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DAC Working Party on Development Finance Statistics

IMPROVING TRACKING OF CONTRIBUTIONS TO DECENT WORK AGENDA IN THE CRS

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This document presents a proposal developed by the secretariat of the Trade Union Advisory Committee to the OECD on improving the CRS classifications to facilitate tracking of development cooperation in support of the Decent Work Agenda.

This document is presented to the Working Party on Development Finance Statistics (WP-STAT) for DISCUSSION under item 11.b of the draft annotated agenda [DCD/DAC/STAT/A(2017)2/REV1].

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1. Within the new global development framework of the Sustainable Development Goals (SDGs), a lot of attention has been given to data quality. A better understanding of the financing patterns will be a crucial component in the effective resource mobilisation, programming and delivery of the future development programmes. With the growing interest in the new technologies, automated accounting systems and the increasing numbers of aid transparency initiatives, the SDGs are likely to see a more accurate aid accounting than the preceding decades.¹

2. The Decent Work Agenda is an integral component of the 2030 Agenda, with a dedicated SDG (Goal 8) and corresponding targets, but which also cuts across multiple SDGs and targets. On this basis, and as has been done in other SDG areas, it may be necessary to adapt the CRS to better track donor contributions to this aspect of the 2030 Agenda. In addition, as discussed in Annex 1, the reporting of voluntary contributions by the aid providers to the ILO also requires significant improvement. The following is a proposal on how to improve the taxonomy of the CRS reporting template in order to simultaneously address both of these challenges.

3. Research carried out by Overseas Development Institute (at the request of the International Trade Union Confederation) suggests that donors might be contributing to some areas of the agenda without necessarily using the term decent work.² The broadness of the decent work framework, which includes employment creation, social protection, workers' rights and the social dialogue, is one of the explanations. This makes it difficult to identify which dimensions of the agenda are being addressed in donors' policies and strategies. There is also some difficulty in tracking contributions due to the qualitative nature of the Decent Work Agenda³ and some of its dimensions. A simple update to CRS purpose codes should resolve a large part of this challenge.

4. ODI concludes that obstacles to tracking the financial resources put into this agenda include the following:

- lack of means to assess the extent to which decent work is directly addressed as a development goal in donors' programmes or activities.
- lack of commitment by the development agencies to report on commitments and disbursements in support of this agenda.
- insufficient disaggregation within the current reporting to track the resources allocated to decent work across the four pillars of the agenda.

¹ Pawel Gmyrek, *The challenge of measuring multi-bi aid* (2017), extract in Annex 1

² http://www.ituc-csi.org/IMG/pdf/oda_decent_work_en.pdf

³ For instance, one of the key areas of debate is that employment creation might represent the quantitative aspect of the agenda, whereas the other three pillars (rights at work, social protection and social dialogue) might represent the qualitative aspects (Andrieu *et al.*, 2008).

5. The above challenges could be addressed through further delineating purpose codes within the CRS to reflect the different pillars of the decent work agenda.

6. Currently there are two purpose codes which partially capture the Decent Work Agenda, located under the DAC5 code 160. :

DAC5 code	CRS code		
160	16010	Social/ welfare services	Social legislation and administration; institution capacity building and advice; social security and other social schemes; special programmes for the elderly, orphans, the disabled, street children; social dimensions of structural adjustment; unspecified social infrastructure and services, including consumer protection.
160	16020	Employment policy and administrative management	Employment policy and planning; labour law; labour unions; institution capacity building and advice; support programmes for unemployed; employment creation and income generation programmes; occupational safety and health; combating child labour.

