2010 DAC REPORT

ON MULTILATERAL AID

This second DAC Report on Multilateral Aid covers recent trends in multilateral aid and total use (core and non-core) of the multilateral system, with a special focus on UNDP and World Bank trust funds. It explores development perspectives of the climate change funding architecture, and provides an overview of the response of multilaterals to the financial and economic crisis. It also includes an update on members' multilateral strategies and assessment approaches.

OECD

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ABBREVIATIONS AND ACRONYMS

AAA	Accra Agenda for Action
AfDB	African Development Bank
AfDf	African Development Fund
AsDB	Asian Development Bank
AsDF	Asian Development Fund
BETF	Bank-Executed Trust Fund
BRICs	Brazil, Russia, India and China
CarDB	Caribbean Development Bank
CDM	Clean Development Mechanism
CGIAR	Consultative Group on International Agricultural Research
CIFs	Climate Investment Funds
COP	Conference of Parties
CPA	Country programmable aid
CRS	Creditor Reporting System (OECD)
CTF	Clean Technology Fund (World Bank)
DAC	Development Assistance Committee (OECD)
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECOSOC	Economic and Social Council (UN)
EDF	European Development Fund
EFA-FTI	Education for All – Fast Track Initiative
EU	European Union
FAO	Food and Agriculture Organisation
FCPF	Forest Carbon Partnership Facility (World Bank)
FIF	Financial Intermediary Fund
FIP	Forest Investment Program (World Bank)
GEF	Global Environment Facility
GHG	Greenhouse gases
GNI	Gross National Income
HIPC	Heavily Indebted Poor Country
IATI	International Aid Transparency Initiative
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IDB	Inter-American Development Bank
IFAD	International Fund for Agriculture Development
IFIs	International Financial Institutions
IMF/"Fund"	International Monetary Fund
LDC	Least Developed Country
LDCF	Least Developed Country Fund (UNFCCC)
LIC	Low-income Country
MDBs	Multilateral Development Banks
MDGs	Millennium Development Goals
MDRI	Multilateral Debt Relief Initiative
MDTF	Multi-donor Trust Fund
MOPAN	Multilateral Organisations Performance Assessment Network
MTEF	Medium-term Expenditure Framework
NAPA	National Adaptation Plan of Action
ODA	Official Development Assistance
OECD	Organisation for the Economic Co-operation and Development
OOF	Other official flows
PCCF	Public climate change financing
PPCR	Pilot Program for Climate Resilience (World Bank)
PRS	Poverty Reduction Strategy
RETF	Recipient-Executed Trust Fund
SCCF	Strategic Climate Change Fund (UNFCCC)
SCF	Strategic Climate Fund (World Bank)
SDR	Special Drawing Rights
SPA	Strategic Priority on Adaptation (GEF)
SREP	Scaling-Up Renewable Energy Program (World Bank)
UN	United Nations
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
UNFPA	UN Population Fund
UNICEF	UN Children's Fund
UNIFEM	UN Development Fund for Women
UN-REDD	UN Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries

UNRWA	UN Relief and Works Agency for Palestinian Refugees in the Near East
WBG	World Bank Group
WFP	World Food Programme
WHO	World Health Organisation

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EXECUTIVE SUMMARY

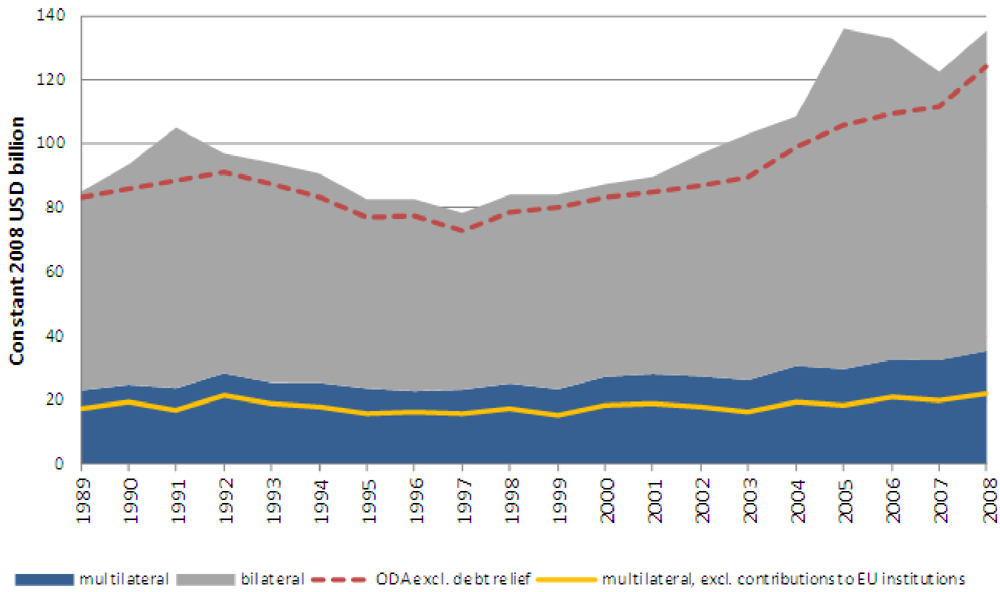
1. The first *DAC Report on Multilateral Aid* was discussed in draft by the DAC in December 2008, and published in June 2009. This second report takes up and updates this analysis. It covers recent trends in multilateral aid; total use (core and non-core) of the multilateral system, with a special focus on UNDP and World Bank trust funds; development perspectives on climate change funding architecture; and finally an overview of the response of multilaterals to the financial and economic crisis. It provides an update on members' multilateral strategies and assessment approaches.

General Trends in the Multilateral System

2. Today, DAC members report contributions to over 200 multilateral agencies in DAC statistics. In turn, 23 of these agencies report their outflows to the DAC.

3. In the past 20 years, multilateral ODA has increased from USD 23 billion in 1989 to USD 35 billion in 2008 (Figure 0.1). The multilateral share of total ODA was relatively stable in this period, ranging from 27% to 33%, excluding debt relief. Excluding contributions to EU institutions (which rose faster than other components), the share of multilateral ODA declined slightly over these two decades, from 22% in 1989 to 20% in 2008.

Figure 0.1: Gross ODA provided by DAC member countries 1989-2008



Source: DAC Aggregates.

4. *Why provide multilateral ODA, and what might explain its flat or eroding share of growing official development assistance?* Some well-known arguments for providing multilateral aid were advanced by donors in the *2008 DAC Report on Multilateral Aid* (economies of scale, political neutrality and legitimacy, large scale of capital and knowledge resources, lower unit costs, and the provision of

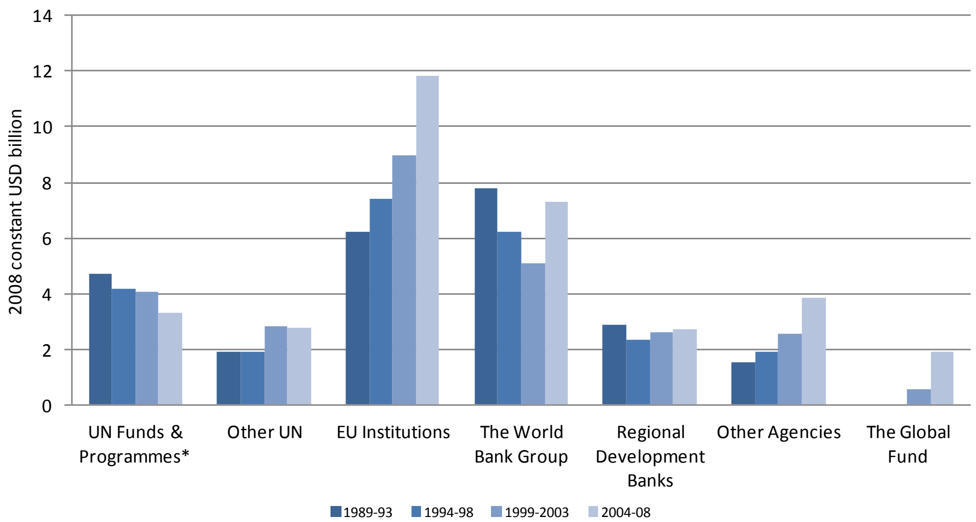
public goods). In addition to these, this report considers the speed and flexibility of response by major multilaterals to the financial and economic crisis. It also looks at evidence that multilateral aid may be less geographically fragmented than bilateral aid, and that it delivers a higher proportion of country-programmable aid than might be expected given the proportion of overall aid that is multilateral in the first place.

5. Conversely, there are arguments typically advanced against providing multilateral aid. These include multilateral agencies' perceived institutional complexity, procedures which can be cumbersome or time-consuming, lack of transparency, higher absolute costs and salaries, remoteness and lack of accountability. Core multilateral aid which is pooled before being allocated to partner countries also reduces the visibility of a donor's assistance. More generally DAC members (see final section) continue to report insufficient evidence of multilateral effectiveness and in particular of development impact and value-for-money, despite multilateral agencies' major investments in evaluation, assessment, disclosure and communication systems.

6. *The Big Six.* Over 2004-8, 82% of multilateral ODA was allocated to just six "clusters" of multilateral entities: EU Institutions (37%), IDA of the World Bank Group (21%), UN Funds and Programmes (10%), the Global Fund (6%), and the African and Asian Development Banks (4% and 3%). Multilateral ODA to EU institutions, the largest contribution at USD 13 billion, also makes up the majority of EU members' multilateral ODA (51%).

7. The longer-term decrease of multilateral ODA to UN Funds and Programmes and the increase to EU Institutions and more recently the Global Fund appear to be a continuing trend (Figure 0.2). The DAC average share of multilateral ODA to UN Funds and Programmes decreased from 15% to 10% between the periods 1999-2003 and 2004-8. Over these same two periods, the share of resources to the Global Fund increased from 2% to 6% and that of the EU Institutions from 33% to 37%. Multilateral ODA to EU institutions, the Global Fund, and the World Bank Group in more recent years, is increasing relative to the UN and other agencies.

Figure 0.2: Aid provided by DAC countries to select multilaterals (five-year average)



Source: DAC Aggregates.
* Contributions to six UN Funds and Programmes are separately identifiable in DAC members' reporting: UNDP, UNICEF, UNRWA, WFP, UNHCR, and UNFPA. Other UN Funds and Programmes are aggregated into the "Other UN" category.
Note: "Other Agencies" includes GEF, Montreal Protocol and the residual "Other" multilateral category.

8. *The "Long Tail".* Conversely, multilateral ODA to the remaining 200+ multilaterals accounts for the other 18%, a share that is slowly shrinking. For the vast majority of these institutions, the DAC does not receive reporting on their outflows to developing countries. However we know that many have normative, standard-setting and technical mandates which are not best gauged in terms of their resource transfers alone. Such mandates may oblige them to maintain broad geographical representation. This does not necessarily mean they are "fragmented" using standardised DAC metrics. Moreover, from the perspective of countries they advise, they may not generate comparable transactions costs to those of a small additional donor.

9. The *2008 DAC Report on Multilateral Aid* examined the internal allocation processes of each DAC member, both as between bilateral and multilateral aid and across multilaterals. In practice, these choices are not determined simultaneously, and often not within the same ministry. Political decisions at the margin, under fiscal pressure and factoring in both geographic and thematic priorities, and often the balance between loans and grants, are the rule not the exception. It is also exceptional, but not unknown, for countries to zero-base their contributions to some multilaterals, rather than maintain them at extremely low levels with minimal staff capacity for oversight. Nonetheless, these "portfolio" comparisons are useful from the perspective of system-wide coherence.

10. *A portfolio view.* DAC donors allocate strikingly different portions of their multilateral portfolios to the same major multilateral organisations. Luxembourg, for example, provides 13% of its non-EU multilateral aid portfolio to IDA, compared to Germany's 53%. The range for UN Funds and Programmes is 5% (France) to 45% (Norway), and even the relative share of the EU varies widely within the EU membership.

11. Such large portfolio variations are significant in global policy terms to the extent that contributions to each cluster can be considered voluntary and potentially fungible with others. For IDA replenishments, participants negotiate contributions, which might well be heavily influenced by historic shares, but are in principle discretionary. Contributions to UN Funds and Programmes, the Global Fund and the African and Asian Development Funds are similarly voluntary. EU institutional funding is a mix of a multi-year replenishment of the European Development Fund for assistance to Africa, the Caribbean and the Pacific, based on negotiations and unanimous decisions about each member's contributions, and annual EU budget attributions (following European Parliament and EU Council decisions) for other components of the European Union's external action which qualify for ODA. A smaller fraction of overall multilateral funding – relevant in particular for UN Specialised Agencies – is driven by assessed contributions, which can be considered conditions of membership.

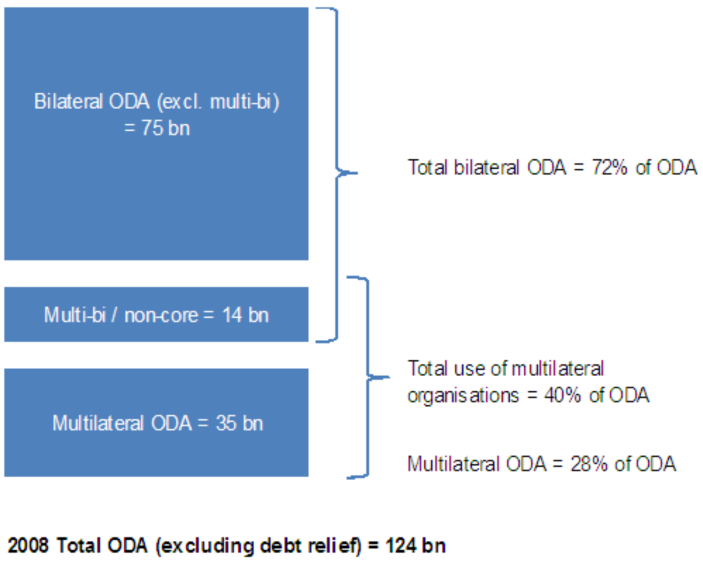
12. *Non-DAC providers of multilateral support.* Nineteen non-DAC members, of which Saudi Arabia is the largest provider, report their aid flows to the DAC. They account for USD 8.8 billion of total non-DAC aid, estimated between USD 12 and 14 billion, or 9 to 10 percent of global ODA according to recent OECD estimates. Their multilateral share is on the whole higher than the DAC's, given that the majority are recent EU members without large bilateral programmes of their own. This is unlikely to be true for the BRICs, however, who are also members of many multilaterals, and are increasingly becoming contributors to concessional funds, but whose bilateral programmes are growing even faster. Finally, mention should be made of large foundation grants – overwhelmingly from the Bill and Melinda Gates Foundation – to some of the global health partnerships, most notably the Global Fund and GAVI.

Total use of the multilateral system

13. In addition to multilateral ODA, donors choose to give non-core funding, earmarked for specific sectors, themes, countries or regions and routed <u>through</u> multilateral agencies, as illustrated in Figure 0.3 below. Core multilateral ODA combined with non-core multilateral ODA constitutes the <u>total use</u> of the

multilateral system. This represented 40% of total ODA in 2008, similar to the 2006 share. This proportion may give a better indication of the role multilateral institutions play in the overall aid architecture today.

Figure 0.3: Gross ODA Disbursements in 2008 (excluding debt relief, contributions from EU Institutions and Korea)



Source: DAC Aggregates and Creditor Reporting System.

Non-Core or "Multi-bi" Aid

14. Australia, the United States, Norway and Spain have the highest non-core multilateral ODA as a share of the reported total use of the multilateral system, well above the DAC average of 29%. France, Greece and Germany have the lowest shares, though this may be partly due to under-reporting. The volume of non-core funding is rising quickly from a relatively low base, but since this also coincides with significantly better reporting, it is too early to tell if this forms a sustainable trend.

15. There are inherent tensions and complementarities in providing both core and non-core contributions to multilateral organisations. From the *point of view of the donor*, providing non-core funds to multilateral organisations allows it to target resources to specific sectors, regions or countries of interest, with the kind of visibility that may be important to mobilise and to maintain public resources for development.

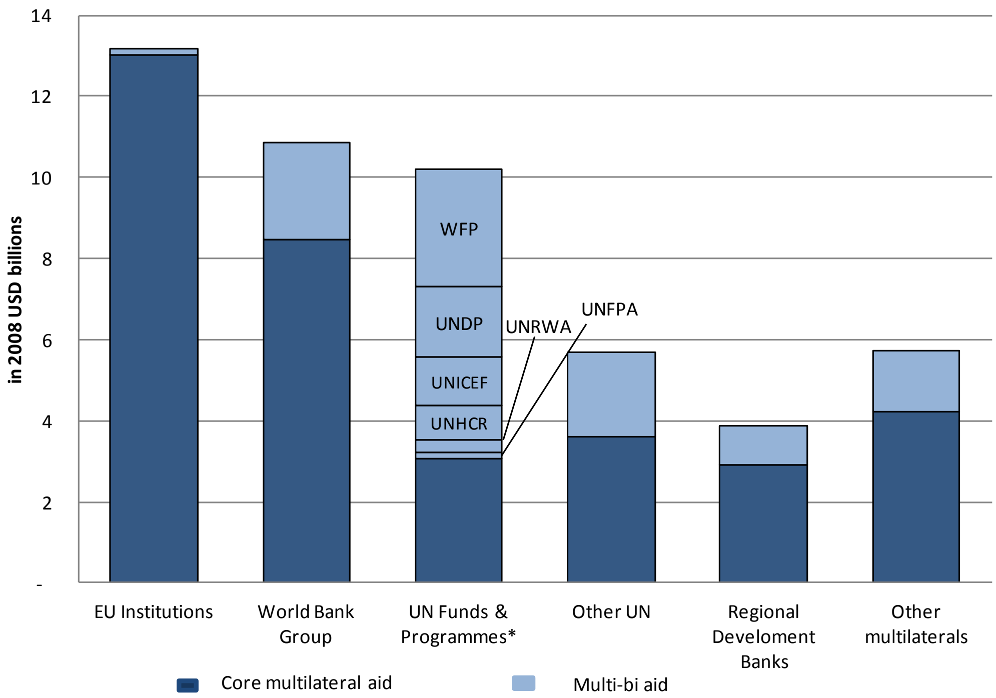
16. From a *multilateral organisation's perspective*, the supply of non-core funds can shift its overall balance of activities. Non-core resources can incur higher transaction costs for the receiving organisation considering the additional monitoring and reporting requirements that may be imposed. Governance arrangements of earmarked funds may also offer less voice to partner countries in the decision-making process, and/or limit Board oversight. On the other hand, non-core funds increase the overall envelope of resources available to multilateral entities, allowing them to engage in a wider range of activities while using existing institutional structures.

17. From an *aid effectiveness perspective*, multi-donor trust funds also have to be compared to the alternative, which might be a proliferation of parallel bilateral initiatives, with their corresponding costs and overlaps. However, the more DAC members' multilateral portfolios are shaped by non-core resources with a limited time horizon, the less predictable the overall funding of multilaterals becomes.

18. As illustrated in Figure 0.4, the World Bank is the second largest single recipient of non-core funding (USD 2.4 billion) after the World Food Programme (WFP – USD 2.9 billion), which inherently depends on assistance earmarked for specific emergency operations and receives very little core funding. UNDP is the second largest non-core recipient in the UN System (USD 1.8 billion). Until recently, EU institutions did not accept earmarked funds, which explains their very small share of non-core multilateral ODA.

Figure 0.4: Total use of the multilateral system, 2008 gross disbursements

(Excluding EU institutions and Korea as donors)



Source: Creditor Reporting System and DAC Aggregates.
* Contributions to six UN Funds and Programmes are separately identifiable in DAC members' reporting: UNDP, UNICEF, UNRWA, WFP, UNHCR, and UNFPA. Other UN Funds and Programmes are aggregated into the "Other UN" category.

19. Non-core ODA earmarked for humanitarian purposes and routed through multilateral organisations is the single most important channel of humanitarian aid in volume. Non-core multilateral ODA also reaches a higher proportion of fragile states: 72% of non-core funds allocated to specific countries go to fragile states as opposed to 36% of core multilateral outflows and 34% of bilateral ODA.

Non-core funding of the World Bank and UNDP

UNDP

20. Regular or core resources to UNDP amounted to USD 1.1 billion in 2008 and non-core resources (from all sources) reached USD 3.6 billion, according to UNDP's own records. The top recipient of non-core DAC contributions to UNDP is Afghanistan (USD 383 million), followed by Sudan (USD 75 million), Bangladesh (USD 68 million) and Somalia (USD 63 million). 21. Non-core resources align with UNDP's mandated practice areas, but they do not fall directly under the purview of the Executive Board in the way core resources do.

22. The UN Multi-Donor Trust Fund (MDTF) Office offers a "one-stop-shop" for donors to establish a single agreement with one UN organisation serving as the administrative agent (UNDP), instead of entering into separate agreements with each relevant UN agency. MDTF activities and programmes are actually implemented by over 40 UN agencies and some non-UN participating agencies. "One UN" and "Delivering as One" funds and other multi-donor trust funds may actually reduce transaction costs both for UN agencies and partner governments and streamline efforts to bridge the financing gap at the country-level.

