



DAC LIST OF ODA-ELIGIBLE INTERNATIONAL ORGANISATIONS GENERAL METHODOLOGY

DECEMBER 2011

To assist donors to report their ODA, the statistical reporting directives include a List of multilateral agencies and international NGOs, contributions to which in whole or part, may be reported as ODA. The List is revised annually by the DAC Working Party on Statistics (WP-STAT). Proposals for changes to the List may be made by DAC members, or in exceptional cases, by the DAC Secretariat. The DAC Secretariat reviews the proposals and makes recommendations for decision by the Working Party. In the case of a negative decision, a five-year moratorium applies before the agency can be reconsidered.

This note outlines the general methodology to be used by the DAC Secretariat in examining the ODA-eligibility of an international agency. It was approved by the DAC Working Party on Statistics at its meeting on 5-6 May 2009. It also provides a framework for establishing ODA coefficients for agencies contributions to which are considered as ODA-eligible in part. Note that initial calculations to estimate the ODA-eligible share in agencies' total programmes are carried out by the agencies. The DAC Secretariat has an advisory role, and reviews these calculations before recommending a coefficient.

Given the diversity of agencies' work programmes and budgetary systems, the methodology may not be suitable for all agencies. Consequently, some flexibility must be built into the assessments. The DAC Secretariat collaborates with the agencies to ensure that they follow the general methodology to the furthest possible extent, and strives to promote transparency and continuity in the methodologies used across agencies.

The note also specifies the criteria an NGO must possess in order to be considered international in DAC statistics as approved by WP-STAT on 9-10 June 2011.

OVERVIEW

The ODA-eligibility of core (unearmarked) contributions to a multilateral agency or international non-governmental organisation (INGO) can be determined by examining the agency's mandate, activities and budget.¹

- The **mandate** provides information on the agency's objectives and functions. The mandate of an intergovernmental organisation is defined in the convention or other instrument establishing the organisation. INGOs usually base their work on a mission statement.
- A review of the agency's **activities** determines whether these are indeed developmental and fall within the ODA definition.² The review can be based on, for example, the agency's programme of work, which will also give indications on the extent to which its activities are operational, analytical or normative³ in nature.
- The **budget** provides evidence of funds being allocated to activities in or for the benefit of developing countries. It also serves to estimate the share of ODA-eligible activities in the agency's total budget and, if necessary, establish a coefficient for ODA reporting.

MANDATE

The first step in assessing the ODA-eligibility of an agency is a review of its mandate. However, since an assessment based solely on a description of the agency's mandate could lack objectivity, it is always necessary to examine the ODA-eligibility of the agency's activities. This can be best carried out on the basis of the agency's programme of work and budget.

Assessing the ODA focus of an agency's mandate seems straightforward in theory, but is often difficult in practice. The agencies' mandates may contain more or less precise wording about developing countries, poverty reduction or achievement of the MDGs, which makes it difficult to assess the extent to which development is the main or a substantial objective of the agency. Agencies may have a general aim to "promote sustainable development" without undertaking concrete activities to promote the economic development and welfare of developing countries. On the other hand, agencies without a clearly averred ODA mandate may carry out activities that are ODA-eligible, such as capacity building in an economic or social sector.

A developmental mandate cannot be considered as a sufficient condition for an agency to be included on the List for two other reasons. First, the fact that an agency has a mainly developmental mandate does not automatically imply its entire activity takes place in or for the benefit of ODA recipient countries. Secondly, it may also happen that agencies with a mainly developmental mandate operate some programmes that are not reportable as ODA (note particular exclusions in the fields of culture, trade and peace building).

ACTIVITIES

The review of an agency's activities implies (i) identifying ODA-eligible activities in the agency's programme of work; (ii) examining the extent to which the activities take place in or for the benefit of ODA recipients; and (iii) estimating the "developmental share" in the agency's total programme, on the basis of a budget or, alternatively, data on past years' expenditures.

The above approach works well for agencies with operational activities, as long as their work programmes and budgets are sufficiently detailed. It is more difficult to apply to agencies that carry out research and analyses on various aspects of development and disseminate their work as a global public good, or to agencies that have normative functions. In both cases, the beneficiaries of the activities cannot be directly identified. In the case of research, it is possible to argue that the ultimate beneficiaries are developing countries.⁴ As regards to agencies with normative functions, a significant part of their work has global objectives and benefits all parties. Their research programmes are also global in nature (research and analysis being pre-conditions for establishing norms). Typically, only their technical co-operation programmes are primarily targeted to ODA recipients.⁵

In theory, therefore, an agency with normative functions can never qualify as fully ODA-eligible. The ODA-eligibility assessment will always involve estimating the developmental share of the agency's total programme. To this effect, it is necessary to (i) review the agency's substantive work areas, programme by programme, to identify those comprising developmental activities; and (ii) determine the extent to which these activities take place in or for the benefit of ODA recipient countries, taking into account (in addition to the ODA definition) the following:

- While the development of world-wide norms is normally not reportable as ODA, help to developing countries in implementing these norms is eligible, provided the norms serve developmental objectives.
- To the extent that the agency's mandate is developmental, it can be assumed that work undertaken in its country or regional offices in developing countries is also developmental.
- ODA-eligible activities are not limited to the activities an agency carries out in the field. Research work and analysis in an agency's headquarters is eligible to be counted as ODA provided it is specifically devoted to the problems of developing countries.
- "General programme support" sustains all work streams of the agency and will thus, in the case of normative agencies, benefit developed and developing countries alike. Such costs are not fully ODA-eligible. General costs relating to publicity, fund-raising, representational and political functions should also be regarded as non-ODA expenditures.

