology (no global/regional estimate)	Method 1 (incl. 50% of global and regional ODA)	Method 2 (incl. regional estimate based on providers' ODA allocation within each region)	Method 3 (incl. regional estimate based on the share of population in LDCs within each region)	Method 4 (incl. regional estimate based on the share of LDCs within each region)	Method 5 (incl. regional estimate based on providers' ODA sector allocation and the share of LDCs within each sector)
Australia	1,299	1,653	1,558	1,418	1,528	1,467
Austria	341	435	409	385	398	400
Belgium	812	1,034	1,061	901	965	959
Canada	1,847	2,350	2,408	2,137	2,239	2,283
Czech Republic	52	67	61	58	61	61
Denmark	925	1,419	1,518	1,119	1,270	1,238
Finland	509	708	729	599	651	656
France	3,247	3,935	3,717	3,536	3,724	3,679
Germany	3,363	5,166	4,434	4,069	4,437	4,313
Greece	45	65	56	53	57	56
Iceland	16	21	24	18	20	17
Ireland	426	508	531	459	482	513
Italy	956	1,193	1,130	1,050	1,104	1,106
Japan	6,990	7,677	7,803	7,261	7,456	7,331
Korea	711	802	795	740	768	770
Luxembourg	163	209	209	181	195	198
Netherlands	1,365	2,568	3,056	1,870	2,239	2,647
New Zealand	126	163	155	135	147	151
Norway	1,539	2,325	2,262	1,836	2,067	2,181
Poland	125	165	150	140	150	145
Portugal	143	165	156	152	157	156
Slovak Republic	21	28	25	24	25	25
Slovenia	11	15	13	13	14	13
Spain	449	636	547	519	561	543
Sweden	1,803	2,564	2,663	2,117	2,337	2,387
Switzerland	827	1,152	1,106	959	1,043	1,015
United Kingdom	6,196	8,465	8,524	7,089	7,739	8,064
United States	10,214	12,885	12,678	11,202	11,985	11,758
Total DAC Countries	44,521	58,373	57,779	50,042	53,817	54,135
EU Institutions	3,814	4,718	4,362	4,220	4,331	4,214
Total DAC	48,335	63,090	62,141	54,262	58,148	58,349

Table A.4. Simulations of DAC members' net ODA volume of global and regional estimate (2013)

	Current methodology (no global/regional estimate)	Method 1 (incl. 50% of global and regional ODA)	Method 2 (incl. regional estimate based on providers' ODA allocation within each region)	Method 3 (incl. regional estimate based on the share of population in LDCs within each region)	Method 4 (incl. regional estimate based on the share of LDCs within each region)	Method 5 (incl. regional estimate based on providers' ODA sector allocation and the share of LDCs within each sector)
Australia	-	354	259	119	229	168
Austria	-	94	68	44	57	59
Belgium	-	222	249	89	153	147
Canada	-	503	561	290	393	437
Czech Republic	-	15	9	6	9	9
Denmark	-	494	593	194	345	313
Finland	-	199	221	90	142	147
France	-	688	470	289	476	432
Germany	-	1,803	1,071	706	1,074	950
Greece	-	20	11	8	12	11
Iceland	-	5	8	2	4	1
Ireland	-	82	105	33	56	87
Italy	-	237	174	94	148	150
Japan	-	686	813	271	466	341
Korea	-	91	84	29	57	59
Luxembourg	-	46	46	19	32	36
Netherlands	-	1,203	1,690	505	874	1,282
New Zealand	-	37	29	9	21	25
Norway	-	786	723	297	528	642
Poland	-	40	25	16	25	20
Portugal	-	22	13	9	14	13
Slovak Republic	-	7	4	3	4	4
Slovenia	-	5	2	2	3	2
Spain	-	188	98	70	112	95
Sweden	-	761	860	313	534	584
Switzerland	-	325	279	132	216	188
United Kingdom	-	2,268	2,327	893	1,543	1,867
United States	-	2,670	2,464	988	1,770	1,544
Total DAC Countries	-	13,851	13,258	5,520	9,296	9,614
EU Institutions	-	903	548	406	517	400
Total DAC	-	14,755	13,806	5,927	9,813	10,014