The World Bank

23. As a share of combined Bank disbursements (IDA, IBRD, and trust funds), trust fund disbursements (excluding Financial Intermediary Funds, which the Bank administers, but which do not fund Bank operations) grew from 8% in fiscal year 2004 to 14% in fiscal year 2008. Trust funds have enabled the Bank to provide additional or complementary financing to support fragile states and non-member countries (*e.g.* Kosovo, and West Bank and Gaza) as well as to support countries facing emergencies or natural disasters. There are also thematic or sector-specific trust funds, such as the Education for All Fast Track Initiative (EFA-FTI). There is some evidence from a recent evaluation of EFA-FTI that core IDA resources for education have been redirected to other country priorities, within an overall performance-based country allocation, because of additional grant-financed trust funds earmarked for this sector.

24. In 2007, the Bank launched a series of reforms aimed at enhancing the strategic alignment, risk management, and efficiency of Bank-administered trust funds. As part of these reforms, the Bank increased the minimum threshold for all new trust funds from USD 200,000 to USD 1 million and introduced a new fee structure. Efforts are currently underway to enhance the alignment of trust funds with Bank strategies and processes.

Development Perspectives for a Post-Copenhagen Climate Funding Architecture

25. The December 2009 Copenhagen Accord promises developing countries scaled up, predictable and adequate funding to meet the challenges of climate change. Developed countries committed to provide new and additional resources approaching USD 30 billion for the period 2010-2012 with balanced allocation between adaptation and mitigation. They also committed to a goal of mobilising USD 100 billion dollars a year by 2020 to meet the needs of developing countries in this regard.

26. Key post-Copenhagen processes, including the next CoP-16 in Mexico, will need to mobilise further resources and find robust mechanisms to measure climate change flows. At the moment, the DAC "Rio marker" for climate change mitigation and the recently approved new marker for adaptation provide the only systematic way for reporters to identify public finance flows that serve clearly defined adaptation or mitigation objectives. However the markers are not by themselves a sufficient basis from which to isolate the volume of spending going to these objectives compared to other development activities. Nor are there agreed baselines against which additionality to ODA can be measured.

27. Despite a number of substantial commitments and much hard work implementing fiduciary and management structures, actual disbursements have taken time. Today, cumulative disbursements by existing global funds for climate change both inside and outside the UN Framework Convention for Climate Change (UNFCCC) amount to only USD 2.9 billion since their inception, or about USD 246 million per year. To compare, the World Bank estimates total resources dedicated to climate change mitigation and adaptation at USD 9-10 billion per year (USD 8-9 billion for mitigation and USD 1 billion for adaptation).

28. Arguments for creating parallel new funds simply because existing funds have not yet delivered sufficient resources, or because the financial gaps for funding climate change mitigation and adaptation efforts are so large, are not sufficient. Instead, it is important to draw lessons from global health funds, and to start with an analysis of the functions and purposes of the envisaged new ventures to see whether existing institutions fulfil these roles. Other configurations, including a “networked” approach of separating out functions and institutional responsibilities, may be equally desirable and/or manageable.

29. When plans are prioritised and integrated into a country’s planning process to allow for active participation of central and line ministries, civil society and the private sector, stakeholders can effectively lead and steer efforts to address the effects of and to mitigate climate change. The ideal climate fund model will provide flexible external resources to support intrinsically integrated interventions anchored in a country’s climate or national development strategy. New proposal-based systems should be avoided as they usually require complex appraisal systems with high transaction costs for partner countries.

Developments in the Multilateral System

30. All multilateral agencies covered in this report have established specific reform programs to attain one or more of the following objectives: (i) to become more effective and efficient, applicable to all agencies; (ii) to ensure greater policy coherence for development, as in the case of EU Institutions;; (iii) to reduce fragmentation, particularly as this affects the UN system; and (iv) to achieve governance and voting structures that are more aligned with their membership, in particular the challenge faced by the Bretton Woods Institutions.

31. Multilateral agencies reacted quickly to demands from partner countries for additional resources as a result of the economic and financial crisis in 2009. In part as a result of this high crisis-related demand and subsequently large disbursements, 2010 requires donors to make simultaneous decisions on the replenishment and recapitalisation of several major concessional funds and multilateral development banks.

Multilateral Strategies and Evaluation 2009-10

32. Finland, Portugal, Netherlands and Belgium have developed new multilateral strategies since the 2008 report. Of particular note, Belgium has adopted a policy shifting most of its contributions to multilateral agencies towards full core resources, thus decreasing its non-core multilateral ODA over time. Some donors (*e.g.* the UK) are also making additional voluntary core contributions, mostly linked to performance targets set by the institutions themselves, as an alternative approach.

33. DAC members continue to report a need for better evidence of multilateral impact and effectiveness for domestic accountability purposes, which may be enhanced by fiscal stringencies post-crisis and the coincidence of major replenishment negotiations. They see an increasing need to justify multilateral contributions – over which they have less direct oversight – to a sceptical public, and may therefore require even more detailed reporting on the impact of these organisations in developing countries than they possess for their own operations. How well multilateral organisations report this information back to donors, and how well DAC members in turn represent them domestically, may influence domestic constituents’ perception of these organisations as much as the substantive evidence available.

34. As first discussed in the *2008 DAC Report on Multilateral Aid*, ideally reporting by multilateral agencies should be sufficiently comprehensive so as to satisfy bilateral donor information requirements, making separate donor-driven assessments unnecessary. Indeed, a shift towards self-reporting by multilaterals would be a way to apply Paris Declaration principles of “ownership” and “alignment” to the funding of these organisations. Until such reporting is deemed adequate, however, collective assessments

intended to lead to full harmonisation of monitoring instruments for multilaterals are at least an improvement over a proliferation of single-donor assessment efforts.

35. Such harmonised efforts include the Multilateral Organisations' Performance Assessment Network (MOPAN), and the work of the DAC's Evaluation Network. The latter is involved in peer reviewing organisations' evaluation capacities. It is also developing an approach to joint assessments of the development effectiveness of multilaterals, by combining elements of MOPAN assessments with reviews of organisations' own evaluations on development results.

36. The *2011 DAC Report on Multilateral Aid* will examine DAC members' processes and evidence base used to allocate between their bilateral and multilateral aid, and in turn among the larger multilateral organisations to which they contribute. It will look at whether such choices are made deliberately and coherently or can only be inferred from multiple separate decision points within and across agencies and government departments.

Questions for Further Discussion: Issues being reviewed at the Development Assistance Committee

- What explains the flat historical multilateral share of ODA? Which arguments for and against greater pooling have the most traction in the current context?
- Should future work focus on the 15 multilaterals (6 clusters) which claim 82% of multilateral ODA volume, or also attempt to rationalise the 18% “long tail”?
- What are the main determinants of large variations in multilateral portfolio choices across DAC members? Are any likely to be amenable to improved information sharing?
- Are new non-DAC and non-EU funding sources less focused on multilaterals? If so, why and how might this change?
- Is the EU a special case that requires a different analytical approach? If so, in what way?
- Is there a growing trend towards non-core funding? What might the development effectiveness implications?
- How might one envisage monitoring “new and additional” funding for climate change?
- Future efforts by the DAC’s Evaluation Network and MOPAN aim to combine surveys of multilateral effectiveness with better impact reporting by the multilaterals themselves. Is this the right mix?
- Bilateral donors have reported an inability to demonstrate multilateral effectiveness. Is this primarily due to underlying multilateral performance problems, lack of robust data, or communication gaps?

CHECKLIST OF MAIN FINDINGS

General Trends in the Multilateral System

- As overall levels of ODA increase, the multilateral share of ODA is flat, or eroding when contributions to EU Institutions are excluded. *(Paragraph 43)*
- In many cases, donors allocate very different shares of their multilateral portfolio to the same multilateral agencies. *(Paragraph 54)*
- Non-DAC EU members reporting to the DAC have a high multilateral share, but this is unlikely to be the case for the BRICs. *(Paragraph 49)*
- Between 2004-8, on average 82% of DAC members' multilateral ODA went to six clusters of organisations: EU institutions, IDA, UN Funds and Programmes, the Global Fund, and the African and Asian Regional Development Banks (15 institutions in all). Conversely multilateral ODA to the remaining 200+ multilateral organisations accounts for only 18%. *(Paragraph 52)*
- Recent trends indicate a decrease in the core multilateral funding of UN Funds and Programmes and an increase in funding to EU institutions and the Global Fund. *(Paragraph 63)*
- Multilateral outflows are on balance more flexible in the short term as demonstrated by their crisis response. *(Paragraph 65)*
- Multilateral outflows are also more geographically concentrated and deliver 37% of country programmable aid compared to bilateral flows, but this is subject to qualifications. *(Paragraphs 66 & 70)*
- The total use of the multilateral system by DAC donors (core multilateral ODA plus bilateral earmarked ODA channelled through multilateral organisations) was 40% of total ODA in 2008. Indeed, this proportion may give a better indication of the role multilateral institutions play in the overall aid architecture today. *(Paragraph 74)*

Non-core Funding of Multilateral Organisations

- In 2008, 29% of DAC countries' total aid transiting through the multilateral system was earmarked (non-core). This rises to 39% when excluding all contributions to EU Institutions. *(Paragraph 78)*
- Donors earmark funds to target specific countries and sectors and to have greater visibility and influence in the multilateral system. *(Paragraphs 80 & 81)*
- From a multilateral organisation's perspective, excessive earmarking risks hollowing out the governance of an organisation and complicates accountability, but it may be better than the alternative of multiple single-donor parallel initiatives. *(Paragraphs 83 & 84)*
- Non-core, or earmarked, multilateral ODA is the single-most important channel for humanitarian aid. It also targets a higher proportion of fragile states than multilateral outflows or bilateral ODA. *(Paragraphs 89 & 90)*

Non-core Funding of UNDP and the World Bank

- UNDP non-core funding is used for similar thematic areas as its core funding. Funding to the Multi-Donor Trust Fund Office helps align donors and UN agencies at a country-level, *e.g.* through the "One UN" funds. *(Paragraph 104)*
- World Bank non-core flows help diversify its portfolio to countries where loan instruments are unavailable (*e.g.* for arrears reasons or to non-members). *(Paragraph 118)*

Development Perspectives for a post-Copenhagen Climate Funding Architecture

- The ideal climate fund model will provide flexible external resources to support intrinsically integrated interventions anchored in a country's climate or national development strategy. *(Paragraph 153)*
- New complex proposal-based systems should be avoided as they usually require complex appraisal systems with high transaction costs for partner countries. *(Paragraph 152)*
- Instead of creating new funding mechanisms, it may be equally desirable for donors to examine existing functions and determine whether existing institutions can perform those functions using a "networked" approach with each institution fulfilling an institutional responsibility. *(Paragraph 154)*
- Total public resources currently dedicated to climate change mitigation and adaptation in developing countries are estimated at roughly USD 10 billion per year. Existing climate change funds have to-date disbursed on average only USD 246 million per year. *(Paragraphs 155 & 159)*
- As Parties to UNFCCC discuss the additionality question, it will be important to apply and improve OECD members' reporting using the markers for climate change mitigation and adaptation as rapidly as possible. *(Paragraph 136)*

Developments in the Multilateral System and Evaluation

- The World Bank and the IMF are moving forward with reforms towards a more representative governance structure. Internal reforms also aim to provide more flexible and more adapted instruments for their clients. *(Paragraphs 175-178)*
- The year 2010 requires donors to make simultaneous decisions on the replenishment and recapitalisation of major concessional funds and multilateral development banks. *(Paragraph 206)*
- In the longer-term, self-assessments by multilateral agencies should be sufficiently comprehensive to satisfy bilateral donor information requirements, making separate bilateral evaluations and/or assessments unnecessary. *(Paragraph 220)*
- Until self-reporting is deemed "adequate", collective assessments intended to lead to full harmonisation of monitoring instruments for multilaterals are encouraged as an improvement over multiple single-donor assessment efforts. *(Paragraph 221)*

1. GENERAL TRENDS IN MULTILATERAL SYSTEM AND THEIR POLICY IMPLICATIONS

37. This chapter presents a picture of the evolving multilateral aid, updating the overall trends from the *2008 DAC Report on Multilateral Aid* with data through 2008. It sets this out by looking at historical and main trends in multilateral aid, including the composition of multilateral ODA and members' multilateral portfolio choices. It also includes an introduction to the next chapter on non-core multilateral aid.

38. Throughout the report we distinguish between (a) multilateral ODA (see Box 1.1), measured as the funding to multilateral organisations (inflows to multilateral organisations); and (b) multilateral outflows from those agencies to partner countries. Today, members report contributions to over 200 multilateral agencies in DAC statistics. In turn, 23 of these multilateral agencies report their core outflows to the DAC (see Box 1.2). References to multilateral outflows in this report refer to concessional outflows only. Korea became a DAC member in December 2009, so for data purposes will be included in the group DAC Members starting for 2010 data; however, it is included as a separate line in tables and in Annex 2 of this report.

Box 1.1: Definition of multilateral ODA

Multilateral ODA is a contribution made to a recipient institution that:

- Conducts all or part of its activities in favour of development;
- Is an international agency, institution or organisation whose members are governments, or a fund managed autonomously by such an agency; and
- Pools contributions so that they lose their identity and become an integral part of its financial assets.

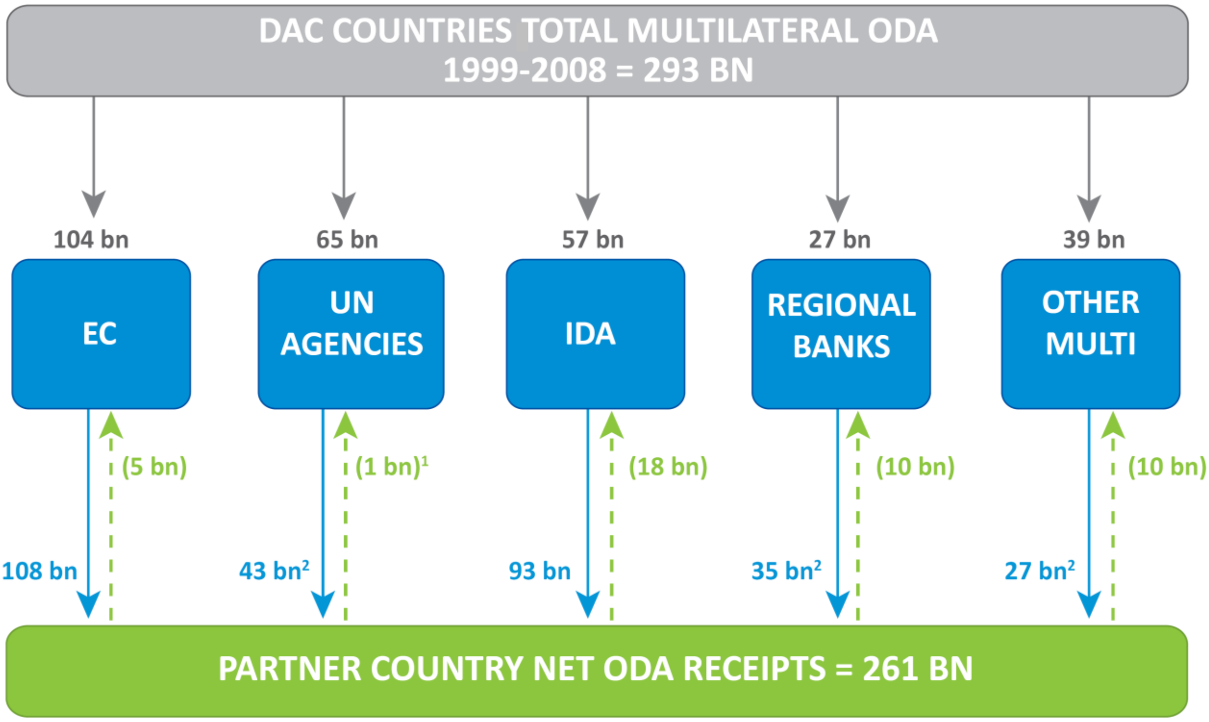
Multilateral ODA includes both assessed and voluntary un-earmarked contributions.

Source: DAC Statistical Reporting Directives.

39. Figure 1.1 below illustrates inflows, outflows, and reflows of the multilateral system. DAC countries' multilateral ODA, or inflows to agencies, is represented by the top grey arrows. The blue arrows in the bottom half of the figure are the corresponding outflows from these agencies, and the dotted green arrows pointing upwards represent the reflows, or loan repayments, back to these agencies from partner countries. For IDA, for example, the volume shown at the top, under the grey arrow is significantly less than the volume of the outflow next to the blue arrow. This is because they are able to leverage reflows from earlier concessional loans and transfers from other windows in addition to fresh resources (inflows) provided by contributors to replenishments.

Figure 1.1: DAC Countries' Multilateral ODA (core, excluding Korea): Gross disbursements, outflows and reflows, 1999-2008

Cumulative (excluding debt relief) USD billions at 2008 constant prices



Source: DAC Aggregated Statistics.
[1] Reflows to IFAD.
[2] Corresponding outflows do not exactly match inflows since not all multilaterals listed above report their outflows to the DAC. This figure represents outflows from only those agencies reporting to the DAC. The corresponding inflows to the agencies that report outflows are: USD 39 billion for UN Agencies; USD 25 billion for Regional Banks; and USD 20 billion for "Other Multi"
Note: Totals may not add up due to rounding. UN Agencies include contributions to UNDP, UNICEF, UNRWA, WFP, UNHCR, UNFPA, IFAD, WHO, WIPO, ILO, UPU, ITU, UNESCO, UNO UNDPKO and other UN agencies and funds. Regional Development Banks include contributions to the Asian Development Bank, Asian Development Bank Special Fund, Inter-American Development Bank, African Development Bank, African Development Fund, Caribbean Development Bank, Central American Bank for Economic Integration, African Solidarity Fund, and other regional banks and funds. Other multilaterals include contributions to the IMF, Global Fund, GEF, Montreal Protocol, GAVI, and other multilaterals.

1. Why multilateral ODA?

40. The *2008 DAC Report on Multilateral Aid* listed the main reasons provided by DAC members as to why they choose to provide multilateral ODA[1]. These include their economies of scale; political neutrality and legitimacy; scale of resources (capital and knowledge); low unit costs; and provision of public goods.

41. This is a partial list of advantages. There are also well-known arguments against providing multilateral ODA, such as perceived institutional complexity and/or lack of transparency in processes; higher absolute costs and salaries; remoteness, and perceived lack of accountability from the perspective of domestic audiences. More generally, DAC members continue to report insufficient evidence of multilateral effectiveness and in particular of these institutions' development impact and value-for-money, despite major ongoing investments in evaluation, assessment, disclosure and communication (see Chapter 6). Also,

[1] OECD (2009), *DAC Report on Multilateral Aid*, p. 34.

advantages and disadvantages need to be contextualised by donor country situations (for example, a bilateral sharply focused on one region may prefer to act directly there, but use multilaterals as cost-effective extensions elsewhere). The transactions cost case is neither straightforward, nor comparable across institutions.

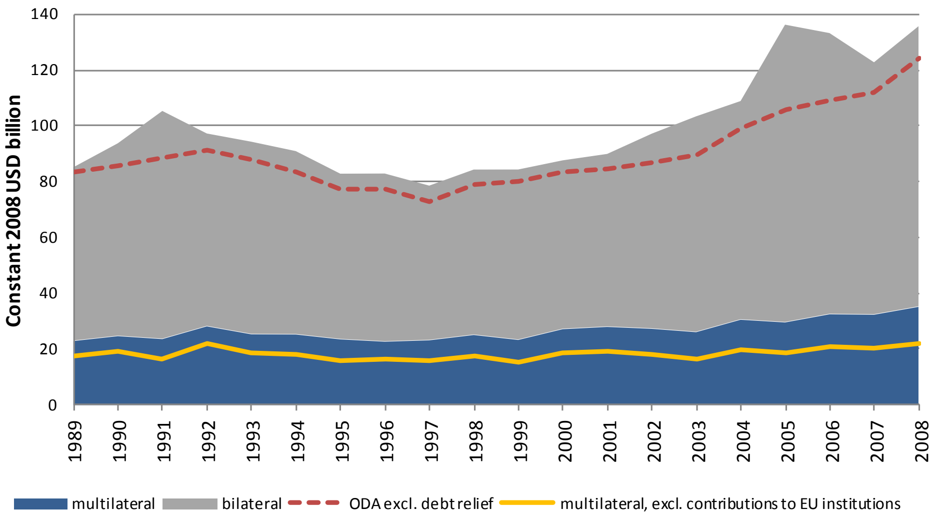
42. Even so, this report adds three more considerations why multilateral ODA might be an attractive channel. First, a large portion of multilateral donors on the whole have more concentrated outflows than bilateral donors, using the recent Secretariat definition of concentration[2], which recognises the higher proportion of countries in which they operate at or above their global share of aid. This is largely explained by the fact that multilaterals are mostly mandated to apply rules-based allocation mechanisms that tend to ensure a smoother geographical spread, relative to country income and population. Second, multilaterals deliver a higher proportion of country programmable aid (CPA) than might be expected given the proportion of overall aid that is multilateral in the first place. Both concentration levels and CPA are discussed further in this chapter. Third, multilaterals demonstrated flexibility and were able to react quickly to increase their outflows in response to the recent economic and financial crisis.