BUDGET

The estimation of the developmental share in the agency's total programme should be based on the agency's budget or, alternatively, data on past years' expenditures.

- The calculation should be based on the agency's regular (core) budget including all unearmarked funding⁶, or the portion of the budget for which the ODA-eligibility of donors' contributions is in question.⁷
- Unearmarked voluntary core contributions should be included in the calculation of developmental shares, and any resulting coefficient would apply equally to these contributions, unless otherwise specified.⁸

APPROVED SYSTEM OF THRESHOLDS FOR THE USE OF COEFFICIENTS

The application of coefficients is restricted to UN entities, European Union institutions and international financial institutions (channel categories 41000, 41300, 42000, 43000, 44000, 45000 and 46000). Coefficients for other categories of international agencies (INGOs, Networks, Public Private Partnerships and other multilateral institutions) will be considered only on an exceptional basis, if the agency is very large or if the review is specifically requested by WP-STAT.

INTERNATIONAL NGOs

In 2011, WP-STAT agreed that an NGO would only be classified as international for DAC statistical reporting purposes when:

- **either there is an international coordinating body facilitating the work of its members on the international level or the NGO has an extensive network of country/regional offices in the field; and**
- **the NGO has internationally diversified sources of revenue.**

In addition, it was agreed that a USD 50 million budget threshold would be applied to future organisations proposed for inclusion in the List under the INGO category.

Therefore, beginning in 2012, only NGOs that meet the above criteria and have an annual budget exceeding USD 50 million will be eligible for inclusion in the List.

If need be, guidance on the ODA eligibility of smaller agencies is handled bilaterally with members.

Endnotes

1. There may be cases where assessing ODA eligibility will focus primarily on the agencies' mandates, especially where they have limited operational activities (e.g. advisory services, training courses, seminars, workshops and project-type activities).
2. The term *developmental* is used to denote activities that promote the economic development and welfare of developing countries as their main objective. *Official development assistance* is defined as those flows to countries and territories on the DAC List of ODA Recipients (available at www.oecd.org/dac/stats/daclist) and to multilateral development institutions which are:
 - i. provided by official agencies, including state and local governments, or by their executive agencies; and
 - ii. 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 and conveys a grant element of at least 25 per cent (calculated at a rate of discount of 10 per cent).
3. Normative work is generally understood to refer to the development of norms, standards and regulations, negotiation of international legal instruments (e.g. conventions and protocols) and monitoring their implementation. Linked to their normative work, agencies typically run a technical co-operation programme to support the implementation of the norms in their member states. These programmes are treated in UN data as part of "operational activities for development".
4. The Reporting Directives categorise development-related research as a form of technical co-operation. Research undertaken as part of the formulation of aid programmes is also ODA-eligible but considered as an administrative cost, unless it is already covered in the relevant programme or project budget.
5. The Secretariat's consultations with UNESCO, WHO, ILO, FAO and UNECE have confirmed that the agencies' budgets contain no information to separately identify normative work targeted to ODA recipient countries. (The only "geographical" element is the breakdown between funds administered in the headquarters vs. regional and country offices.) The agencies also confirmed that their accounting systems do not track expenditures on normative work by recipient. This implies the ODA focus can only be estimated using descriptive information on agencies' programmes and sub-programmes.
6. The distinction between core and non-core funding is relatively clear in the case of UN funds and programmes that are entirely funded through voluntary contributions. *Core funding* consists of unearmarked contributions to these bodies' regular budgets; *non-core funds* are earmarked to specific programmes and funds with clearly identified sectoral, thematic or geographical focus. As regards UN specialised agencies, core funding is generally understood to refer to assessed contributions and non-core to voluntary contributions. In UN terminology, assessed contributions fund the "regular budget" while voluntary contributions are "extrabudgetary".
7. The regular budgets of UN regional commissions and some other UN entities are financed from the UN global budget (i.e. donors make no direct contributions to their regular budgets but fund them indirectly through assessed contributions to the UN regular budget). In such cases, the ODA-eligibility assessment concerns only voluntary core funding.
8. WHO, ILO and IAEA have expressed their concern on this point and requested that in their case unearmarked voluntary core contributions be treated separately from assessed contributions, due to the developmental focus of this funding. Note also that voluntary core contributions have different designations in different agencies. For example, WHO uses the term "unearmarked core voluntary contributions", while ILO has a "regular budget supplementary account" and UNESCO "special accounts".