7. Optimally, the different pillars of decent work should each have their own purpose code. Recognizing the importance of code continuity in the CRS, the proposed solution relies on a partial adjustment of the two existing codes above, and an addition of two more codes. This subsequently allows for improvements on the code descriptions that capture more accurately each of the elements of the DWA. The final proposed structure could look as follows (additions and changes in the existing descriptions have been marked in **bold**):

DAC5 code	CRS code	Description	Clarifications/Additional notes on coverage
160	16010	Social Protection	Social legislation and administration; institution capacity building and advice; social security and other social schemes; support programmes for unemployed ; special programmes for the elderly, orphans, the disabled, street children; social dimensions of structural adjustment; occupational safety and health ; unspecified social infrastructure and services, including consumer protection.
160	16020	Employment policy and creation	Employment policy and planning; labour law; labour unions ; institution capacity building and advice; support programmes for unemployed ; employment creation and income generation programmes; occupational safety and health; combating child labour.
160	16021	Labour Rights	Advocacy for International Labour Standards, labour law, Fundamental Principles and Rights at Work (Child Labour, Forced Labour, Non-discrimination in the workplace, Freedom of Association and Collective bargaining)
160	16022	Social Dialogue	Capacity building and advice in support of social dialogue; support to social dialogue institutions, bodies and mechanisms; capacity building of workers' and employers' organisations

8. In order to mitigate this risk of confusing instructions for the reporting parties, the following revision to the description under the human rights purpose code is proposed:

DAC5 code	CRS code	Description	Clarifications/Additional notes on coverage
150	15160	Human rights	Add at the bottom: (Use code 16021 for Fundamental Principles and Rights at Work, i.e. Child Labour, Forced Labour, Non-discrimination in employment and occupation, Freedom of Association and Collective Bargaining)

9. In addition, as pointed out in the ODI study, a number of other purpose codes often include elements of decent work and in particular employment creation, but might be reported under another purpose code. A good example of this would be a rural employment programme, SME development under “Industry” or interventions related to employment in the health sector. In order to allow for capturing of the decent work dimension of such programmes, it is proposed to create a new Decent Work Flag, with the following values:

Decent Work Flag	
Code	Decent Work
1	<i>Social Protection</i>
2	<i>Employment Creation</i>
3	<i>Labour Rights</i>
4	<i>Social Dialogue</i>

10. Finally, as demonstrated in the detailed analysis of Gmyrek (2017)⁴, reporting of multi-bi flows to the ILO faces several challenges. This includes significant underreporting, and misclassifications of earmarked contributions that are reported as assessed contributions of voluntary core funding. In order to address this challenge, it is proposed to create an additional channel for the ILO, named “ILO - Voluntary earmarked contributions”. This would correspond to the logic used by donors in the partnership agreements with the ILO to the taxonomy that is used by the UN Chief Executive’s Board (UN CEB) in the centralised reporting on the revenue of individual UN agencies⁵. The final structure of the ILO channels would therefore look as follows:

41000	41302	2015	ILO-Assessed	International Organisation Assessed Contributions	Labour -	Coefficient 60%
41000	41144	2015	ILO-RBSA (Unearmarked voluntary)	International Organisation - Regular Budget Supplementary Account	Labour -	Coefficient 100%

⁴ See an extract in Annex 1.

⁵ <http://www.unsystem.org/content/FS-C00-01>

41000	41xxx	2017	ILO- Earmarked Voluntary	International Labour Organisation – Earmarked voluntary contributions (multi- bi)	Coefficient 100%
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11. It should be noted that this addition does not undermine the purpose of the additional code for multi-bi aid currently used by the DAC, which continues to be a useful tool in tracing the multi-bi funding across the system. At the same time, the addition seems necessary, as for the moment most of the earmarked funding is erroneously classified in the channel of delivery code as either ILO's regular budget (assessed) or the RBSA (voluntary core), which greatly undermines the accuracy of reporting and the possibilities of data disaggregation for analytical purposes.

ANNEX 1

EXTRACT OF PAWEL GMYREK, THE CHALLENGE OF MEASURING MULTI-BI AID (2017)

The ILO provides an exceptionally transparent online access to several types of detailed data concerning its voluntary aid, which gives a good means to compare the quality and discrepancies across different aid data sources.