2. Main Trends

More aid, eroding multilateral share

Figure 1.2: Gross ODA provided by DAC member countries 1989-2008

USD billions at 2008 constant prices



Source: DAC Aggregates

43. Figure 1.3 shows gross[3] ODA provided by DAC member countries in the past two decades. In the past 20 years, multilateral ODA has increased by half, from USD 23 billion in 1989 to USD 35 billion in 2008 (in 2008 prices and exchange rates). The share of multilateral ODA was relatively stable in this period, ranging from 27% to 33% of overall ODA, excluding debt relief. This relatively stable 30% share

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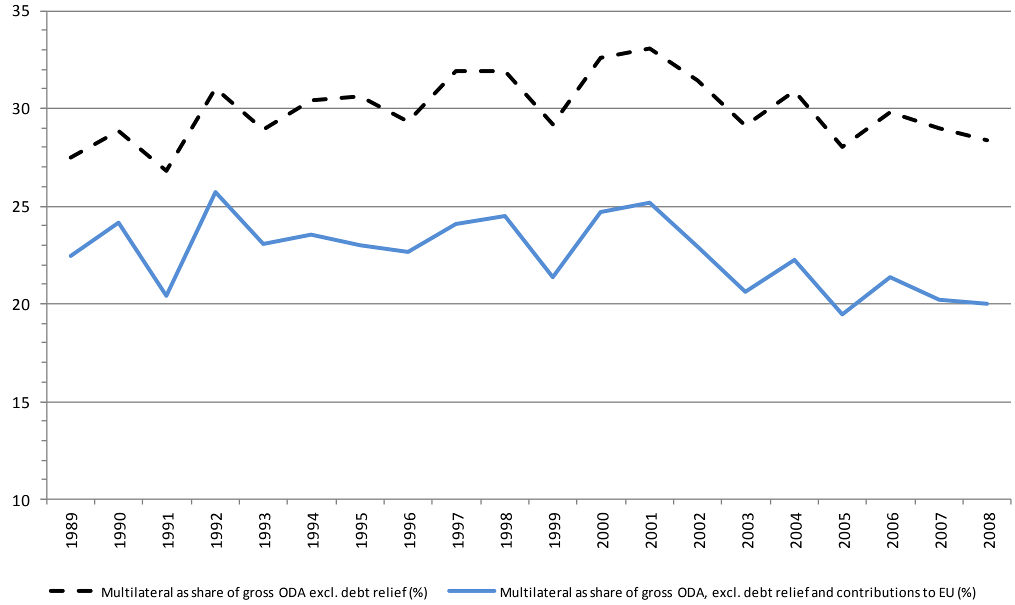
2 2009 OECD Report on Division of Labour - Addressing Fragmentation and Concentration of Aid Across Countries, OECD 2009

3 In this report, the gross ODA figure is used to show what proportion of outflows goes to multilateral organisations from each DAC member. A net ODA figure that takes into account return flows to donors (for those with bilateral loan programmes) would overstate the multilateral share of some members.

or "ceiling" for overall multilateral ODA is eroding, however, if one excludes contributions to EU institutions (yellow line in Figure 1.2). This decline is illustrated by the blue curve in the line graph below (Figure 1.3), which decreases to 20% in 2008. Since 2002, there is a more significant difference between the two lines, indicating a declining share of non-EU multilateral ODA.

44. The flat trend in multilateral ODA is not expected to change significantly over the medium term. The recent DAC survey on donors' forward spending plans[4] recorded a slight projected growth rate in multilateral ODA of 1% per year in real terms over the next three years.

Figure 1.3: Gross Multilateral ODA Provided by DAC Member Countries as Share of Total ODA 1989-2008 in 2008 constant USD



Source: DAC Aggregates

45. EU Institutions are unique because they play a dual role in the international aid architecture. They both receive development funds from EU Member States, and they channel funds through other multilateral organisations (and are a DAC member). This report attempts to reflect both roles. Reporting the EC as a multilateral organisation receiving contributions is consistent with longstanding statistical practices and treatment in other DAC publications. In addition, EU Institutions are treated as a donor to other multilaterals when analysing the "total use" of the multilateral system in Annex 2. For the purposes of comparing shares of multilateral ODA and multilateral portfolios across DAC members, ODA to EU institutions is usually excluded. Tables on total amounts of multilateral ODA, including to EU institutions, and the shares of ODA that this represents are included in Figure 1 of Annex 1.

Geographical focus of multilateral aid

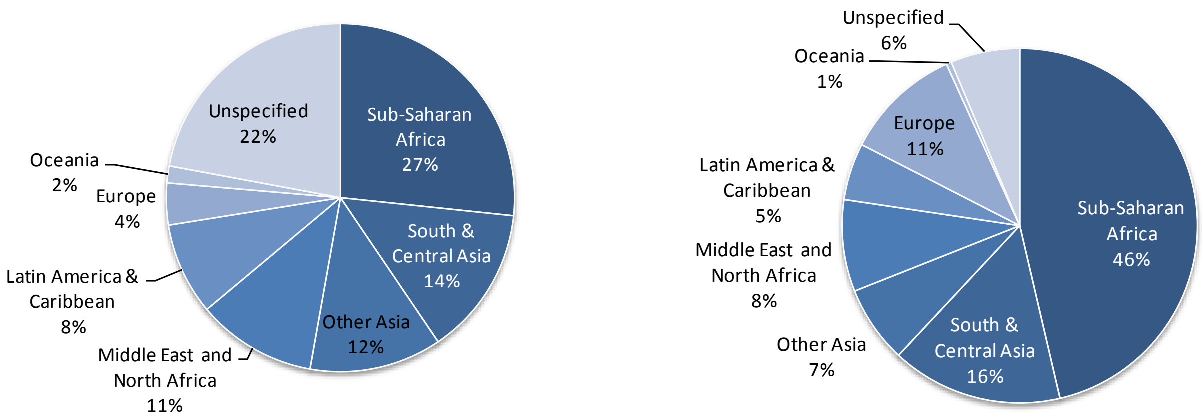
46. Figure 1.4 below shows the geographical distribution of both bilateral ODA and of multilateral outflows. The *2008 DAC Report on Multilateral Aid* highlighted the fact that the share of multilateral outflows to sub-Saharan Africa and South and Central Asia are greater than the shares allocated by bilateral donors to these same regions. Data from 2008 confirm this trend; however, it is important to note

4 OECD (2010), *2010 DAC Report on Aid Predictability: Survey on Donors' Forward Spending Plans 2010-2012.* Paris, France, DCD(2010)4.

that over one-fifth of bilateral ODA is "unspecified" by region because it is currently allocated to global thematic programmes, even if it will later be directed to specific regions. Figure 4 in Annex 1 disaggregates bilateral ODA and multilateral outflows by recipient country income. Thirty-three percent of bilateral ODA is allocated to low-income countries (including LDCs), in comparison to 55% of multilateral outflows. As in the figures below, bilateral ODA has a much larger share of "unspecified" or "unallocated" ODA, making conclusions as to which provides a larger share to low-income countries less obvious.

Figure 1.4: 2008 Gross DAC Bilateral ODA and Gross Multilateral Outflows (not including Korea)

(Excluding debt relief)



Source: Creditor Reporting System

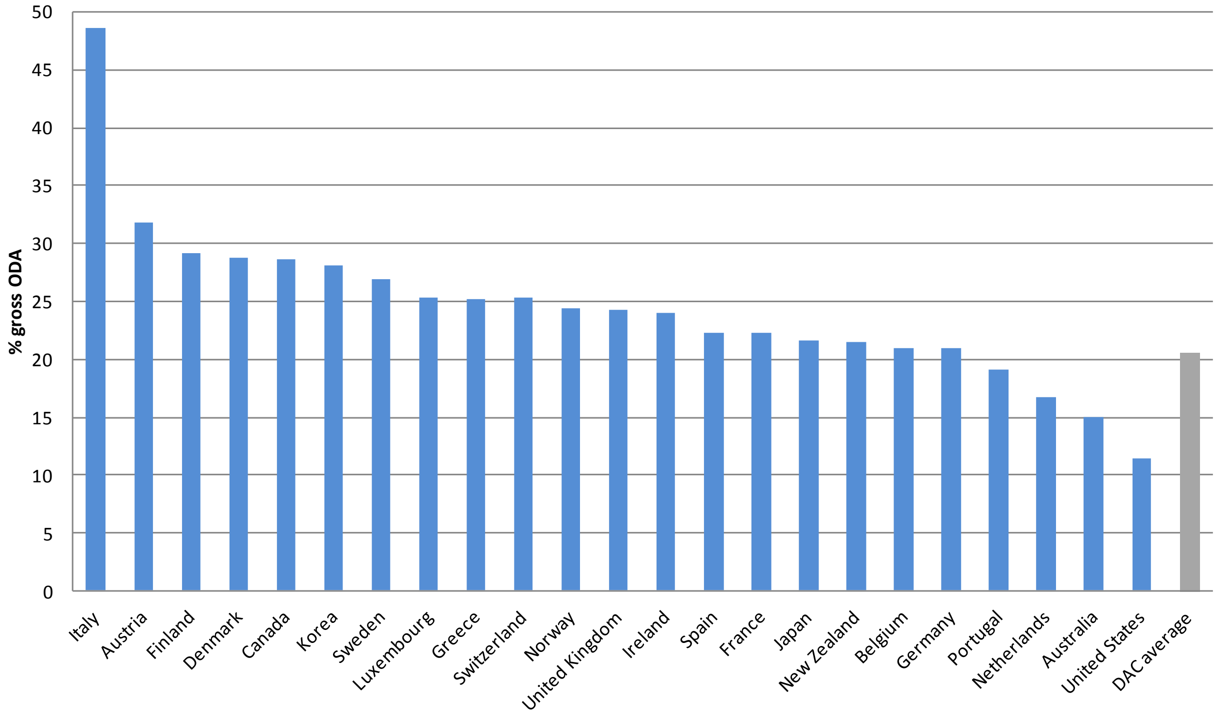
Note: Korea's ODA is not included in the total bilateral ODA. EU Institutions are included in multilateral outflows. Regional ODA to "Africa" is included in the "sub-Saharan Africa" category. Data on multilateral outflows are incomplete. Approximately 23 major multilateral organisations report their outflows to the DAC.

Multilateral ODA share varies across donors

47. The three-year DAC country average share of multilateral ODA, excluding contributions to EU Institutions in order to compare across DAC countries, is illustrated in the bar graph below (Figure 1.5). The average share is slightly above 20%, with two major outliers at each end, Italy (49%) and the United States (11%). Multilateral aid showing both EU and non-EU contributions is illustrated in Figure 1 of Annex 1 and multilateral aid to EU institutions alone is expressed as a percent of overall ODA in Figure 2 of Annex 1.

Figure 1.5: Multilateral ODA (excluding to EU) as % gross ODA, 2006-8 average

(Excluding debt relief)



Source: DAC Aggregates.

Multilateral caps

48. Two DAC members have decided to limit their share of multilateral ODA through legislative means. Germany's multilateral ceiling is one-third of the budget of the Federal Ministry for Economic Co-operation and Development. This does not include humanitarian aid or ODA to the EU Budget from the Ministry of Finance (but does include EDF contributions). In December 2008, the Swiss Parliament decided on a ceiling of 40% for multilateral development assistance through the end of 2012. This cap does not apply to multilateral aid for humanitarian assistance or to aid for Eastern Europe (both of these categories of aid fall under different legislation).

Non-DAC donors

49. Twenty non-DAC donors reported their aid flows to the Secretariat in the period from 2006-8 (see Table 1 in Annex 1), while some larger players (Brazil, China and India) did not. Non-DAC EU members provide a larger proportion of multilateral aid (including to EU institutions). This ranges from a low of 42% (Cyprus) to a high of 87% (Latvia) in the three-year period 2006-8. This is unlikely to be true for the BRICs, who are members of multilateral organisations, and increasingly becoming contributors to concessional funds, but who also have strong and growing bilateral programmes. Non-DAC donors account for USD 8.8 billion of total non-DAC ODA estimated at between USD 12 and 14 billion, or 9-10% of global ODA.[5] The average multilateral ODA of non-DAC donors is 32% in 2006-8, excluding

5 OECD (2010) "Beyond the DAC: the Welcome Role of other Providers of Development Co-operation," DCD Issues Brief (May 2010) http://www.oecd.org/dataoecd/58/24/45361474.pdf

Kuwait, Saudi Arabia and the UAE since the data reported by these donors relates primarily to bilateral aid.

50. Twenty-two non-DAC donors[6] contributed to the Fifteenth Replenishment of the World Bank's International Development Association (IDA15). Of these, China, Cyprus, Egypt, Estonia, Latvia and Lithuania are the most recent IDA donors. Together non-DAC donors represent 3% of total IDA15 contributions.[7] Current negotiations for the Sixteenth Replenishment of IDA (IDA16) will aim to include additional non-DAC donors.

51. A number of multilateral organisations also report to the DAC, as described in Box 1.2. Finally, mention should be made of large foundation grants – overwhelmingly from the Bill and Melinda Gates Foundation – to some of the global health partnerships, most notably the Global Fund and GAVI.

Box 1.2: Multilateral Agencies Reporting to the DAC

The DAC collects data from multilateral agencies covering their operations in developing countries, including support costs directly linked to delivering these activities. Data are limited to regular (core) budget expenditures to avoid double counting. Contributions to multilateral organisations that are earmarked at any level – whether to a specific partner country, region, sector or theme – are reported as part of bilateral aid and identified through the channel of delivery classification.

Although there are no formal requirements for multilateral agencies (other than EU Institutions which are a DAC member) to report to the DAC, many agencies do so voluntarily. The DAC encourages all agencies with significant operational programmes in developing countries to begin reporting and has developed guidelines for multilateral reporting to the DAC. The table below shows all multilateral agencies that reported their 2008 data to the DAC:

Global Funds	International Financial Institutions	Regional Development Banks	United Nations Funds, Programmes and Specialised Agencies	
The GAVI Alliance	International Monetary Fund	African Development Bank	IAEA	UNHCR
The Global Fund	World Bank Group (IDA, IBRD, IFC)	Asian Development Bank	IFAD	UNICEF
Global Environmental Facility*	Nordic Development Fund	Caribbean Development Bank	UNAIDS	UNRWA
The Montreal Protocol (Multilateral Fund)		European Bank for Reconstruction and Development	UNDP	UNTA
		Inter-American Development Bank	UNECE	WFP
			UNFPA	

* Reporting obtained from GEF Secretariat presents a complete picture of total commitments, however, at present, disbursements data are reported for the World Bank and UNDP implemented activities only.

The past year has seen an increase in the quality and quantity of DAC statistical reporting from multilateral organisations. Major improvements include detailed, activity level reporting in CRS++ by the World Bank (all IDA and IBRD flows from 1999 through 2008) and by the GAVI Alliance (for flows in 2007 and 2008).

Efforts in 2010 will focus on:

- Improving the sector identification of UNDP activities in DAC statistical databases. DAC and UNDP staffs are currently collaborating on this subject and hope to advance this issue in the coming months.

6 These include Barbados, Brazil, China, Cyprus, Czech Republic, Egypt, Estonia, Hungary, Iceland, Israel, Kuwait, Latvia, Lithuania, Mexico, Poland, Russia, Saudi Arabia, Singapore, Slovak Republic, Slovenia, South Africa, and Turkey.

7 World Bank (2008), "Additions to IDA Resources: Fifteenth Replenishment," Report from the Executive Directors of the International Development Association to the Board of Governors, 28 February 2008.

- Pursuing improved activity-level reporting from the Regional Development Banks. Although we have some data at the activity level, it arrives in a non-standard format, or is downloaded from the web. Often, sector codes are assigned manually and the data is incomplete in many aspects. In an effort to improve data quality and coverage, full reporting in the CRS++ format is encouraged.
- Obtaining statistics on WHO expenditures at the country level. The DAC and WHO have been collaborating on this issue and hope that reporting – at least at the regional level – will commence this year for core flexible funding at a minimum. The information will greatly improve the coverage of aid data especially in the health sector.

Obtaining accurate, detailed data on the expenditure of multilateral agencies is essential. Only by obtaining such data will the DAC be able to develop a complete picture of global aid flows and properly reflect the very substantial role of multilateral agencies in development co-operation. Detailed data on aid at the partner country level are also necessary for making accurate statistical analyses, as well as for informing discussions on aid fragmentation, division of labour and donor harmonisation.

Source: DAC Secretariat.

High concentration of DAC support on 15 multilaterals

52. Between 2004 and 2008, six multilateral clusters (15 agencies) together received and accounted for 82% of multilateral ODA. They are the EU Institutions (37%), IDA (21%), the UN Funds and Programmes (10%), the Global Fund (6%), and the African and Asian Development Banks (4% and 3%). The counterpart to this concentration in the top six clusters is that about 200 other multilateral agencies account for 18% of multilateral ODA volumes. The scattering or "long tail" of those agencies that receive the least amount of multilateral ODA may be worth examining more closely. However, it is important to acknowledge that the transfer of resources is not the primary mandate of most of these institutions, many of which provide technical assistance or serve a standard-setting purpose. A full list of ODA-eligible multilateral organisations is included in Annex 5.

Table 1.1: Multilateral organisations receiving top 82% of multilateral ODA

EU Institutions	World Bank - IDA	UN Funds & Programmes*	Global Fund	African Development Bank	Asian Development Bank
- EU Budget - European Development Fund (EDF) - Eur. Investment Bank (EIB)	- International Development Association (IDA)	- UNICEF - UNDP - UNFPA - UNHCR - WFP - UNRWA	- Global Fund	- African Development Fund - African Development Bank	- Asian Development Fund - Asian Development Bank

* Data are separately identifiable for these six UN Funds & Programmes only.

DAC Member Multilateral Portfolio Shares

53. Last year's report examined the internal allocation processes of each DAC member, both between bilateral and multilateral aid and across multilaterals. In practice, these are not determined simultaneously, and often not within the same ministry. Political decisions at the margin, under fiscal pressure and considering geographic and thematic priorities, and often the balance between loans and grants, are the rule not the exception. It is also exceptional, but not unknown for countries to zero-base their contributions to a multilateral rather than maintain it at very low levels, which can make staff costs of oversight increasingly unsustainable.

54. DAC donors differ widely in their distribution of multilateral ODA. Such portfolio variations are significant to the extent that contributions to each cluster are considered voluntary and fungible with others. For IDA replenishments, participants negotiate contributions, which might well be heavily

influenced by historic shares, but are in principle discretionary. Contributions to UN Funds and Programmes, the Global Fund and the African and Asian Development Funds are similarly voluntary. EU institutional funding is a mix of multi-year voluntary replenishment of the European Development Fund (EDF) for assistance to Africa, the Caribbean and the Pacific based on negotiations and unanimous decisions about each member's contributions, and annual EU budget attributions (following European Parliament and EU Council decisions) for other components of the European Union's external action that qualify for ODA. A smaller fraction of overall multilateral ODA – relevant in particular for UN Specialised Agencies – is driven by assessed contributions, which can be considered conditions of membership. These "portfolio" comparisons are useful from the perspective of system-wide coherence.

55. EU institutions as a cluster are the largest recipients of DAC countries' multilateral aid. In 2008, this amounted to USD 13 billion or 37% of DAC multilateral aid. The share of a DAC-EU members' multilateral aid to EU institutions depends largely on how many other multilateral agencies the member funds. On average, EU institutions account for roughly 50% of EU members' multilateral ODA; however, there are variations. Contributions to EU institutions account for as much as 77% of Greece's multilateral aid, while Sweden's share is only 23%. See Table 5 in Annex 1 for data including contributions to EU institutions.

56. A comparison of multilateral shares across the DAC membership needs to take into account the fact that seven DAC countries are not EU members. For this reason, the next section and Table 1.2 look at how these allocations change when contributions to the EU institutions are not included. This allows for more accurate cross-country comparisons of multilateral portfolio allocations.

Table 1.2: DAC Gross Multilateral ODA Disbursements, Five-year average (2004-2008), constant 2008 USD

	Total Multilateral ODA (excluding to EU Institutions) 2004-2008	Donor's share of global multilateral ODA, excluding to EU Institutions	IDA	UN Funds and Programmes*	Global Fund	AfDB	AsDB	% allocated to largest five multilateral clusters
Number of DAC donors			**23**	**23**	**21**	**18**	**22**	
Non-EU members	**44,962**	**44%**	**34%**	**15%**	**9%**	**6%**	**7%**	**72%**
Australia	1,772	2%	42%	7%	5%	n.a.	20%	74%
Canada	5,673	6%	32%	13%	9%	9%	6%	69%
Japan	15,057	15%	36%	12%	3%	5%	12%	67%
New Zealand	322	0%	16%	26%	1%	n.a.	11%	52%
Norway	4,932	5%	16%	45%	4%	9%	1%	75%
Switzerland	2,309	2%	40%	23%	1%	10%	3%	77%
United States	14,899	15%	38%	8%	19%	5%	5%	75%
EU members	**56,243**	**55%**	**33%**	**17%**	**9%**	**8%**	**3%**	**71%**
Austria	939	1%	51%	9%	n.a.	13%	6%	78%
Belgium	1,652	2%	52%	10%	5%	9%	2%	79%
Denmark	3,662	4%	14%	37%	4%	5%	2%	61%
Finland	1,163	1%	20%	39%	0%	9%	2%	70%
France	8,727	9%	29%	5%	19%	11%	3%	67%
Germany	8,369	8%	53%	6%	8%	9%	4%	79%
Greece	323	0%	47%	4%	0%	n.a.	n.a.	52%
Ireland	1,075	1%	26%	35%	5%	n.a.	4%	71%
Italy	5,677	6%	26%	8%	15%	8%	5%	62%
Luxembourg	398	0%	13%	21%	3%	n.a.	14%	51%
Netherlands	5,829	6%	20%	35%	6%	5%	3%	69%
Portugal	322	0%	33%	7%	4%	21%	12%	76%
Spain	4,047	4%	31%	12%	9%	10%	5%	66%
Sweden	4,971	5%	22%	41%	8%	7%	2%	79%
United Kingdom	9,091	9%	43%	15%	7%	8%	3%	76%
DAC Total excl. Korea	**101,206**	**99%**	**33%**	**16%**	**9%**	**7%**	**5%**	**71%**
Korea	938	1%	32%	4%	n.a.	7%	17%	61%

Source: DAC Aggregates.
* Includes UNICEF, UNDP, UNFPA, UNHCR, WFP and UNRWA. Excludes Specialised Agencies and UNCTAD, UNDCP, UNEP, UNIFEM, UNV, UNCDF and UN-Habitat for which core contributions are not disaggregated in the DAC database.
Note: Totals may not add up due to rounding.

Top five clusters, excluding to EU institutions

57. As seen in Table 1.2, donors allocate strikingly different portions of their multilateral portfolios to the same multilateral organisations. Luxembourg, for example, provides 13% of its non-EU multilateral aid portfolio to IDA, compared to Germany's 53%. The range for UN Funds and Programmes is 4% (Greece) to 45% (Norway).

58. Nordic countries (both in the EU and non-EU member categories) allocate approximately 40% of multilateral aid to UN Funds and Programmes[8] compared to less than 10% for several DAC donors including Greece (4%), France (5%), Portugal and Germany (6%), Australia (7%), Italy and the United States (8%). In contrast, their shares of multilateral ODA to IDA paint an opposite picture, with Nordic countries allocating on average less than 20%, which is significantly lower than Germany (53%) and United States (38%), or even the DAC average of 34%.

59. Average allocations to IDA and the Global Fund are roughly the same between EU and non-EU member groupings, with five EU members (Austria, Belgium, Germany, Greece, and United Kingdom)

8 United Nations Funds and Programmes for which disaggregated data is available include UNDP, UNICEF, UNFPA, UNRWA, UNHCR, and WFP

allocating an even higher share of ODA to IDA than Australia's 42%. In addition, France allocates the same share of its multilateral portfolio to the Global Fund as the United States (19%).

A few donors dominate the funding of most large multilaterals

60. Four to five donors account for more than half of all core contributions to the top six multilateral clusters. The four largest donors account for nearly 60% of all core contribution to IDA in 2004 - 2008 (Germany, Japan, United Kingdom, and United States). EU Institutions and the Global Fund are at least as concentrated, with three donors accounting for more than 50% of contributions (France, Germany, and United Kingdom for EU institutions and France, Italy, and United States for Global Fund). Table 2 in Annex 1 shows donors' funding share of multilateral organisations.

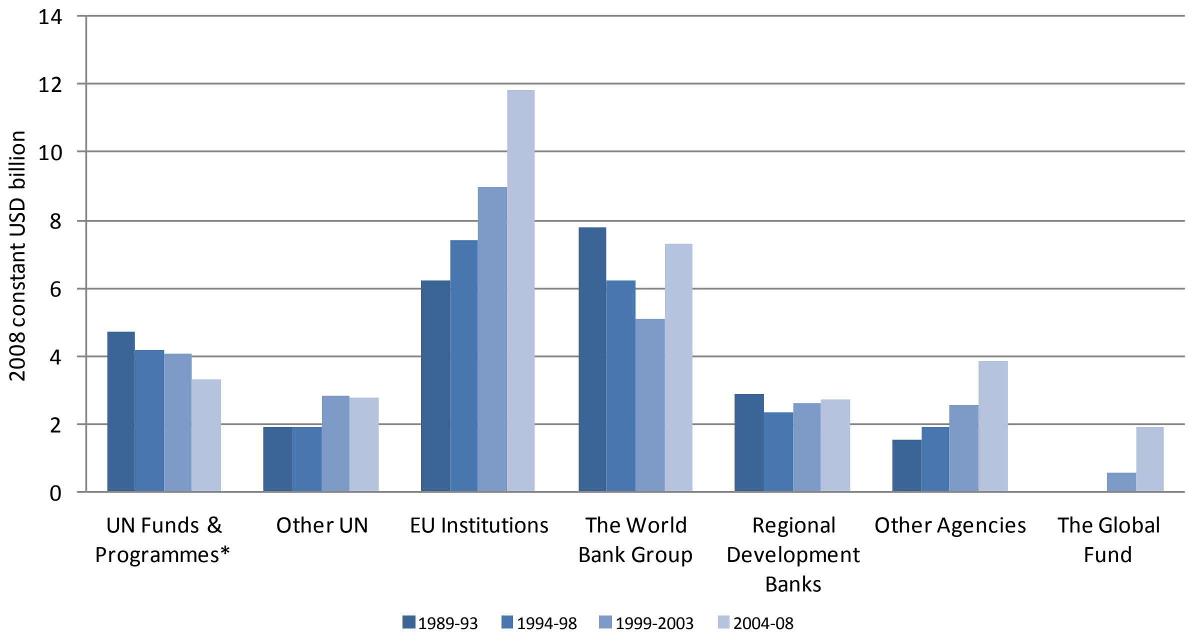
61. Australia, Canada, Japan, and United States together account for nearly 60% of all core funding to the Asian Development Bank, with Japan alone providing one-third of all resources in the period 2004-2008. Over the same period, contributions from France, and United States accounted for nearly 50% of all core funding to the Global Fund. The United States alone provides 31% of all core contributions to the Global Fund. The Nordic states provide 36% of all core support to the UN Funds and Programmes.

62. There is no clear pattern in the allocation of resources to the multilateral system among donors with or without a published multilateral strategy (see Chapter 6 for more information on multilateral strategies).

Sustained growth of EU Institutions, Global Fund

63. The long-term decrease of core multilateral aid to UN Funds and Programmes and the increase of core multilateral aid to EU Institutions and more recently the Global Fund are continuing (Figure 1.6). The DAC average share of multilateral ODA to UN Funds and Programmes decreased from 15% (USD 4 billion) to 10% (USD 3 billion) between 1999-2003 and 2004-8. Over the same period, the share of resources to the Global Fund increased from 2% of multilateral ODA (USD 1 billion) in 1999-2003 to 6% (USD 2 billion) in 2004-8. Multilateral ODA to EU Institutions was USD 12 billion or 37% of multilateral ODA in 2004-8, compared to USD 9 billion, or 33% in 1999-2003.

Figure 1.6: Aid provided by DAC countries to select multilaterals (five-year average)



Source: DAC Aggregates.
* Contributions to six UN Funds and Programmes are separately identifiable in DAC members' reporting: UNDP, UNICEF, UNRWA, WFP, UNHCR, and UNFPA. Other UN Funds and Programmes are aggregated into the "Other UN" category.
Note: "Other Agencies" includes GEF, Montreal Protocol and the residual "Other" multilateral category.

Programmable Multilateral Outflows

Country Programmable Aid

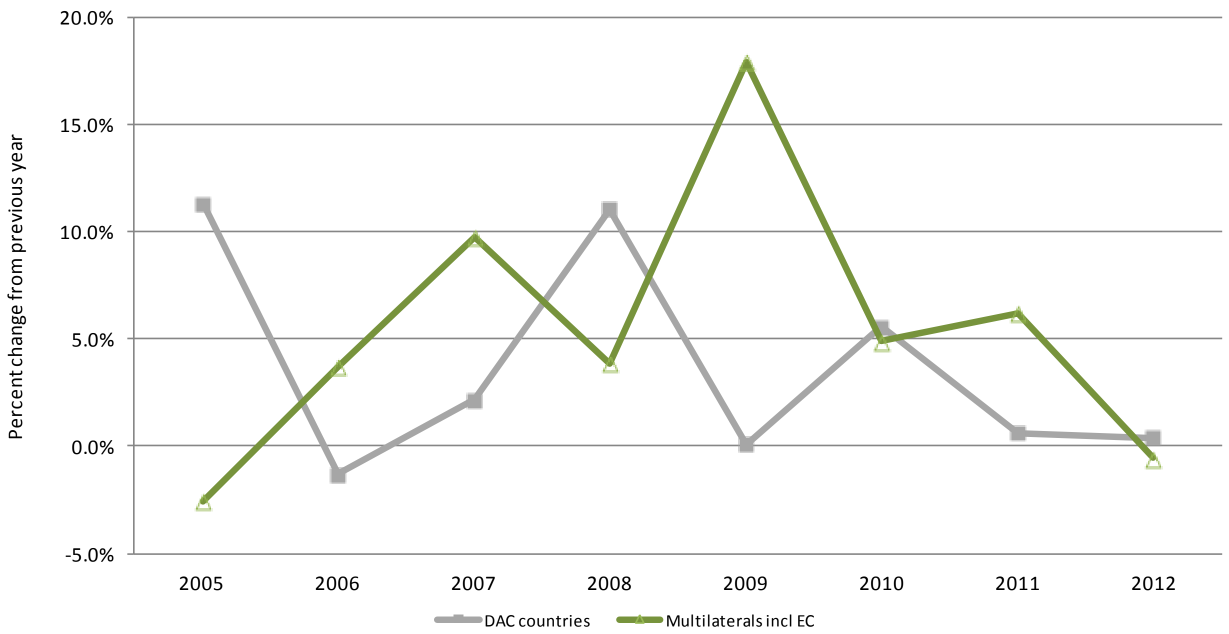
64. In 2007, building on earlier analyses on core development aid, the DAC introduced a new concept to provide a better estimate of the volume of resources transferred to developing countries called "country programmable aid" (CPA). CPA tracks the portion of aid on which recipient countries have, or could have, a significant say and which donors (bilateral or multilateral) can programme for each recipient country.[9] It is calculated by using data on gross ODA disbursements by recipient as a starting point, from which it excludes spending that:

1. Is inherently unpredictable (such as humanitarian aid and debt relief); or
2. Entails no flows to the recipient country (administration, imputed student costs, development awareness and research and refugee spending in donor countries); or
3. Is usually not discussed between the main donor agency and recipient governments (food aid, aid from local governments, core funding to international NGOs, aid through secondary agencies, ODA equity investments and aid which is not allocable by country).
4. Finally, CPA does not net out loan repayments, as these are not usually factored into aid allocation decisions.

[9] See also "Getting Closer to the Core – Measuring Country Programmable Aid", Development Brief 1/2010 (www.oecd.org/dac/scalingup).

65. Recent important increases in levels of multilateral outflows are a reflection of the response from international financial institutions to country demand for crisis-related finance in 2009. As can be seen in Figure 1.7, multilateral outflows increased by 18% in 2009 from the previous year, when at the same time, bilateral ODA was flat. More generally, annual increments of bilateral and multilateral CPA appear negatively correlated, which may reduce risks for partner countries.[10]

Figure 1.7: Percent change in Country Programmable Aid (CPA): Bilateral and Multilateral Outflows

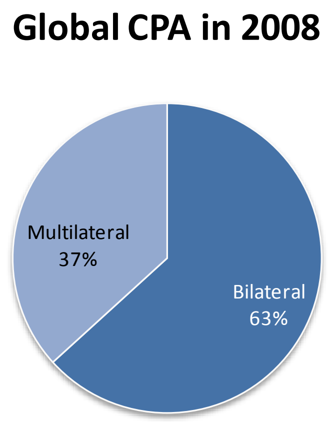


Source: DAC Aggregates and 2010 DAC Forward Spending Survey

66. In 2008, the multilateral share of global country programmable aid was 37%, despite the flat and eroding share of multilateral ODA (inflows to multilateral agencies), which was 28% of gross ODA, excluding debt relief. Multilaterals are responsible for a higher share of global CPA outflows than might be expected given multilateral inflows. Of course, the fact that non-DAC members, including other countries, recipients repaying earlier loans and other organisations (including private foundations) as well as the agencies themselves also inject resources to multilateral organisations and do not report these to the DAC should also be taken into consideration.

10 Note that data from 2009 to 2012 in Figure 1.2 is an estimate based on donors' responses to the 2010 Forward Spending Survey. OECD (2010), *2010 DAC Report on Aid Predictability, Survey on Donors' Forward Spending Plans 2010-2012*, OECD, Paris, forthcoming. See www.oecd.org/dac/scalingup for the final report, available online from September 2010.

Figure 1.8: Composition of Global Country Programmable Aid

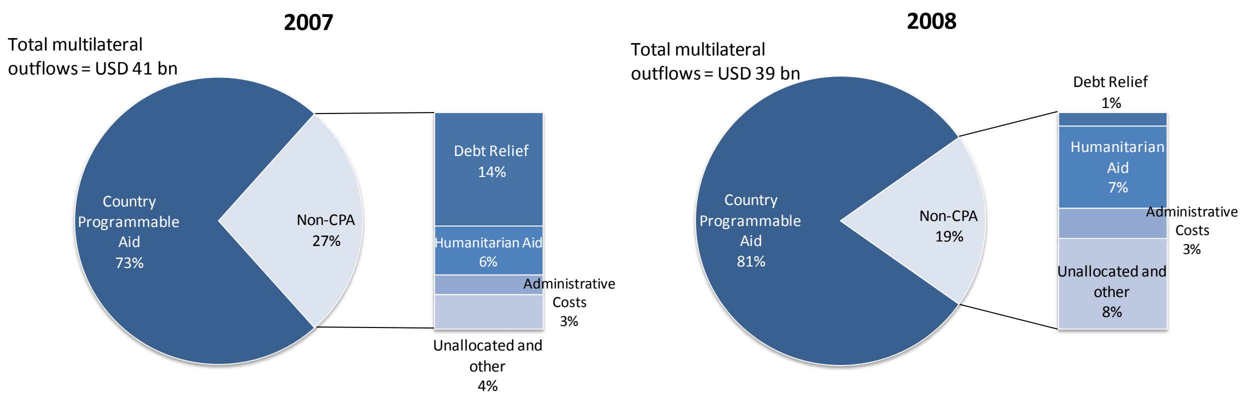


Source: DAC Secretariat estimates.
Note: EU Institutions are included in the "multilateral" category.

67. On average, 63% of multilateral outflows were reported as country programmable aid from 2004 to 2008. Figure 1.9 shows that the CPA share of multilateral outflows increased from USD 30 billion in 2007 to USD 31 billion in 2008. The increase in the share of CPA from 2007 to 2008 can mainly be attributed to important multilateral debt relief by the IDB Special Fund (USD 3.9 billion) to Bolivia, Nicaragua, Honduras and Guyana and by IDA (USD 1.5 billion) to Malawi and Sierra Leone in 2007.

Figure 1.9: Composition of gross multilateral outflows 2007 and 2008

(In constant 2008 USD billions)



Source: DAC Secretariat estimates.
Note: The data cover CPA in partner countries, regional programmes and multi-country allocations.

68. Among the multilateral agencies that reported outflows to the DAC (see Box 1.2), the majority of these do not report their administrative costs, development awareness and research expenditures, and other non-CPA eligible expenditures(with the exception of two agencies), so the true CPA share of multilateral outflows is likely to be slightly lower than Figure 1.9 suggests.

An important share of "significant" donor-partner relationships

69. The *2009 OECD Report on Division of Labour* proposed measures for donor (bilateral or multilateral) concentration and fragmentation. The concentration ratio measures the degree to which aid flows are important compared to those from other donors in a partner country, and in turn how important

the partner country is to the donor in question.[11] The table below presents the total number of significant relationships in low-income countries of multilateral agencies and bilateral donors (DAC countries). From a partner country perspective, having less “non-significant” donor relationships allows Ministries of Finance and/or Planning to concentrate more time and effort managing more “significant” partnerships.

70. Based on 2008 data, (Table 1.3) multilaterals are somewhat more concentrated (75%) compared to bilateral donors (57%). In part this is due to the fact that some large multilateral organisations have a regional, rather than global mandate, but this alone does not explain the 18-point disparity. For large multilaterals disbursing larger volumes than other donors and operating on specific needs- and performance-based allocations, this concentration is not surprising. Likewise, it is not too difficult for a small donor to appear “concentrated” if its global share of CPA is minimal[12] (see Annex 1 for a table with disaggregated bilateral and multilateral concentration ratios). Many multilateral agencies with low concentration ratios have normative, standard-setting and technical mandates that are not best measured in terms of resource transfers alone.

Table 1.3: Concentration Ratio of Multilateral and Bilateral Donors in Low-income Countries (LICs), 2008

DAC donors and major multilateral agencies	Number of "significant" relationships	Number of "non-significant" relationships	Total relationships (number of partner countries)	Concentration ratio
	A	B	(A+B)	(A) / (A+B)
Multilateral	**524**	**175**	**699**	**75%**
Bilateral	**438**	**335**	**773**	**57%**
Total	**962**	**510**	**1472**	**65%**

Source: 2009 OECD Report on Division of Labour - Addressing Fragmentation and Concentration of Aid across Countries, OECD 2009

MDG performance and aid allocations

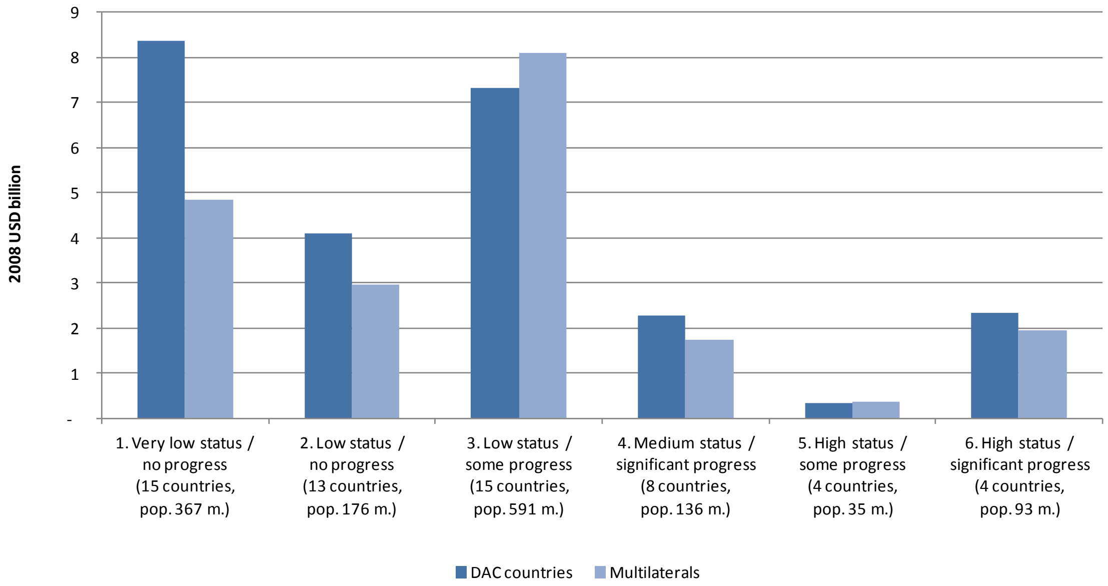
71. To examine MDG performance and aid allocations in the context of Donors’ Forward Spending Plans, the DAC Secretariat identified six clusters of low-income countries (LICs) based on their MDG status and their progress towards the MDGs. The current status was based on composite scores from 12 MDG indicators used for MDGs 1 to 7. Progress made towards reaching the MDGs was determined by a composite trend score for each country. Figure 1.10 shows the six broad categories of low-income countries (LICs) and the amount of country programmable aid each group of countries receives from both bilateral and multilateral partners. Bilateral ODA is more important in volume than multilateral outflows in the clusters with “very low” or “low” development status and no progress; however, in the third cluster of LICs with “low” development status and some progress in meeting the MDGs multilateral outflows

11 The number of “significant” relationships is determined when either (1) a donor (bilateral or multilateral) contributes a higher percentage of a recipient’s country programmable aid (CPA) than of its global share of total CPA. The donor is then concentrated in this country; and/or (2) a donor (bilateral or multilateral) accounts for among the top 90% of aid in the partner country. The “non-significant” category refers to a donor / partner country relation that does not fit either of the two criteria. For more details see the *2010 DAC Report on Aid Predictability, Survey on Donors’ Forward Spending Plans 2010-2012*, OECD, Paris, forthcoming. Available online from September 2010: www.oecd.org/dac/scalingup.

12 Because there is a higher share of smaller multilateral donors compared to smaller DAC bilateral donors, this works in the favour of multilaterals. For example, for those donors reporting to the DAC, the median global CPA share of multilateral organisations is 0.6%, whereas the median bilateral share of global CPA is 1.4%.

surpass bilateral ODA. More information on this can be found in the *2010 DAC Report on Aid Predictability: Survey on Donors' Forward Spending Plans 2010-2012.*[13]

Figure 1.10: Country Programmable Aid (CPA) to Low-Income Countries by Development Status and MDG performance, 2009



Source: 2010 DAC Forward Spending Survey.