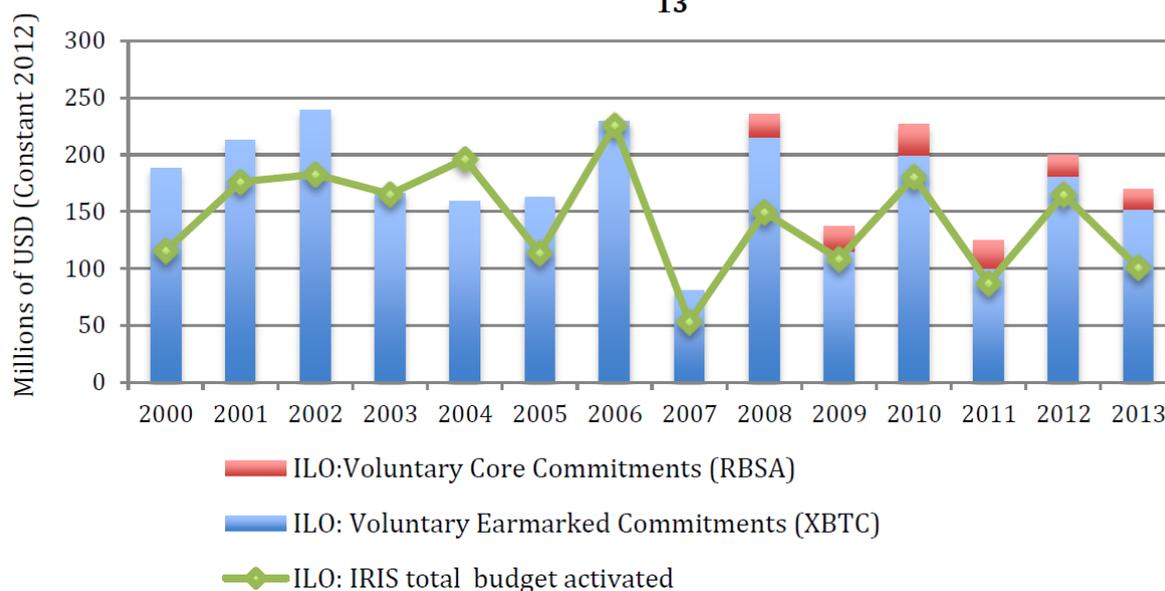
The first is a database of official Extra-Budgetary Technical Cooperation (XBTC) approvals, published on an annual basis. It holds information in current US\$ on donor commitments to individual multi-bi projects. During the period 2000-2015, the majority of funding figures in this database are accounted for at their total nominal value at the time of commitment, even if the funds are disbursed in several tranches that go beyond the year of their approval. Nevertheless, there are some significant exceptions to this rule, which stem from the detailed provisions of the individual legal agreements that underpin each voluntary contribution. This is discussed further in section 4 of this paper as one of the factors that lead to large discrepancies between the agency-level and the CRS-reported data.

The second data source concerning the ILO are the official approval figures on voluntary core funding, labelled by the ILO as the Regular Budget Supplementary Account (RBSA). This data is also published at the total nominal value at the time of approval, regardless of the disbursement schedule, unless if the release of the second tranche is made explicitly conditional. Together, the contributions reported through the XBTC and the RBSA databases correspond to the OECD/DAC concept of donor commitments, as registered in the CRS.

The third source of data on voluntary contributions to the ILO is drawn directly from its Oracle-based Enterprise Resource Planning (ERP) System, named IRIS, which holds precise financial figures on each donor's voluntary funding at the level of individual projects. The system was introduced in 2004, however a large number of projects approved as of 1998 was entered retroactively. Information as of year 2004 can be considered accurate and the fact that it forms the basis for a two-stage auditing procedure (internal and external), speaks to its reliability.

Figure 2 illustrates data from three ILO sources, concerning commitments from the governments of the OECD group. IRIS data presented here concerns only the XBTC funds; the voluntary core (RBSA) allocations are activated through a separate mechanism, which is not visible in the same way in the public domain. The slight discrepancy between the XBTC commitments and the total budgets activated in IRIS can be mostly attributed to the fact that the latter are displayed without agency overhead costs and that delays occur between the approval and actual receipt of funds and activation of the projects' internal accounts. The general trend however demonstrates that most of the funds accounted by the ILO as commitments eventually get converted into an actual disbursement.