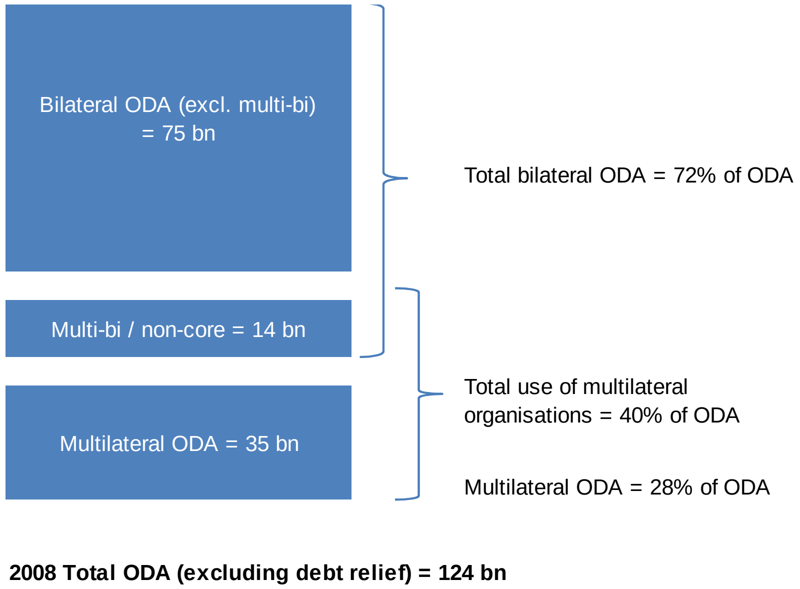
3. Total Use of the Multilateral System

72. In addition to multilateral ODA, donors choose to give non-core funding, earmarked for specific sectors, themes, countries or regions and routed through multilateral agencies, as illustrated in Figure 1.11. Core multilateral ODA together with non-core multilateral ODA constitutes the total use of the multilateral system.

73. DAC members report these funds as bilateral ODA and they are referred to as "non-core multilateral ODA" or "multi-bi". Data quality of non-core multilateral ODA is improving, and 21 DAC members report channel codes consistently. This year an effort was made to examine information reported in the channel of delivery name more closely.

13 See www.oecd.org/dac/scalingup for the final report, available online from September 2010.

Figure 1.11: Gross ODA Disbursements in 2008 (excluding debt relief, contributions from EU Institutions and Korea)



Source: DAC Aggregates and Creditor Reporting System.

74. In 2008, non-core funds amounted to USD 14 billion (USD 16 billion including EU Institutions as a donor), which is an 18% increase from USD 12 billion in 2006 (2008 prices). Part of this increase is attributable to better channel reporting. Thus, the "total use" of the multilateral system represents 40% of total ODA in 2008, similar to what it was in 2006. In other words, when one includes both core funding to multilaterals and non-core funding through multilaterals, multilateral aid agencies are more important in the overall international aid architecture than core contributions might otherwise indicate.

75. While it is too early to establish whether the total use is increasing, the next chapter explores the patterns of use of non-core multilateral ODA, and Chapter 3 looks specifically at non-core funding of UNDP and the World Bank.

Main Findings

- As overall levels of ODA increase, the multilateral share of ODA is flat, or eroding when contributions to EU Institutions are excluded. *(Paragraph 43)*
- In many cases, donors allocate very different shares of their multilateral portfolio to the same multilateral agencies. *(Paragraph 54)*
- Non-DAC EU members reporting to the DAC have a high multilateral share, but this is unlikely to be the case for the BRICs. *(Paragraph 49)*
- Between 2004-8, on average 82% of DAC members' multilateral ODA went to six clusters of organisations: EU institutions, IDA, UN Funds and Programmes, the Global Fund, and the African and Asian Regional Development Banks (15 institutions in all). Conversely multilateral ODA to the remaining 200+ multilateral organisations accounts for only 18%. *(Paragraph 52)*
- Recent trends indicate a decrease in the core multilateral funding of UN Funds and Programmes and an increase in funding to EU institutions and the Global Fund. *(Paragraph 63)*

- Multilateral outflows are on balance more flexible in the short term as demonstrated by their crisis response. *(Paragraph 65)*
- Multilateral outflows are also more geographically concentrated and deliver 37% of country programmable aid compared to bilateral flows, but this is subject to qualifications. *(Paragraphs 66 & 70)*
- The total use of the multilateral system by DAC donors (core multilateral ODA plus bilateral earmarked ODA channelled through multilateral organisations) was 40% of total ODA in 2008. Indeed, this proportion may give a better indication of the role multilateral institutions play in the overall aid architecture today. *(Paragraph 74)*

Questions for Future Policy Discussions

- What explains the flat historical multilateral share of ODA? Which arguments for and against greater pooling have the most traction in the current context?
- Should future work focus on the 15 multilaterals (6 clusters) which claim 82% of multilateral ODA volume, or also attempt to rationalise the 18% “long tail”?
- What are the main determinants of large variations in multilateral portfolio choices across DAC members? Are any likely to be amenable to improved information sharing?
- Are new non-DAC and non-EU funding sources less focused on multilaterals? If so, why and how might this change?
- Is the EU a special case that requires a different analytical approach? If so, in what way?

2. NON-CORE FUNDING OF MULTILATERALS

76. The previous chapter discussed trends in multilateral aid, and explained both core and non-core multilateral ODA. Box 2.1 provides definitions of core and non-core funding, according to DAC directives.

Box 2.1: Definitions of Multilateral ODA and Non-Core or Multi-bi ODA

1. Multilateral ODA is a contribution made to a recipient institution that:

- Conducts all or part of its activities in favour of development;
- Is an international agency, institution or organisation whose members are governments, or a fund managed autonomously by such an agency; and
- Pools contributions so that they lose their identity and become an integral part of its financial assets.

Multilateral ODA includes both assessed and voluntary un-earmarked contributions.

2. If the donor channels ODA earmarked by sector, theme, country or region through a multilateral institution, this is reported as bilateral ODA. This is also referred to as non-core multilateral ODA or multi-bi ODA.

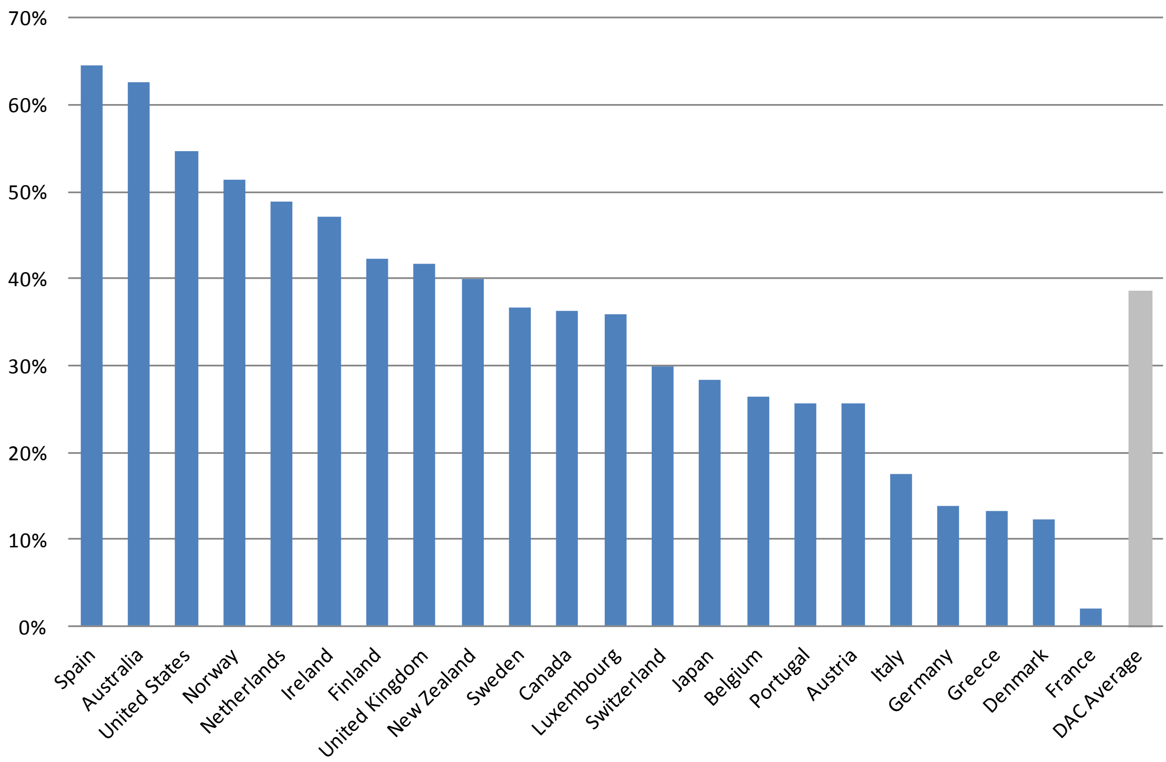
Source: DAC Reporting Directives and DAC Secretariat.

77. This chapter and the next conclude that non-core funding can contribute to a wide range of complementary activities, but that although there are some less positive aspects also discussed. The existence of a large number of multi-donor trust funds is a testament to the growing use of non-core funding. Since non-core funding is likely to continue its upward trend, donors should ensure that it is additional and complementary to a minimum of core contributions, and that it does not undermine the multilateral organisation's core objectives. To date, few evaluations of multi-donor trust funds have been conducted.

1. Overview of DAC Members' Non-Core Funding

78. Australia, the United States, Norway and Spain have the highest non-core multilateral ODA as a share of the reported "total use" of the multilateral system (core plus non-core multilateral aid), well above the DAC average of 29%. When contributions to EU Institutions are excluded, the DAC average rises to 39% (see Figure 2.1), and the same top four donors emerge. Until recently contributions to EU institutions were only un-earmarked (core), meaning that EU members' multilateral ODA by implication included a larger portion of core multilateral ODA. France, Greece and Germany have the lowest shares, though this may partially be due to under-reporting of non-core multilateral aid. More detailed information, including on each donor's specific non-core allocations can be found in Annex 2.

Figure 2.1: 2008 Gross non-Core multilateral ODA disbursements as share of reported total use of the multilateral system (%), excluding to EU Institutions



Source: Creditor Reporting System and DAC Aggregates.

2. Main issues Relating to Non-Core Funding of Multilaterals

79. There are inherent tensions and complementarities in providing both core and non-core contributions to multilateral entities. Non-core funding may undermine institutions' core governance mechanisms. At the same time, it creates opportunities by augmenting targeted resources through these same institutions.

Non-Core funding from a Donor's Perspective

80. From the point of view of the donor, non-core funding through multilaterals allows it to direct its resources to specific sectors, regions or countries of interest. This may allow a donor to give targeted funding to an organisation it may not otherwise fund, for example, on the belief that its Board does not allocate its core funding according to key international development needs and priorities (from the donor's point of view at least). Donors may also use non-core funding to try to exert some influence on the activities financed by the multilateral organisation, in perhaps less onerous and bureaucratic means than through the Board or equivalent representative structure's decision-making process.

81. Non-core funding also provides donors with the kind of visibility that may be important vis-à-vis its domestic stakeholders in order to mobilise and to maintain public resources for development. For example, contributing to the East Asia Infrastructure Fund of the World Bank may seem to be a more visible investment than allocating the same amount of money in core resources to IDA or IBRD, where resources may be partly spent on infrastructure programmes in East Asia even if this is not directly traceable to the donor's original contribution. Increased non-core funding by some donors could make core

funding less appealing for all donors if core funds are perceived as subsidising non-core funds, in cases when administrative costs are not fully covered by trust fund overheads. For this reason, it is important for multilateral organisations to maintain a strategic vision and framework demonstrating results of core activities in order to attract core funding at the same time that they accept non-core funds.

82. Similar to the rationale for providing core multilateral funding, donor governments may wish to fund specific programmes or specific partner countries where they either do not have the ability to implement a programme, or where they do not have a bilateral presence. In this way, donors may provide non-core funding as a way to decrease their own transaction costs; however, these costs are not likely to be eliminated altogether. They may be displaced to the level of the multilateral in question and associated with administrative fees or charges, ultimately financed by donors.

Non-Core Funding from the First Receiver's (Multilateral Organisation) Perspective

83. The supply of non-core funds can shift a multilateral organisation's overall balance of activities, potentially carrying the risk of "hollowing out" its core policies. The day-to-day governance of non-core funds usually falls under a different arrangement than the Board of the organisation in question. This governance arrangement of earmarked funds may also offer less voice to partner countries in the decision-making process. Even in cases where trust funds are multi-donor and sources of funding are pooled, the scope of governance oversight over those resources may not be as representative as the formal governance arrangements in place. In some cases, partner countries have a less limited voice in the management of the relevant trust fund, but this is not consistently the case. Managing non-core resources can also incur higher transaction costs for the organisation (relative to core contributions) considering the time required to negotiate and implement donor-specific monitoring and reporting requirements.

84. On the other hand, non-core funds increase the overall envelope of resources available to multilateral entities, allowing them to engage in a wider range of activities using existing institutional structures. Employing an existing multilateral organisation as a vehicle for specific, critical and time-bound purposes may be preferable to creating a new multilateral institution, and even more so to the alternative of establishing multiple parallel bilateral initiatives. In certain situations, non-core funding can also contribute to enhanced harmonisation and alignment among donors, as in the case of the UN Multi-Donor Trust Fund office.

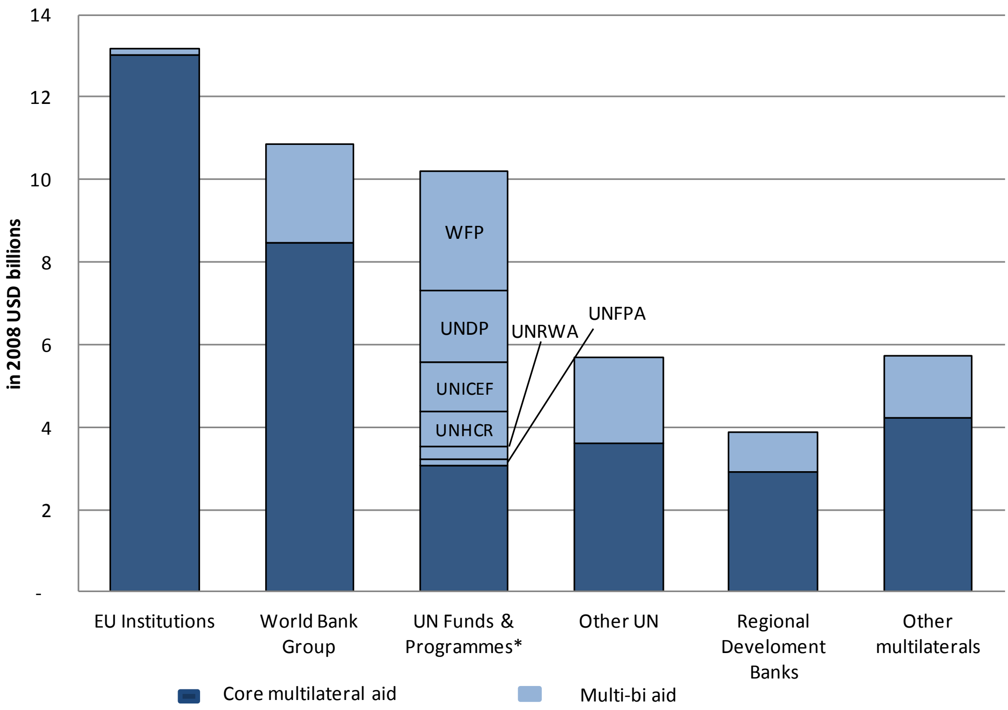
Aid Effectiveness Principles Applied to the Funding of the Multilateral System

85. Aid effectiveness principles can be applied to the funding of multilateral entities and to the mix of core and non-core funding provided. The more that DAC members' multilateral portfolios are shaped by non-core resources, the less predictable the funding of multilaterals becomes, especially to the extent that non-core resources squeeze core contributions. For example, where a donor's contributions are more likely to be determined by specific themes that are time-bound, rather than on the organisation's fundamental objective or existing mandate, this could reduce predictability of future funding. For this reason it seems plausible, on the grounds of predictability, to couple non-core funds with a minimum of core funding.

86. Core funding helps to supports the basic institutional infrastructure that underpins both core and non-core funding, although multilateral organisations are increasingly seeing trust funds as a separate business line that includes all associated costs, and some, such as the World Food Programme, rely very little on core funding for any of their operations. In fact, the aid effectiveness principles relating to non-core funding do not apply to humanitarian aid, which is by nature unpredictable.

Figure 2.2: Total use of the multilateral system, 2008 gross disbursements

(Excluding EU institutions and Korea as donors)



Source: Creditor Reporting System and DAC Aggregates.
* Contributions to six UN Funds and Programmes are separately identifiable in DAC members' reporting: UNDP, UNICEF, UNRWA, WFP, UNHCR, and UNFPA. Other UN Funds and Programmes are aggregated into the "Other UN" category.

87. The next chapter looks more closely at the non-core funding of UNDP and World Bank. As illustrated in Figure 2.2, and according to data reported to the DAC, the World Bank is the largest single recipient of non-core funding at USD 2.4 billion. UNDP is the second largest UN non-core recipient (USD 1.8 billion), after the World Food Programme (WFP – USD 2.9 billion), which by nature depends on assistance earmarked for specific emergency operations, and receives very little core funding. Until recently, EU institutions did not accept earmarked funds. This explains their very small share of non-core multilateral ODA.

3. Level of Non-Core Earmarking and Country-level Delivery of Aid

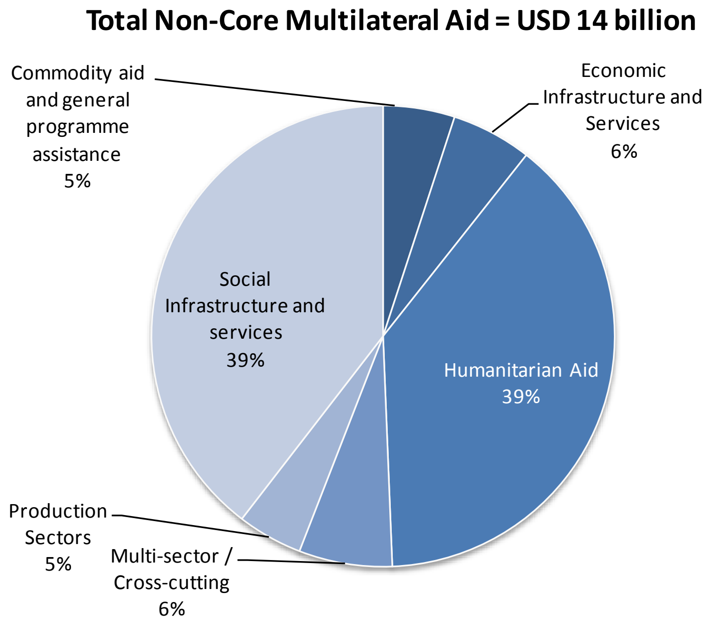
88. Over 80% of non-core funds are earmarked for a specific country or region. The remaining one-fifth of funding is for thematic purposes, which are not country-specific at the onset, but rather earmarked by sector.

Sectors and recipients of non-core support compared to other channels

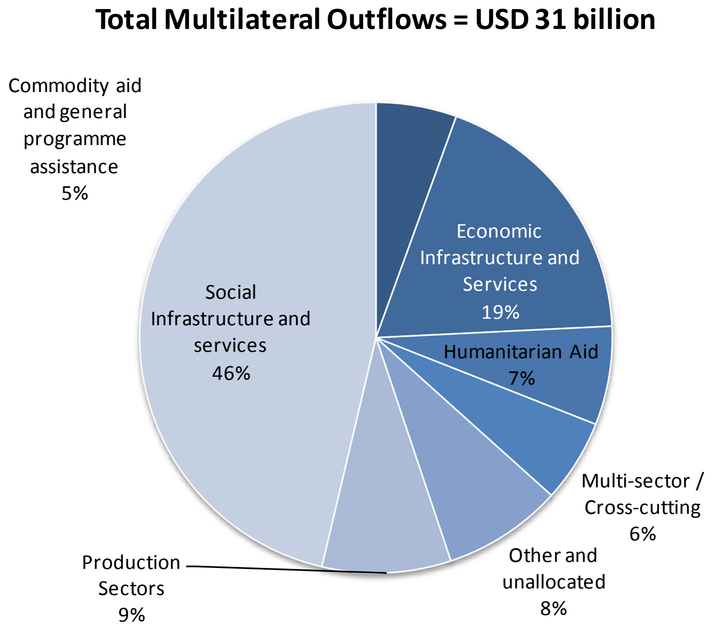
89. Multilateral outflows reported to the DAC relate only to disbursements from core un-earmarked contributions. Non-core multilateral aid has a much higher share directed towards humanitarian activities (39%, or USD 5.5 billion) compared to multilateral outflows (7%, or USD 2.1 billion), as illustrated in Figure 2.3 below. In fact, **non-core ODA earmarked for humanitarian purposes and routed through multilateral organisations is the single most important channel of humanitarian aid** in volume

(bilateral humanitarian aid directly to partner countries accounts for USD 3.5 billion). Non-core humanitarian aid to the WFP represents nearly half of this total non-core multilateral humanitarian aid. Humanitarian aid includes emergency response, reconstruction relief and rehabilitation, and disaster prevention and preparedness.

Figure 2.3 Gross terms, 2008 USD (excluding debt relief)



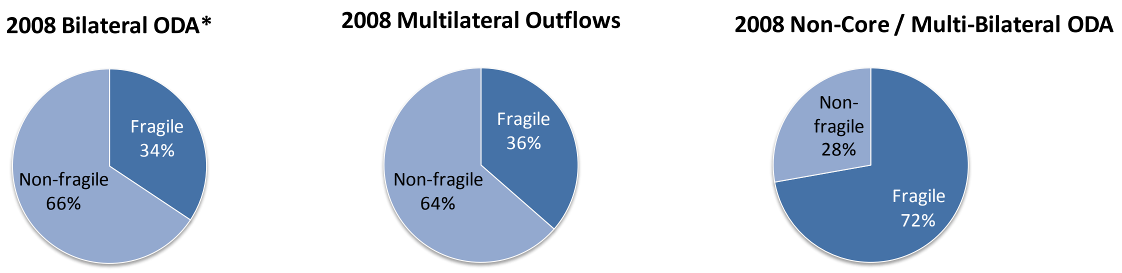
Source: Creditor Reporting System.



Source: Creditor Reporting System.

90. Non-core activities are less concentrated on "Economic Infrastructure and Activities", which includes transport, communications, energy generation, banking and financial services and business development than core multilateral outflows. They have somewhat similar allocations of "Social Infrastructure and Services", a category including education, health, and economic policy and planning. Non-core multilateral aid and multilateral outflows follow similar patterns of geographical allocation, with sub-Saharan Africa as the top recipient. However, non-core multilateral ODA reaches a higher proportion of fragile states: 72% of non-core funds allocated to specific countries go to fragile states as opposed to 36% of core multilateral outflows and 34% of bilateral ODA (see Figure 2.4 below).

Figure 2.4: Share of flows going to Fragile and Conflict-affected States



Source: Creditor Reporting System.
*This excludes multi-bilateral ODA.
Note: Total bilateral ODA (allocated to specific countries) = USD 69 billion; Total multilateral outflows (allocated to specific countries) = USD 29 billion; Total multi-bilateral ODA (allocated to specific countries) = USD 9 billion.

Channels of aid delivery in different partner countries

91. In fragile and conflict states, an average of 19% of country programmable aid (CPA) is channelled through a multilateral organisation[14] compared to 9% in other countries. This is in addition to core multilateral outflows. This small difference may be due to the fact that multilateral entities have a greater presence in fragile and conflict states compared to bilateral agencies, and are entrusted with resources from bilateral partners not present there. In some ways it is surprising that there is not a greater difference between the two, but this is likely due to large volumes of ODA from large bilateral donors in a few fragile and conflict states.

92. Further work could analyse these funding channels in more detail, from the point of view of partner countries. Table 2.3 includes information on the shares of concessional official development finance that was delivered as bilateral, multi-bi (non-core), and core multilateral outflows in 2008 for nine countries. Sudan and Afghanistan rely more on channels of non-core multilateral ODA, as evidenced by the large volume of specific trust funds to these countries. Bolivia, Indonesia and Zambia rely heavily on bilateral ODA (more than 72%), whereas Haiti, Mongolia and Uzbekistan rely more on core multilateral outflows, relative to the other countries in this table.

[14] Secretariat estimate, based on Country Programmable Aid plus humanitarian assistance.

Table 2.3: Channels of CPA in nine partner countries

	Bilateral ODA		Multilateral Outflows
	Bilateral	Non-core multilateral	
Afghanistan	65%	27%	8%
Bolivia	76%	6%	17%
Haiti	52%	17%	31%
Indonesia	74%	7%	19%
Mongolia	65%	7%	28%
Sudan	33%	58%	9%
Uzbekistan	69%	4%	27%
Viet Nam	60%	6%	34%
Zambia	72%	2%	25%

Source: DAC Aggregates and Creditor Reporting System

Main Findings

- In 2008, 29% of DAC countries' total aid transiting through the multilateral system was earmarked (non-core). This rises to 39% when excluding all contributions to EU Institutions. *(Paragraph 78)*
- Donors earmark funds to target specific countries and sectors and to have greater visibility and influence in the multilateral system. *(Paragraphs 80 & 81)*
- From a multilateral organisation's perspective, excessive earmarking risks hollowing out the governance of an organisation and complicates accountability, but it may be better than the alternative of multiple single-donor parallel initiatives. *(Paragraphs 83 & 84)*
- Non-core, or earmarked, multilateral ODA is the single-most important channel for humanitarian aid. It also targets a higher proportion of fragile states than multilateral outflows or bilateral ODA. *(Paragraphs 89 & 90)*

Questions for Future Policy Discussions

- Is there a growing trend towards non-core funding? What might be the development effectiveness implications?

3. NON-CORE FUNDING OF UNDP AND THE WORLD BANK

93. The chapter provides an overview of the role of non-core funding in the functioning of UNDP and the World Bank, primarily concerning trust funds. The World Bank Group is the largest single recipient of non-core funding (USD 2.7 billion in 2008),[15] and UNDP is the second largest UN agency recipient (USD 1.8 billion in 2008). Non-core funding – often in the form of multi-donor trust funds – to UNDP and the World Bank accounts for 30% of total DAC non-core aid to the multilateral system and constitutes an important share of total resources entrusted to these agencies.

Methodological Issues

94. The data used for this chapter comes from both DAC members' reporting to the Secretariat as well as from the multilateral organisations themselves. Box 3.1 explains some of the reasons why there may be discrepancies in these numbers

Box 3.1: Methodological Issues relating to Non-Core Multilateral ODA

The amount of core and non-core contributions reported to the DAC and the amount recorded by multilateral agencies themselves may vary. There are some practical reasons for these differences, including:

- Difference in USD exchange rates used
- Multi-year contributions reported in a single year
- End-of-year contributions reported in the following calendar year
- Misidentification of non-core funds as "core" or vice-versa.

There are also some explanations that relate specifically to UNDP and the World Bank:

- UNDP considers its non-core contributions to be those resources earmarked to specific themes, programmes and activities. It does not include contributions to the 29 trust funds administered by the Multi-Donor Trust Fund (MDTF) Office of UNDP on behalf of the UN System in this figure. However, DAC members report contributions to the MDTF Office as part of their non-core ODA[16] channelled through UNDP, since it is the Administrative Agent.

- The World Bank considers contributions to global funds and programmes, including the Global Fund against AIDS, Tuberculosis and Malaria, GAVI, IFFIm, the Global Environment Facility, MDRI and HIPC as part of its non-core contributions. However, DAC members report un-earmarked contributions to these global funds and programs as multilateral ODA, since they are included on the list of international organisations to which official contributions may be reported as ODA (see Annex 5.)

Source: DAC Secretariat

15 All numbers cited are based on DAC members' reporting to the Creditor Reporting System.

16 With the exception of the UN Peacebuilding Fund (Window 1), which is eligible to receive multilateral ODA.

1. United Nations Development Programme (UNDP)

95. This section describes the core and non-core funding of UNDP, the use of multi-donor trust funds, and the effect this mix of funding has on the organisation.

Funding of UNDP

96. UNDP, like all the UN Funds and Programmes is entirely funded by voluntary contributions, earmarked or not. Un-earmarked regular or core resources amounted to USD 1.1 billion in 2008 and non-core resources (from all sources) reached USD 3.6 billion, according to UNDP's own records (see Table 1). This means that the non-core "dependency rate" is about 77%. Regular resources represent contributions to the UNDP core budget, which follows the criteria and appropriations established by the UNDP Executive Board in support of the organisation's multilateral mandate, including for policy advisory services. Other, or non-core, resources are comprised of contributions earmarked to themes, countries, regions and/or specific projects.

UNDP Core Resources

97. Core resources are un-earmarked, voluntary contributions to UNDP's regular budget. Around 50 to 60 governments contribute to UNDP's core resources in a given year. Ten partner governments account for around 80% of core contributions in 2008.[17] Overdependence on a limited number of major donors and the voluntary, often residual nature of core contributions make UNDP highly vulnerable to any shifts in contributions, even among a small number of donors.[18]

98. Multi-year commitments made by a number of DAC donors have helped to enhance the predictability of UNDP's core resources, but the majority of donors still pledge on an annual basis despite UNDP's adoption of the multi-year funding framework (MYFF) in 1999 as an instrument to enhance the predictability of voluntary core resource flows and to ensure policy coherence. Some UN agencies have taken steps to decrease donor concentration and broaden the burden-sharing of donor governments (see Box 3.2).

Box 3.2: UNEP's Voluntary Indicative Scale of Contributions

Apart from a small contribution from the United Nations Regular Budget, which is less than 4% of the United Nations Environment Programme's (UNEP) total budget, UNEP depends entirely on voluntary contributions. In 2002, UNEP approved the application of the Voluntary Indicative Scale of Contributions (VISC) to its Environment Fund. The purpose of the VISC was to broaden the base of voluntary contributions, enhance predictability, improve financial stability and attract higher voluntary payments.

The voluntary indicative scale is based in part on the UN scale of assessments, and includes a few additional guidelines that provide limits on the proportion of funding for the Fund:

- Minimum indicative rate of 0.0001 %
- Maximum indicative rate of 22 %
- Maximum indicative rate for LDCs of 0.01 %

An assessment of the VISC in December 2008 found that the donor base had broadened, from about 76 member

17 Norway, the Netherlands, Sweden, the United States, the United Kingdom, Japan, Denmark, Canada, Spain, and Switzerland. (*Source:* UNDP)

18 United Nations Secretariat (2009) "Strengthening the system-wide funding architecture of operational activities of the United Nations for development." New York, 3 May 2009.

states in the period from 1973-2002 to 117 member states in 2003-7. In addition, there is lower concentration of the top ten donors: in 2008-9, the top 10 donors[19] were expected to contribute 71% of total funds. While short-term predictability improved in 2002, since then predictability has not improved as donors continue to make single-year commitments. Stability has improved and volumes have also increased, although it is probably too early to tell if these results are directly linked to the implementation of the VISC.

Source: UNEP (December 2008), "Voluntary indicative scale of contributions: assessment of the operation of the extended pilot phase." UNEP/GC.25/INF/14 http://www.unep.org/rms/en/pdf/VISC2008-9contributions.pdf

Table 3.1: DAC contributions to UNDP 2007-2008

DAC* contributions to UNDP 2007-2008 (nominal USD billions)		
DAC Statistics	2007	2008
Core resources	1.2	1.1
Non-core resources	2.0	1.8
UNDP Records		
Core resources	1.1	1.1
Non-core resources, of which:	3.6	3.6
- OECD/DAC Bilateral donors	1.1	1.4
- Multilateral donors (incl. EC)	1.2	1.2
- Local resources	1.3	1.0

* OECD/DAC bilateral donors, excluding Korea and EC
Source: Creditor Reporting System and UNDP data.

UNDP Non-Core Resources

99. UNDP non-core resources are earmarked to specific themes, programmes and activities, and represent a critical complement to the regular resources base of UNDP. The overall level of non-core resources made available to UNDP as the result of many individual donor decisions to allocate resources to specific themes and countries was USD 3.6 billion in 2008. For the most part, non-core resources are mobilised at the country-level around distinct project engagements under the umbrella of UNDP's country programmes. Because of this, non-core resources are difficult to forecast in aggregate terms and tend to be highly concentrated in a subset of partner countries. More than 60% of non-core contributions from bilateral and multilateral donors in 2008 (USD 2.7 billion) target around 20 programme countries.

100. The composition of non-core resources as recorded by both the DAC and UNDP is further detailed in Table 1 above. UNDP considers three sources of non-core funding: (1) OECD/DAC donors; (2) Multilateral partners; and (3) local resources. Almost 40% or USD 1.4 billion of UNDP's non-core contributions are from OECD/DAC donors. In addition, multilateral partners including the European Commission, the Global Fund to Fight AIDS, Tuberculosis and Malaria, the Global Environment Fund entrusted USD 1.2 billion in non-core resources to UNDP in 2008. Finally, local resources annually account for some USD 1 billion of UNDP's non-core resources (see Box 3.3).

[19] Does not include the United States, which chose to be removed from the VISC.

Box 3.3: Local Resources to UNDP

Programme country governments work with and through UNDP to implement their domestic development priorities. These "local resources" are not considered flows as such as they stay within the partner country, and thus, are not included in ODA. Local resources are frequently provided to UNDP by low- and middle-income countries, initially mostly in the Latin and Central American region, but in recent years also from countries in other regions.

Local resources are a way for UNDP to effectively support a country's capacity to mobilise and manage internal and external resources and to ultimately contribute to the national ability to articulate and implement the MDGs. Like core and other non-core resources, local resources form part of the multi-year country programme agreed between partner governments and UNDP, and are governed and reported on in the same way as all UNDP resources at country-level.

Source: UNDP Partnerships Bureau.

101. According to UNDP, the top recipient of DAC members' non-core contributions to UNDP (not including those transiting through the Multi-Donor Trust Fund Office referred to later) is Afghanistan (USD 382.9 million), followed by Sudan (USD 74.5 million), Bangladesh (USD 67.6 million) and Somalia (USD 63 million).

Relationship of Core and Non-Core Funding

102. There are inherent tensions, but also opportunities resulting from the mix of core and non-core funding to UNDP. In general, non-core resources tend to incur higher transaction costs for the receiving organisation, considering the time required to negotiate individual funding agreements and to comply with donor-specific monitoring and reporting requirements. All of these add significant costs of UNDP's general operations.[20] On the other hand, the channelling of programmatic funds from a wide range of sources through UNDP mirrors the international funding environment and attests to the fact that it is seen as sufficiently accountable for targeted activities and interventions.

103. The UN General Assembly, most recently in Resolution 62/208, has frequently stressed that "…core resources, because of their untied nature continue to be the bedrock of the operational activities for development of the United Nations System and, in this regard, notes with concern that the share of core contributions to United Nations funds and programmes has declined in recent years…" Indeed, while core funding from DAC donors to UNDP have been relatively stagnant, non-core resources have grown considerably, exceeding core contributions in recent years.

104. Non-core resources align with UNDP's mandated practice areas (poverty reduction/MDGs; democratic governance; crisis prevention and recovery; and sustainable energy and environment) and form part of UNDP's country programmes, which are agreed with national partners and endorsed by UNDP's Executive Board, but they do not fall directly under the purview of the Executive Board in the same way as core resources. Partner countries hold 24 of the 36 seats of the Executive Board, which gives them 2/3 voting power. Executive Board governance, however, is effectively bypassed in the day-to-day management of non-core resources. This may be more or less important depending on the volume and type of funding.

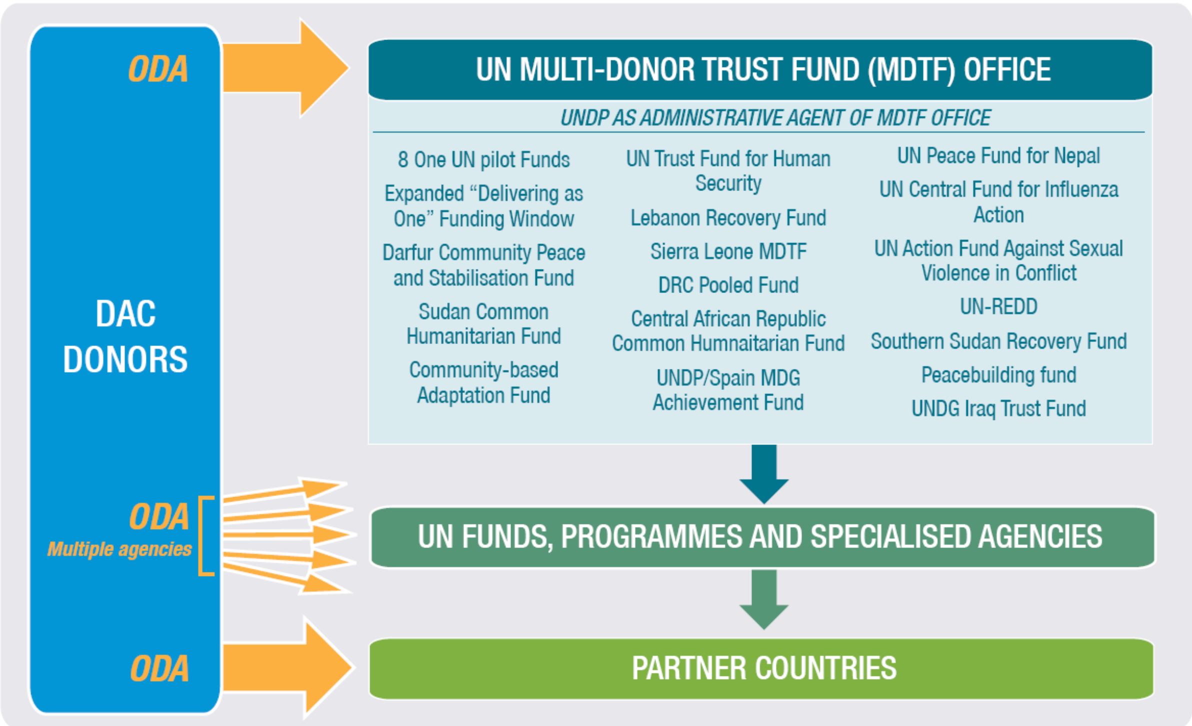
[20] United Nations Secretariat (2009) "Strengthening the system-wide funding architecture of operational activities of the United Nations for development." New York, 3 May 2009, p. 6.

105. Perhaps because it is an organisation dependent on voluntary contributions, the top six contributors to UNDP regular resources map almost exactly to the top six non-core contributors.[21] This indicates that donors are not necessarily using non-core funding as a way to bypass core funding. In the 2008-13 Strategic Plan endorsed by the Executive Board, UNDP aims to rebalance the ratio of core and non-core resources to the extent that this is possible in the current international funding environment. In a July 2010 Resolution on System Wide Coherence[22], Member States agreed to introduce a new approach to determine the "critical mass" of core funding for funds and programmes, according to their individual mandates.

The Multi-Donor Trust Fund Office

106. The Multi-Donor Trust Fund (MDTF) Office offers a "one-stop-shop" for donors to establish one agreement with one UN organisation serving as the administrative agent instead of entering into separate agreements with each UN agency. This reduces costs and may save time for both donors and UN agencies, at least in the first instance. The first UN multi-agency MDTF was the UNDG Iraq Trust Fund, established in December 2003 with funds from UN entities and the World Bank. Today, 29 trust funds are managed by the UNDP MDTF Office (see Figure 3.1). The MDTF Office has taken specific and concrete steps to ensure that contributions made by donors towards the various UN MDTFs it administers are kept separate and distinct from UNDP's own accounts and operations. Cumulative deposits reached over USD 4 billion at the end of 2009 and transfers to participating organisations for implementation made to-date were just over USD 3 billion.

Figure 3.1: Methods of Providing Earmarked ODA to the United Nations



Source: DAC Secretariat, based on information from the UN MDTF Office and UNDP.

21 DAC Secretariat analysis.
22 General Assembly Resolution 64/289

Donor Perspectives on Trust Funds of the MDTF Office

107. Some donors (primarily small donors) appreciate the visibility that funding through the MDTF Office provides them (*e.g.* Romania's participation in the Lebanon Recovery Fund might have been overshadowed if it had given the same amount directly to a UN entity for implementation, while as a contributor to a multi-donor trust fund it attains greater visibility). This conduit through the MDTF provides a streamlined process and offers incentives for UN entities and donors to adhere to and to promote UN reform. MDTF activities and programmes are actually implemented by over 40 UN agencies and some non-UN participating agencies. For example, in 2008 the MDTF Office transferred 21% (USD 129 million) to UNDP and 17% (USD 82 million) to UNICEF for implementation of trust fund activities.[23]

108. Donor involvement in the management of MDTFs varies. While some donors request weekly updates of the Fund's activities at the country-level or request the inclusion of separate clauses in their agreements, others are satisfied to engage with only regular reporting. Although earmarking by sector or theme (but not by specific projects) within a particular trust fund can take place at a country-level, a specific UN agency cannot be singled-out for implementation. It may be because some bilateral donors have regulations that do not allow for flexible allocation of resources to UN agencies at the country level that bilateral donors continue to provide funding in parallel to the One UN Funds (initially for 8 countries: Albania, Cape Verde, Mozambique, Pakistan, Rwanda, Tanzania, Uruguay and Vietnam, and recently expanded to 11 more "Delivering as One" Funds in 2009-10).[24] DAC members encourage the use of "One UN" and "Delivering as One" funds in eligible countries to avoid multiple transactions, but evidence suggests that this is not yet a reality.