Figure 2. Voluntary commitments to the ILO (only OECD governments, 2000-13)

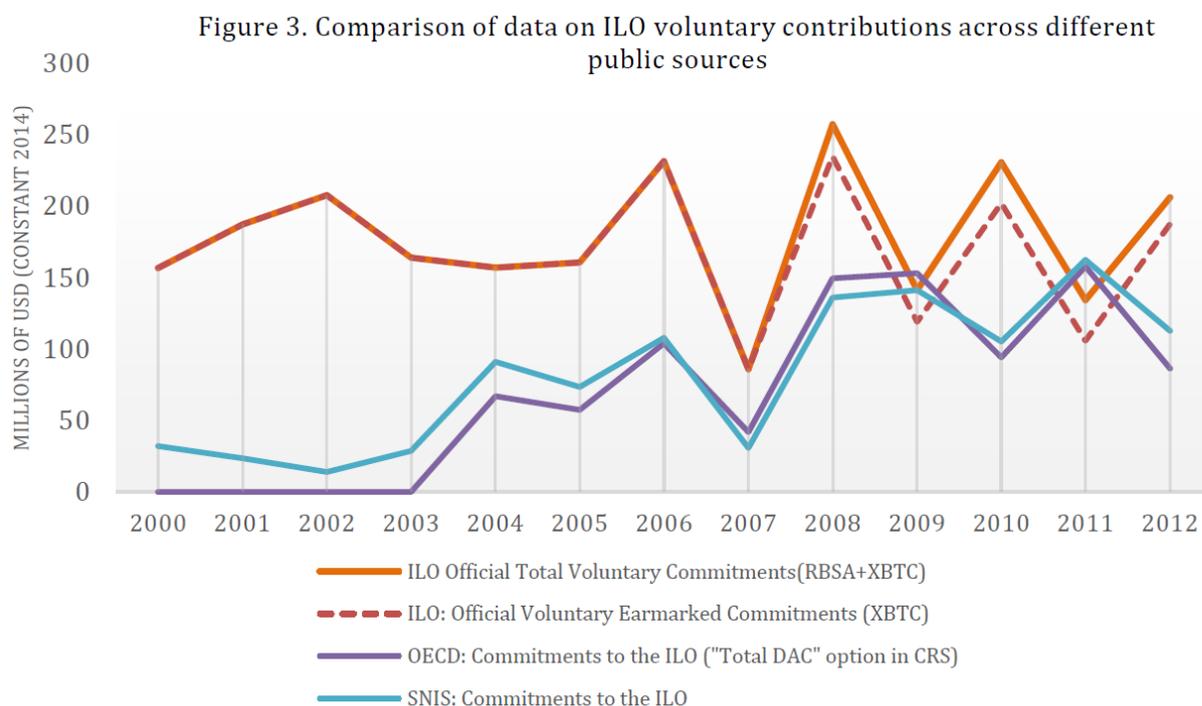


All three sources of the ILO data concerning voluntary contributions constitute official and publicly available information. The data on approvals is reported on a regular basis to the ILO's Governing Body and to individual donors. It is also published in a number of donor-related documents available online. The data from ILO's IRIS system forms the underlying database for the ILO's donor transparency tool, named Development Cooperation Dashboard, made accessible for public users as of 2016³. It is further linked to country-level information, displayed in the ILO knowledge-management platform, known as the Gateway⁴. Individual data elements are relatively easy to access on-line. Compiling them into an overall picture however requires an in-depth knowledge of the institution.

A comparison across different data sources makes most sense using the concept of commitments, which is based on the same definition in CRS and E&R database, and corresponds to the ILO's definition of voluntary approvals.

Commitments also give a better comparison of the donors' intentions at the time of approval, and their perception by the receiving partner. In addition, the ILO and most other UN agencies do not make data concerning disbursements of funding by donors available to the public.

As the first step, I extract from the official ILO sources the information concerning commitments from the 28 members of the OECD/DAC. The final analysis focusses on 21 donor countries (listed in Table 2), and excludes 7 donors which provided none or only sporadic contributions to the ILO during the period 2010-15. All ILO data is converted into amounts expressed in constant 2014 US\$, using the OECD/DAC deflator (OECD, 2017). Data from Eichenauer and Reinsberg (2014) provides information on commitments and expenditures during 2000-12 and originally comes in constant 2012 US\$. I use the commitment figures, which I convert into 2014 US\$. I apply the same setting to the data on individual aid activities, which I extract from the OECD/DAC Creditor Reporting System.



The initial comparison can be done using annual aggregates for ODA commitments (Figure 3) and shows quite striking results. For the years prior to 2006, the database created by Eichenauer and Reinsberg constitutes an improvement to the non-existent or very scarce information regarding contributions to the ILO. As of 2007, the difference is less significant, with the CRS showing higher annual amounts in two instances. This would speak to the accuracy of OECD's self-assessment, which estimates that as of 2007 most multilateral aid entries become correctly classified.

A more important observation emerges from the comparison of both the CRS and the E&R databases with ILO's official commitment figures. It suggests that major under-reporting occurs in both former data sources even after the misclassifications of the reported aid activities have been corrected in the CRS by the E&R effort. Table 1 summarizes the level of discrepancy across all three data sources broken down by year for the period 2000-12. The comparison of the aggregate figures shows that more than 50 per cent of voluntary funding reported by the ILO was unaccounted for during the period 2000-12 in the CRS. Even if all voluntary core funds (RBSA) were excluded from this calculation, the result would not alter in any significant manner.

Table 1. Comparison of aid data across years, 2000-12

Year	OECD/CRS	E&R	ILO Official: Total Voluntary	Voluntary earmarked	Voluntary core
2000	0.000	31.956	156.658	156.658	0.000
2001	0.000	23.436	187.177	187.177	0.000
2002	0.000	14.010	207.609	207.609	0.000
2003	0.000	28.541	163.854	163.854	0.000
2004	66.878	90.924	156.970	156.970	0.000
2005	57.430	73.517	160.535	160.535	0.000
2006	104.068	107.954	231.494	231.494	0.000
2007	41.761	30.816	85.855	85.855	0.000
2008	149.369	136.123	257.330	234.822	22.508
2009	153.163	141.230	141.240	118.904	22.336
2010	94.121	105.327	230.742	201.878	28.864
2011	157.805	162.445	134.193	105.885	28.308
2012	86.470	112.627	206.038	187.423	18.615
Total	911.065	1,058.905	2,319.696	2,199.065	120.630

*In millions of constant 2014 US\$; calculations by author

This demonstrates that the issue does not concern underreporting of a particular type of funding, but rather has to do with the overall high amount of contributions that never got reported into the CRS. In that sense, correcting attempts, as the one represented by the E&R database, are significantly limited. They can only correct what had been wrongly classified as bilateral contributions in the original CRS records, but are not able to capture the missing data points that never got entered into the CRS in the first place.

Interestingly, even though the CRS seems to largely underreport the total voluntary commitments to the ILO during the period 2000-12, in some years the reported amounts in the CRS exceed the funding reported by the ILO. Figure 4 presents the reporting gap between the CRS and ILO commitment figures, calculated as the absolute difference between the total funds reported to both databases in a given year. The graph takes the perspective of the CRS, meaning that the years in which donors reported to the OECD database more funding than what was stated by the ILO itself are considered as over-reported. Such over-reporting appears for the first time in 2009 and reappears in a biennial cycle during 2011 and 2013. The causes of this phenomenon are linked to the changes in the procedures for the accounting of conditional contributions by the ILO, as discussed in the following section 3.2, which also presents the analysis of the reporting gaps at the level of individual donor countries. In all other years, donors have underreported voluntary contributions to the ILO in the CRS.

Figure 4. Reporting gap between the ILO and the CRS annual aggregate figures, 2000 -15