MDTF Policies and Future Work

109. Unlike the World Bank, which established a minimum threshold for establishing new trust funds at USD 1 million (from USD 200,000) in 2007[25], the UNDP MDTF Office does not have a minimum floor for establishing trust funds. This is a key concern since the costs to set-up, implement, and monitor a very small fund may outweigh its benefits, especially if there is no guarantee of increased funding in the future.[26] The MDTF Office also acknowledges a need for more experienced staff to participate in national steering committees in the implementation of MDTFs at the country-level. Over the course of 2010, the UNDG is developing guidelines for establishing MDTFs that will address governance, evaluation and audit issues. The phasing-out of MDTFs, where relevant, is seen as an area where World Bank expertise could be relevant. Future work could look at the additionality of MDTF funding, and UN agencies' incentives to collaborate on MDTFs.

UN Country Team Perspectives: more co-ordinated approaches align with UN reform

110. In the aggregate, funding at a country-level comes from three sources, although not all countries will have access to all three. These are (1) regular resources; (2) non-core resources; and (3) "One UN" country funds or other multi-donor trust funds. "One UN" country funds are available to the eight "One UN" pilot countries mentioned above, while the Expanded "Delivering as One" (DAO) Funding Window for Achievement of MDGs was launched in September 2008 to provide un-earmarked gap funding to

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23 UNDP Multi-Donor Trust Fund Office.

24 UNDP MDTF Office (2009), "UN Multi-Donor Trust Funds & 'Delivering as One' Funds: A lessons learned non-paper." 1 July 2009.

25 World Bank (2007) "A Management Framework for World Bank-Administered Trust Funds." 14 September 2007.

26 UNDP (2010), "Background Note for the UNDG-Donor Meeting on Multi-Donor Trust Funds." 21 January 2010.

additional partner countries in a similar fashion as the "One UN" initiative.[27] In effect, these and other multi-donor trust funds may actually reduce transaction costs both for UN agencies and partner governments.

Box 3.4: Co-ordinated Approaches: the MDG Achievement Fund

UN co-ordination was a major motivation in Spain's large non-core contribution (USD 239.9 million in 2008 alone) to create the MDG Achievement Fund (MDG-F). This single-donor trust fund generates many large joint programmes (200 programmes present in 59 partner countries), encouraging partnerships and serving as a framework that aligns with the implementation of UN reform. It has also generated the multi-donor Expanded "Delivering as One" Window, which has attracted three additional donors: the Netherlands, Norway, and the UK.

The MDG-F is not a permanent source of funding. Most joint programmes started this year have a lifespan of 3 years. Evidence thus far demonstrates that the Steering Committee of the MDG-F and the Ministries of Planning at the country-level reinforce each other's role, strengthening country ownership in reaching consensus. A mid-term evaluation of the MDG-F "windows" will take place in 2010. This may be a good example of an initiative with a natural sunset clause that found a relevant home in UNDP rather than functioning as a parallel organisation.

Source: UNDP Multi-Donor Trust Fund Office and DAC Statistics.

111. To illustrate how this works at a country-level, one can take the example of a UN country team (UNCT) that sits down to look at the country's priorities, allocates regular resources across priorities and comes to the conclusion that there is a 20-40% funding gap. In countries where multi-donor trust fund resources are not available, each UN agency is mobilised at country and headquarter levels to bridge the gap with existing country-level non-core resources. This creates competition between agencies as each programme officer responsible for unfunded priorities goes around to the same donors to request additional funds.

112. In partner countries eligible for either "One UN" or "Delivering as One" funding the same situation of addressing a funding gap referenced above will unfold differently since the process for bridging the gap is much more streamlined through the use of available trust funds, therefore lessening transaction costs of agencies, bilateral donors, and probably partner countries as well. In this instance, the Resident Co-ordinator dialogue with donors at a country-level and partner countries becomes the *modus operandi* of the UN in the field (enhanced to a higher degree when reinforced by good leadership and a common vision).

2. The World Bank Group

113. Trust funds, or non-core contributions, have been an important instrument for channelling donor funding to the World Bank. This section provides an overview of the type of Bank trust funds, the Bank's recent policies relating to trust funds, and the effect that the mix of core and non-core funding can have on the functioning of the organisation.

World Bank Trust Funds

114. In recent years, the Bank's trust fund portfolio has grown rapidly in size and complexity. Total trust fund disbursements in fiscal year 2008 continued to increase, reaching USD 6.72 billion. As a share of combined Bank disbursements (IDA, IBRD, and trust funds), trust fund disbursements grew from 16%

[27] For 2009 and 2010, the UNDG approved Malawi, Papua New Guinea, Bhutan, Kiribati, Samoa, Botswana, Lesotho, Comoros, Sierra Leone, Kyrgyzstan and Montenegro.

in fiscal year 2004 to 25% in fiscal year 2008. Excluding Financial Intermediary Funds (FIFs) which are arrangements for which the Bank provides specific administrative or financial services with a limited fiduciary or operational role[28], the share of trust fund disbursements grew even more rapidly, from 8% of combined disbursements in fiscal year 2004 to 14% in fiscal year 2008.[29]

115. The Bank currently manages 1 045 donor contribution accounts. At the contribution level the Bank has three types of trust funds: Financial Intermediary Funds (FIFs); IFC Trust Funds and IBRD/IDA/MIGA Trust Funds. The latter are used to finance Bank Executed (BETF) and Recipient Executed (RETF) activities (Table 3.2).

Table 3.2: World Bank Group Trust Fund Typology

	IBRD/IDA/MIGA TFs	Financial Intermediary Funds	IFC TFs
Policy framework	BETFs: Funds that support the Bank's work program. RETFs: Funds that the Bank passes on to a third party and for which the Bank plays an operational role – *i.e.*, the Bank normally appraises and supervises activities financed by these funds.	FIFs: Funds that involve financial engineering or complex finance schemes, or where the Bank provides a specified set of administrative, financial, or operational services.	IFC Policy (Management Directive) effective January 1, 2009
Operational practice	Arrangements where the Bank is responsible for or supervises the activities financed by the trust fund. BETFs: TFs financing a set of activities following administrative policies and procedures for Bank budget execution. Bank implements activities. RETFs: TFs financing a set of activities following IBRD/IDA operational policies and procedures. Activities are implemented by recipient and supervised by the Bank.	-Arrangements where the Bank is not responsible for supervising the activities financed from the trust fund. -Bank as trustee is responsible for the funds until such time as it transfers the funds to third parties (which may include IBRD/IDA) who are responsible to donors or a governance entity for the use of funds.	Arrangements where IFC is responsible for or supervises the activities financed by the trust fund.

Source: World Bank

Non-Core Contributions to the World Bank

116. Differences in what DAC members report as non-core funding to the World Bank and what the Bank itself records vary, in large part because the Bank includes those large multilateral funds (often FIFs) for which it is a trustee in its own records, including the Global Fund for AIDS, Tuberculosis and Malaria, the Global Environment Facility (GEF), and the Heavily-Indebted Poor Countries (HIPC) fund. Even accounting for difference in what the WBG and DAC donors consider as non-core funding (see Box 3.1), there are significant discrepancies, as can be seen in Table 3.3 below. This is likely on account of some of the methodological issues raised at the outset of this chapter, including the under-reporting of such flows by DAC members.

Table 3.3: DAC* Non-Core Contributions to the World Bank, 2007-8

	2007	2008
DAC Statistics	2.2	2.4
World Bank	3.3	3.1
of which:		
IBRD/IDA Trust Funds	3.2	3.2
IFC/MIGA Trust Funds	0.2	0.3

28 The major funds in this category include the Heavily Indebted Poor Countries Initiative (HIPC), The Global Environment Facility (GEF), the Global Fund to Fight AIDS, Tuberculosis and Malaria, Carbon Funds, and the International Finance Facility for Immunisation (IFFIm).

29 World Bank (2009), "Partnership and Trust Fund Annual Report: Year Ended June 30, 2008." Global Partnership and Trust Fund Operations Department, Concessional Finance and Global Partnerships.

Source: Creditor Reporting System and World Bank data.
* OECD/DAC members, excluding Korea and EC
Note: Financial Intermediary Funds accounted for USD 4.5 billion in cash contributions in 2008

Regional Allocation of World Bank Trust Funds

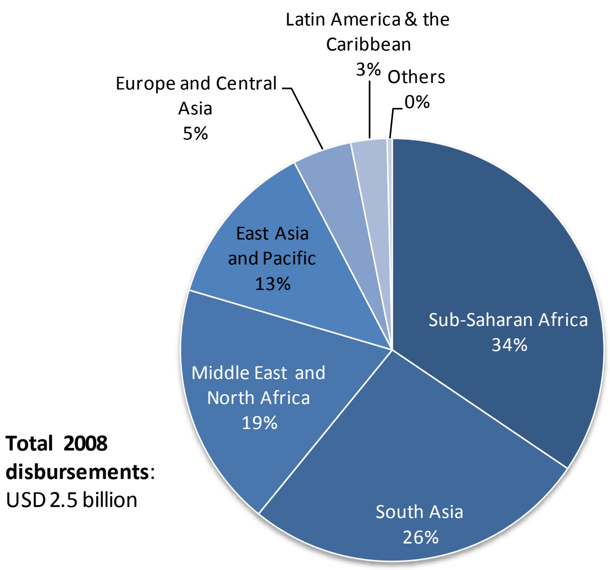
117. The World Bank's recipient-executed trust funds are those funds that are passed on to a third-party recipient, and for which the Bank plays an operational role, including the appraisal and supervision of funded activities. The regional allocation of these trust funds in 2008 is illustrated in the pie chart below. Sub-Saharan Africa is the first recipient (34%), followed by South Asia (26%), Middle East and North Africa (19%), East Asia and the Pacific (13%), Europe and Central Asia (5%), and Latin America and the Caribbean (3%).

- In sub-Saharan Africa, disbursements include Education for All Fast Track Initiative (USD 183.2 million) and the Global Food Crisis Response Program (USD 65.5 million).
- In the South Asian region, the Afghanistan Reconstruction Trust Fund accounted for 80% of disbursements (USD 549.1 million).
- Middle East and North Africa trust fund disbursements included the Iraq Reconstruction Trust Fund (USD 92.7 million), and the two West Bank and Gaza trust funds (USD 109.3 million).
- Top disbursements in the East Asia and Pacific region include the Ozone Phase Out Fund (USD 59 million), and the Aceh, Indonesia Multi-Donor Trust Fund Program (USD 30.4 million).

118. World Bank multilateral outflows follow a similar geographical distribution as trust funds. For example, the majority of IDA commitments in fiscal year 2009 went to sub-Saharan Africa (56%) followed by South Asia (29%), East Asia (9%), Europe and Central Asia (3%) and Latin America and the Caribbean and Middle East and North Africa at the bottom with 1%.[30] In non-member countries such as Kosovo and the West Bank and Gaza, as well as in fragile and conflict states, trust funds are the main source of World Bank financing (see Box 3.6).

[30] World Bank (2009) "IDA15 Mid-Term Review Implementation Report." IDA Resources Mobilization Department (CFPIR), November 2009, pp. 3-4. http://siteresources.worldbank.org/IDA/Resources/Seminar%20PDFs/73449-1257448780237/Implementation_Report_IDA15MTR.pdf

Figure 3.2: Regional distribution of World Bank Recipient-Executed Trust Funds, 2008



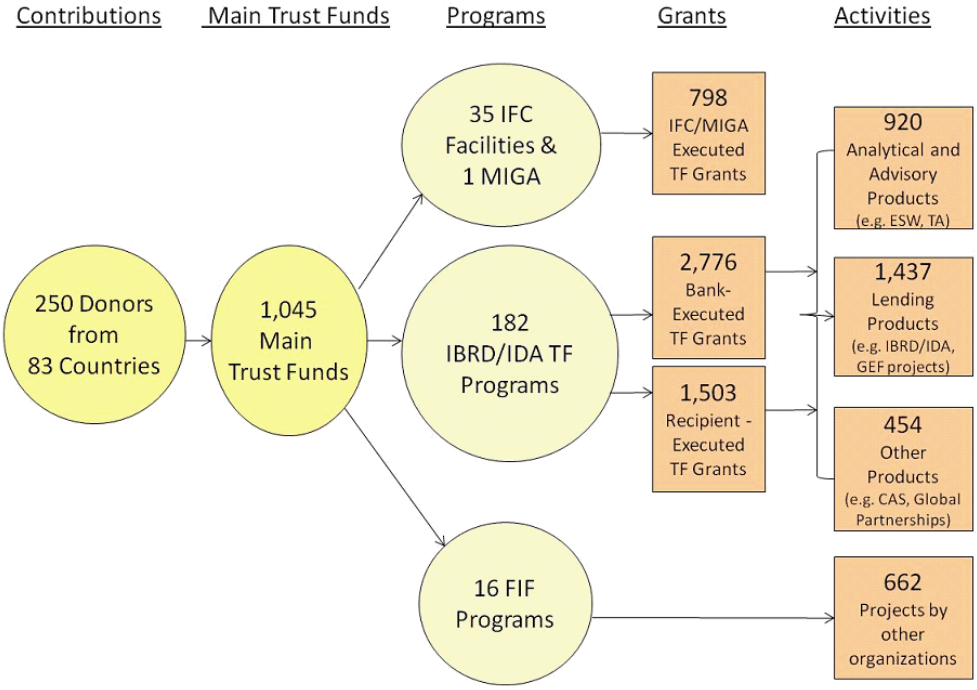
Source: World Bank.

World Bank Trust Fund Policy

119. In 2007, the Bank launched a series of reforms under the Trust Fund Management Framework[31] aimed at enhancing the strategic alignment, risk management, and efficiency of Bank-administered trust funds. As part of these reforms, the Bank increased the minimum threshold for all new trust funds from USD 200 000 to USD 1 million based on the experience that smaller funds are disproportionately costly to mobilise and administer since they follow the same processes required of much larger funds. In addition, a one-time start-up fee of USD 35 000 was endorsed to cover the initial establishment costs of all new standard fee-based trust funds. Efforts are currently underway to enhance the alignment of trust funds with Bank strategies and processes.

[31] World Bank (2007), "A Management Framework for World Bank-Administered Trust Funds." Washington, D.C., The World Bank's Concessional Finance and Global Partnerships Vice Presidency.

Figure 3.3: Components of World Bank Group's Trust Fund Portfolio, FY 2009



Source: World Bank Group.
Note: Data for FIF projects are based on country-level data from the Global Fund, Global Environment Facility, Least Developed Countries' Fund, and Special Climate Change Fund, which account for about 80 percent of commitments to CFPMI-managed funds over the last two years.

Headquarter perspectives

120. Bank-Executed Trust Funds allow the Bank to scale up its analytical and advisory services, and as such can be viewed more in the context of the Bank's overall administrative budget and other external contributions to its income.[32] The Sustainable Development Network of the Bank, for example, depends to a large extent on trust fund disbursements for sector or thematic work at country level. They also finance the bulk of the work leading to the preparation and supervision of stand-alone recipient-executed trust funds. As seen above, Recipient Executed Trust Funds broadly reinforce IBRD/IDA lending patterns across sectors and thematic areas, paving the way for deeper engagement. They are also increasingly designed as "stand-alone" funds, as in the case of fragile states

Donor perspectives

121. Bilateral donors tend to appreciate the visibility gained by contributing non-core resources to the World Bank, especially with regards to the larger trust funds and trust funds for fragile and conflict states. In fact, country-specific trust funds are generally directed at fragile states or for emergencies caused by natural disasters. Donors to these funds perceive them as being additional to other "core" Bank financing. This may not be the case for some thematic or sector-specific trust funds, which in some cases substitute rather than complement "core" Bank financing. Donors are using different channels and / or instruments to reach the education sector (e.g. IDA and the Education For All - Fast Track Initiative – EFA-FTI) in LICs.

32 World Bank (2007), "A Management Framework for World-Bank Administered Trust Funds," pp. 13-14.

Given the scale of FTI, there is a real risk that FTI might crowd-out IDA education funding.[33] World Bank data presented in a recent midterm evaluation found that the share of primary education in total IDA education disbursements had fallen steeply between 1995–99 and 2005–09, from 57% in 1995-99 to 30% in 2005–09.[34]

122. As a result, one would expect the Bank's core resources to focus on specific sectors neglected by trust funds. For example, in Malawi and Rwanda IDA resources appear to target growth sectors rather than the education and health sectors that are more likely to benefit from grant-financed trust funds. While these examples illustrate how core resources can be redirected by the creation of trust funds, there is no evidence that this detracts from the Bank's core activities, which cover a wide range of sectors.

Country-level perspectives

123. IBRD/IDA trust funds are financing over 1 500 recipient-executed activities. In addition, over 600 country-level projects are financed by FIFs (and implemented by other organisations). This can get complicated in countries with a high number of trust funds since government officials are less likely to have a good overview of the multiple trust fund accounts. In these instances, the Paris Declaration principles of country ownership and the Accra Agenda for Action goals for alignment, transparency and predictability risk not being applied.

Box 3.5: World Bank Trust Funds in Indonesia

Trust funds are an integral part of the World Bank Group's support to Indonesia, where over 26 country-specific trust funds and 24 global and regional trust funds co-exist. The trust fund portfolio includes both country-specific multi-donor trust funds (USD 891 million) and single-donor trust funds (USD 237 million).

These trust fund arrangements generate 231 grant activities that must be prepared, monitored and supervised by both the Bank and the Government. In addition, the majority of trust funds (Recipient-Executed) require a legal agreement between the Government and the World Bank. This is an additional burden on both the World Bank's country-level infrastructure and on the Ministry of Planning/Finance.

Some of the large multi-donor trust funds include programs to respond to natural disasters and conflicts (Aceh, Java Reconstruction Fund), and partnerships to support the poverty reduction efforts, basic service delivery (including education), decentralization, public financial management, and trade and investment. There are also some recent and planned contributions for climate change (*e.g.* in forestry and geothermal), including support from the Climate Investment Funds

Some of the features of the trust fund program in Indonesia:

- Indonesian institutions - both government and non-governmental - implement a large majority of the trust funded work in Indonesia, which is in line with the World Bank's strategy to invest in Indonesian institutions. The Government uses its own budgeting system for Recipient-Executed Trust Funds whenever sectoral or line ministries implement activities.
- The World Bank conducts regular reviews with the government of Indonesia of the trust fund portfolio, as part of the Country Portfolio Performance Review (CPPR), to ensure that results are being achieved and are consistent with the Country Partnership Strategy.
- Governing bodies of large trust fund programs (such as the Multi-Donor Fund for Aceh) include representatives of the Ministry of Planning, other donors, and multilateral organisations (including the World Bank). NGOs and civil society are also involved as non-voting members.

Source: The World Bank's Vice Presidency on Concessional Finance and Global Partnerships.

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33 Cambridge Education, Mokoro Ltd. et al. (2009), "Midterm Evaluation of the EFA Fast Track Initiative: Draft Synthesis Report," 19 November 2009, p. 84.

34 In parallel, commitments show a strong growth in the share of general education (from 5% in 1990-94 to 32% in 2005–09) and support to secondary education (from 9% to 17% over the same period). Ibid., p. 36.

124. In countries which may have small IDA allocations either due to their population size (*e.g.* small island Pacific states) or more modest performance (e.g. post-conflict countries), these may be supplemented through the use of country specific trust funds to assist in providing additional financing. For fragile and conflict affected countries without active IDA portfolios, additional resources to bridge the gap towards reconstruction may come from the State and Peace building Fund, for example, but such situations may also be constrained by the World Bank's more limited engagement (see Box 3.6).

125. Indeed, trust funds also serve to provide "blend" financing terms when they inject concessional financing into IBRD countries, or change the credit/grant mix in IDA countries. In this way, trust fund disbursements can result in "blend" financing at a country-level and somewhat complicate the World Bank disbursement picture. Specific cases such as transitional non-creditworthy (or even non-member) post-conflict situations also require tailor-made grants and finance.

Box 3.6: The World Bank's State and Peacebuilding Fund

The State and Peacebuilding Fund of the World Bank supported by Netherlands, Norway and Australia was established in 2008 to replace the Post-Conflict and Low-Income Countries under Stress (LICUS) Funds.

Its purpose is to:

1. Support measures to improve governance and institutional performance in countries emerging from, in, or at risk of sliding into crisis or arrears; and
2. Support the reconstruction and development of countries prone to, in, or emerging from conflict.

Support is given to conflict-affected states for stabilisation efforts. Reconstruction efforts primarily take place in countries with either no or minimal IDA portfolios. SPF funding complements World Bank financing and provides support to countries in arrears for small and urgent activities not easily funded under regular Bank credit or grant operations. The SPF also supports two countries in arrears: Zimbabwe and Somalia.

As of March 2010, over half of the amounts of approved SPF projects were for Africa (USD 30.5 million). Overall, some of the largest approved projects (USD 5 million) were for Colombia, Guinea-Bissau, Haiti, Iraq, and Zimbabwe. To date the Netherlands, Australia and Norway have contributed USD 19 million to this Fund.

Source: World Bank.

3. UN and World Bank Trust Fund collaboration

126. In most fragile, conflict and transition states both UN and World Bank multi-donor trust funds are operating. Where they appear to attract funding from the same donors and respond to similar demands, it is tempting to ask why a single funding channel is not the preferred option. In some cases, competing demands may not be satisfied by a single channel or institution, as discussed in the Afghanistan example in Box 3.7.

127. One of the recommendations from the "Good Humanitarian Donorship", a commissioned review of humanitarian financing instruments, is that donors should not rely exclusively on any single funding modality. Nonetheless, dual administrative systems can add complexity and sometimes, delay, as has been amply documented in the case of South Sudan where eight different pooled mechanisms were created to fund largely overlapping recovery priorities.[35] It is, therefore, important for donors to discuss how to make these arrangements compatible with further calls for alignment, harmonisation, and predictability.

[35] OECD (2010), *Transition Financing: Building a Better Response*.

128. At the end of 2008, a number of UN agencies, funds and programmes[36] and the World Bank developed and agreed on an instrument (including the Fiduciary Principles Accord) to facilitate the transfer of funds from a World Bank-administered trust fund for crisis and post-crisis situations to a UN organisation, or vice-versa, from a UNDG trust fund for crisis and post-crisis situations to the World Bank. This allows the recipient to apply its own regulations, rules and procedures – including those relating to procurement, audit, and programme support costs – when managing these funds.

Box 3.7: UNDP and World Bank Multi-donor Trust Funds

The division of labour between trust funds of the World Bank and the UN on the ground is not always obvious. In some cases, both organisations fund similar activities. In the case of Afghanistan, hindsight offers a view on the complementary efforts of World Bank and UN trust funds, even if this was not as clearly defined and evident when they were first established.

In the beginning of 2002, the Afghan Interim Authority did not have the domestic resources to pay civil servants or offer basic social services. Because UNDP already had a strong presence in Afghanistan, it was able to quickly provide short-term funding for the most important elements of re-establishing the civil service (recruitment, payment of salaries of teachers and other civil servants, winterisation of government buildings, procurement of office equipment, vehicles for ministers) by setting up the Afghanistan Interim Authority Fund (AIAF).

The AIAF lasted for a period of six months, until arrangements for longer-term budget support and reconstruction were in place. At the same time, donors endorsed the concept of an Afghanistan Reconstruction Trust Fund (ARTF) to be administered by the World Bank. By May 2002 the ARTF began operating under two windows to continue funding recurrent costs, and to invest in infrastructure and to provide budget support in the context of Afghanistan's temporary National Development Framework.

Since World Bank-administered funds cannot finance security-related activities, which are critical for any successful and durable implementation of ARTF activities, the Law and Order Trust Fund for Afghanistan (LOTFA) was established by UNDP. The LOTFA operates in parallel to the ARTF to ensure the remuneration of police staff and to support the rehabilitation and operationalisation of police facilities in close co-ordination with the Ministries of the Interior and Finance. Both the ARTF and the LOTFA continue to operate today.

Source: OECD (2010), Transition Financing: Building a Better Response.

Main Findings

- UNDP non-core funding is used for similar thematic areas as its core funding. Funding to the Multi-Donor Trust Fund Office helps align donors and UN agencies at a country-level, *e.g.* through the "One UN" funds. *(Paragraph 104)*
- World Bank non-core flows help diversify its portfolio to countries where loan instruments are unavailable (*e.g.* for arrears reasons or to non-members). *(Paragraph 118)*

36 WHO, ILO, UNESCO, FAO, WFP, UNDP, UNICEF, UNFPA, UNHCR, UN-Habitat and UNOPS

4. DEVELOPMENT PERSPECTIVES FOR A POST-COPENHAGEN CLIMATE FUNDING ARCHITECTURE

1. Introduction

129. This chapter examines the funding mechanisms and governance arrangements used to deliver financial resources to address climate change. The focus is on the institutional framework, rather than the resources themselves. This paper reviews the various levers and components of existing funds, focusing on public, and primarily multilateral, funds. This chapter's aim is to map the type of configurations that could best meet developing countries' requirements to adapt to and to mitigate the effects of climate change.

Copenhagen Accord

130. The December 2009 Copenhagen Accord promises developing countries "scaled up, new and additional, predictable and adequate funding as well as improved access ... to enable and support enhanced action on mitigation…adaptation, technology development and transfer and capacity-building, for enhanced implementation of the Convention" (Paragraph 8). Developed countries committed to provide new and additional resources approaching USD 30 billion for the period 2010-2012 with balanced allocation between adaptation and mitigation. In the longer-term, they committed to a goal of mobilising USD 100 billion dollars a year by 2020 to meet the needs of developing countries. This funding will come from a wide variety of sources – public and private, bilateral and multilateral – including alternative sources of finance. A UN High Level Advisory Group on Climate Change Financing was established to examine the potential sources of revenue towards meeting this goal. The resources are likely to be delivered via multiple channels including the funds established under the Convention and the Kyoto Protocol, including the Copenhagen Green Climate Fund, as well as other multilateral, bilateral, and regional channels.

Mitigation and Adaptation

131. Greenhouse gas (GHG) mitigation is a global public good – its decrease in one region of the world benefits all by reducing global GHG concentrations that cause climate change. The direct benefits of adaptation action are mainly local or regional even if the indirect effects of climate change can cross borders (see Box 4.1 below). Adaptation is inextricably linked to development, not least because the poorest countries are the most vulnerable to the effects of climate change. Conversely, mitigation offers the longer horizon promise of establishing new paths for sustainable development. For the purposes of this paper, we use medium-term UNFCCC estimates for annual funding needed in 2030. For mitigation this ranges from USD 82-87 billion and USD 28-67 billion for adaptation, for a total range of USD 110-154 million for mitigation and adaptation. Estimates vary widely, but are largely consistent with the Copenhagen Accord proposed additional resources. The most recent meeting of the UN Secretary-General's High-level Advisory Group on Climate Change Financing (AGF) argued that adaptation, mitigation and development objectives should not be addressed in a compartmentalised fashion.[37] This is

[37] UN SG's High-level Advisory Group on Climate Change, report on the first meeting 31 March 2010. http://www.un.org/wcm/webdav/site/climatechange/shared/Documents/LondonMeetingReport_31%20Mar%202010.pdf

significant because in the past compartmentalised investments have led to ineffective or even counter-productive results.

Box 4.1: Mitigation and Adaptation

Mitigation: In the context of climate change, a human intervention to reduce the sources or enhance the sinks of greenhouse gases. Examples include using fossil fuels more efficiently for industrial processes or electricity generation, switching to solar energy or wind power, improving the insulation of buildings, and expanding forests and other "sinks" to remove greater amounts of carbon dioxide from the atmosphere.

Adaptation: Adjustment in natural or human systems in response to actual or expected climatic stimuli or their effects, which moderates harm or exploits beneficial opportunities. Examples include (1) shore protection (e.g., dikes, sea walls, beach nourishment), which can prevent sea level rise from inundating low-lying coastal areas; and (2) farmers planting more climate-resilient crops.

Source: UNFCCC website.

2. Sources of funding

132. Much of these needs will be funded through domestic sources, including many millions of purely private transactions. The following identity (treating external public assistance as the balancing item) gives a sense of how one would determine external public resource requirements in developing countries:

Total needs - All private (domestic and foreign) resources – public domestic resources =

External public resources required

133. Private international flows will include FDI and flows stimulated by cap-and-trade schemes.[38] Public domestic revenues will account for some funding of climate change needs, depending on the country context. The balance is the gap that could be filled by external public flows. To provide some comparison or context, total gross official development assistance (ODA), excluding debt relief was equal to USD 130 billion in 2009, and has grown in real terms by some 4 % per annum in real terms since 2005.[39]

134. Even if in the long-term private finance including **carbon market finance** will be able to generate the incremental investment necessary, this is not likely to be the case in the short-term. Attracting **public finance** (*i.e.* tax-generated) will be critical to establish the regulatory framework necessary to attract private finance. The implementation of countries' national development and climate change strategies will serve as a key signal and lever to attract **private flows**, including debt guarantees and other incentive structures.

135. A list of potential new funding sources is included for information in Annex 3.

[38] Collier, Conway and Venables (2008), p. 349 argue that if each person was endowed with the same emission rights, the financial flows to Africa resulting from sales of carbon permits might be of comparable size to its current aid receipts.

[39] OECD (2010), "DAC Members' 2009 Preliminary ODA." Available online: http://www.oecd.org/LongAbstract/0,3425,en_2649_34447_45067482_119656_1_1_1,00.html

Additionality and the use of ODA in relation to climate change

136. Key post-Copenhagen processes, including the Mexico CoP-16, will need to find robust mechanisms for measuring, reporting and verifying (MRV) mitigation support and actions undertaken (and monitoring, reviewing and reporting for adaptation investments). At the moment, the DAC “Rio marker” for climate change mitigation and the recently approved new marker for adaptation provide the only systematic way for DAC members to identify public finance flows that serve clearly defined adaptation or mitigation objectives. Markers could also apply to non-concessional financing from international financial institutions and form a useful basis for wider tracking of non-DAC and even private flows, if resources are available and stakeholders agree. However, the markers are not a sufficient basis from which to isolate the volume of spending going to these objectives compared to other development activities.

137. The question of “additionality” of climate change finance to DAC, or indeed world, ODA cannot be resolved by adopting markers to identify climate flows. Markers show us which components of country assistance portfolios are at least partly dual purpose (development, and one or both aspects of climate change action), but do not apportion amounts within each programme to each objective. The high intrinsic purpose overlap of both adaptation and mitigation with development makes any such attribution difficult. If it was even technically feasible to distinguish between adaptation and development actions, for example, it would be a challenging task for the DAC to decide on attribution guidelines for different types of programmes (depending on sectors, extent of earmarks, etc.) to approximate the accounting by volume between “climate” and “non-climate.” For this process to be seen as objective, it would moreover have to draw in a broad range of expertise from partner countries and other stakeholders involved post-Copenhagen.

138. Even if a system were developed to split climate from non-climate ODA within each single project, it is not clear that this would be sufficient for monitoring international commitments. For example, some might see the Copenhagen Accord as allowing the full value of relevant mitigation and adaptation projects to be counted, whereas others might insist that only the “climate-specific” share, or the incremental cost to “climate-proof” an activity, would qualify. Moreover, does “new and additional” mean additional to future ODA levels already committed to but not yet reached, or only to current levels? Such issues must also be seen in a wider political setting that goes well beyond the membership of the DAC.

3. Integration with Country-level Strategies

139. Drawing from country-level experiences, it is clear that developing country ownership and use of existing country systems are key elements for the effective implementation of programmes. This section offers some guidance as to how flows can effectively support developing countries to pursue low carbon and climate resilient development pathways. Resources and support must be “…effectively governed and channelled towards explicit mitigating activities and action…backed by comprehensive national governance and strategies.”[40]

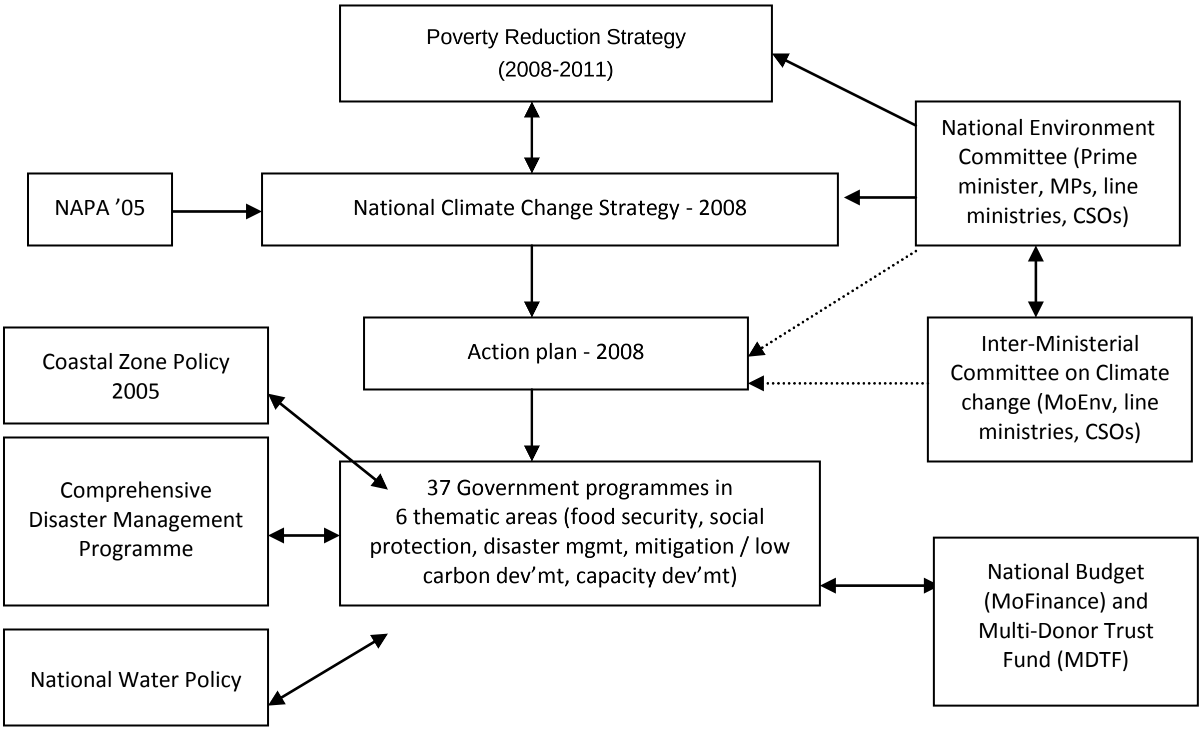
Integrating climate change efforts at country-level

140. Drawing on four countries’ national action on climate change (Bangladesh, Mexico, Ghana, Indonesia), this section highlights the factors that contribute to effective country level action on climate change. While there is no blueprint or even proven best practice, a range of common approaches adapted to the country context and driven by the country is emerging.

[40] European Commission (June 2009), “Report on International financing mechanisms for supporting climate policies” p. 11.

141. In Bangladesh, the National Climate Change Strategy and associated Action Plan (2008) are linked to the 2008-2011 Poverty Reduction Strategy. This cross-sectoral approach engages all aspects of planning, investment, and decision-making and applies it to the challenges of climate change. The Action Plan covers 37 government programmes in six thematic areas – food security, social protection, disaster management, mitigation/low carbon development, and capacity development. A multi-donor trust fund co-ordinates external resources and blends these with domestic resources to implement the national climate change strategy. Figure 4.1 below illustrates these relationships.

Figure 4.1: Institutional framework for climate change in Bangladesh



Source: ENVIRONET secretariat.

142. In Ghana, there is a strong focus on **defining targets** and **measuring results** for climate change and monitoring progress towards these. The Performance Assessment Frameworks of the sectors engaged in implementing climate change actions serve to track progress, facilitating monitoring and evaluation of specific activities. National budget allocations are fully integrated in the Medium Term Expenditure Frameworks (MTEF) of the sectors involved.

143. Indonesia, like Bangladesh, has established the Indonesia Climate Change Trust Fund that allows international funds to be delivered horizontally across a range of sectors and in line with the national budget, thus using country systems. As international finance for climate change is scaled-up in the future, it will be important to use and strengthen partners' **public financial management** systems so that they can absorb larger amounts of funding and enhance their climate change efforts.

144. In Mexico, all 32 states are preparing a State Climate Change Strategy, as are the major cities. There, decentralised planning complements national planning and ensures broad-based ownership and a focus on local priorities as an example of vertical integration across all levels of the Government

145. Sustained **capacity development** was found to be necessary in all four countries; not just for those working directly on climate change, but also those engaged in sectors affected by climate change and those involved in public financial management, monitoring and reporting. A country's capacity to address climate change and make the most of any opportunities it offers (through, for example, the carbon market) is dependent on the skills of a broad cross-section of government, the private sector and civil society.

146. One key indicator of the initial success of the strategies employed in the countries examined may be that they have attracted both domestic and international financial resources to implement climate change actions.[41] What emerges is that genuine country ownership of relevant plans and strategies, regardless of the form chosen, is essential to the successful funding and implementation of these plans.[42] Tailoring the planning process to a country's needs and institutions, rather than using a standardised approach, can increase ownership and ensure that plans are translated into appropriate action.

147. It is too early to evaluate the impact of these approaches on reducing emissions and increasing climate resilience. Key challenges persist, including developing a national strategy with broad ownership across a wide range of stakeholders and maintaining a focus on local priorities that also takes into account the longer-term implications of climate change. In addition, mechanisms to direct domestic and international financial resources towards the implementation of climate change actions need to be established. These mechanisms will need to be able to absorb and manage the scaled-up resources expected post-2012 and to provide robust monitoring and consistent reporting.

Lessons learned from Global Funds in other sectors

148. Global funds are defined as large multi-country funds that contain a significant element of earmarked funding for specific objectives with thematic, sectoral or sub-sectoral coverage. In health, global funds were created by donors to focus on achieving results in a sector where results achieved by significant resource transfers were deemed unsatisfactory. As a result, new funds, financed by private donors and governments, were established to address specific goals. Examples include the Global Fund to Fight AIDS, Tuberculosis and Malaria and the Global Alliance for Vaccines and Immunisation (GAVI). As global funds have increased in number and expanded in size, this has led to an increase in the importance of the specific interventions they support in proportion to the overall funding received by a given country.[43]

149. The multiplicity and diversity of funding sources to address climate change is similar to that for health care, so the experience with global funds in the health sector[44] may be useful in informing future discussions. There is a useful body of work to draw upon since the OECD selected health as a tracer sector for examining aid effectiveness.[45] Overall levels of health funding have increased at a rate of 14% per year from 2000 to 2007 from USD 5.5 billion to USD 13.5 billion.[46] This has helped in scaling up investments to reach health outcomes. Given that the estimated scale of funding for climate change is expected to be even larger than for health, much can be learned from the health experience.

41 Emphasis on both: national strategies motivated solely to attract external funding are rarely successful, as discussed in more detail below.

42 Sharma, Anju (2009), "Planning to Deliver: Making the Rio Conventions more Effective on the Ground" GTZ, Federal Ministry for Economic Co-operation and Development, Eschborn, Germany.

43 World Bank (2008), "Global Program Funds at Country Level: what we have learned." Washington, D.C.

44 A number of global funds have been established to increase flows to address global health challenges such as HIV/AIDS and other infectious diseases such as TB. Global funds active in the health sector include the Global Fund to Fight AIDS, Malaria and TB, and the Global Alliance for Vaccines and Immunization (GAVI), also administering the International Finance Facility for Immunization (IFFIm).

45 Aid Effectiveness in Health Portal online: www.aideffectiveness.org/web/index.php?option=com_content&view=article&id=48&Itemid=65

46 OECD Creditor Reporting System.

150. The global health fund experience suggests that funds for specialised purposes – energy efficiency, renewable, REDD+, technology transfer, capacity building, etc. – can be effective in the short-term, but that in the longer-term, they must be integrated into the development strategies of partner countries for them to be sustainable. Because the bulk of the increase in health spending benefited global funds as well as similarly earmarked bilateral funding instruments, the situation also presents challenges for partner countries since the number, diversity and relative inflexibility of aid channels have increased in parallel, thereby putting a greater administrative burden on all concerned, and in particular on partner countries where human resources are likely to be more limited.

Aid Effectiveness Principles

151. Climate-related funding will often be only one component of the total donor resources in a partner country, so harmonising the differing requirements and procedures with other funding sources is likely to be complex. In the presence of multiple funding mechanisms, each with its own administrative and reporting requirements, the resulting workload overburdens partner countries' administrative capacity.[47] Multiple funding sources for adaptation, mitigation, and REDD+ already exist. In this context, it appears that the health experience is destined to be repeated unless efforts are made to consolidate these.

152. The high volume of funding from global funds for health has delayed questions of predictability and sustainability that are implicitly a key part of the development effectiveness debate. Global funds are typically proposal-based and strictly conditional on results, so ensuring predictability and sustainability of access to funding can be challenging for two reasons. First, access to this funding can be unpredictable from one year to the next if a proposal competes for limited funds with another party whose proposal might be more compelling. Second, if one has to demonstrate results, how does one ensure that a multi-year project is not "switched off" just when it is most needed? Can continued success in proposals to global funds be sufficiently relied upon by parties receiving the awards to factor into the country's medium-term planning? Given the global health fund experience, it would seem that new proposal-based systems should be avoided since they cannot be relied upon in the long-term and because they usually require complex appraisal systems with high transaction costs for partner countries. On the other hand, both GAVI and the Global Fund are now able to provide more sustainable and predictable funding because of donors' commitments to innovative financing mechanisms such as the IFFIm and UNITAID.

153. When national development or climate plans are prioritised and integrated into a country's planning and budgeting processes, national stakeholders can effectively lead and steer efforts to mitigate and to address the negative effects of climate change. OECD policy guidance on *Integrating Climate Change Adaptation into Development Co-operation*[48] proposes the use of a climate lens to examine the risks arising from climate variability, the vulnerabilities and opportunities associated with new policies, plans or projects, and how to adapt existing policies and plans to address these risks and opportunities.

154. To sum up, arguments for creating parallel new funds simply because existing funds have not yet delivered, or because the financial gaps for funding climate change mitigation and adaptation efforts is so large, are not sufficiently convincing.[49] Instead, it might be worth starting with an analysis of the functions and purposes of the envisaged new regime and seeing whether existing institutions can fulfil these roles.[50]

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47 Commission on Climate Change and Development (2009). Stockholm, Sweden.

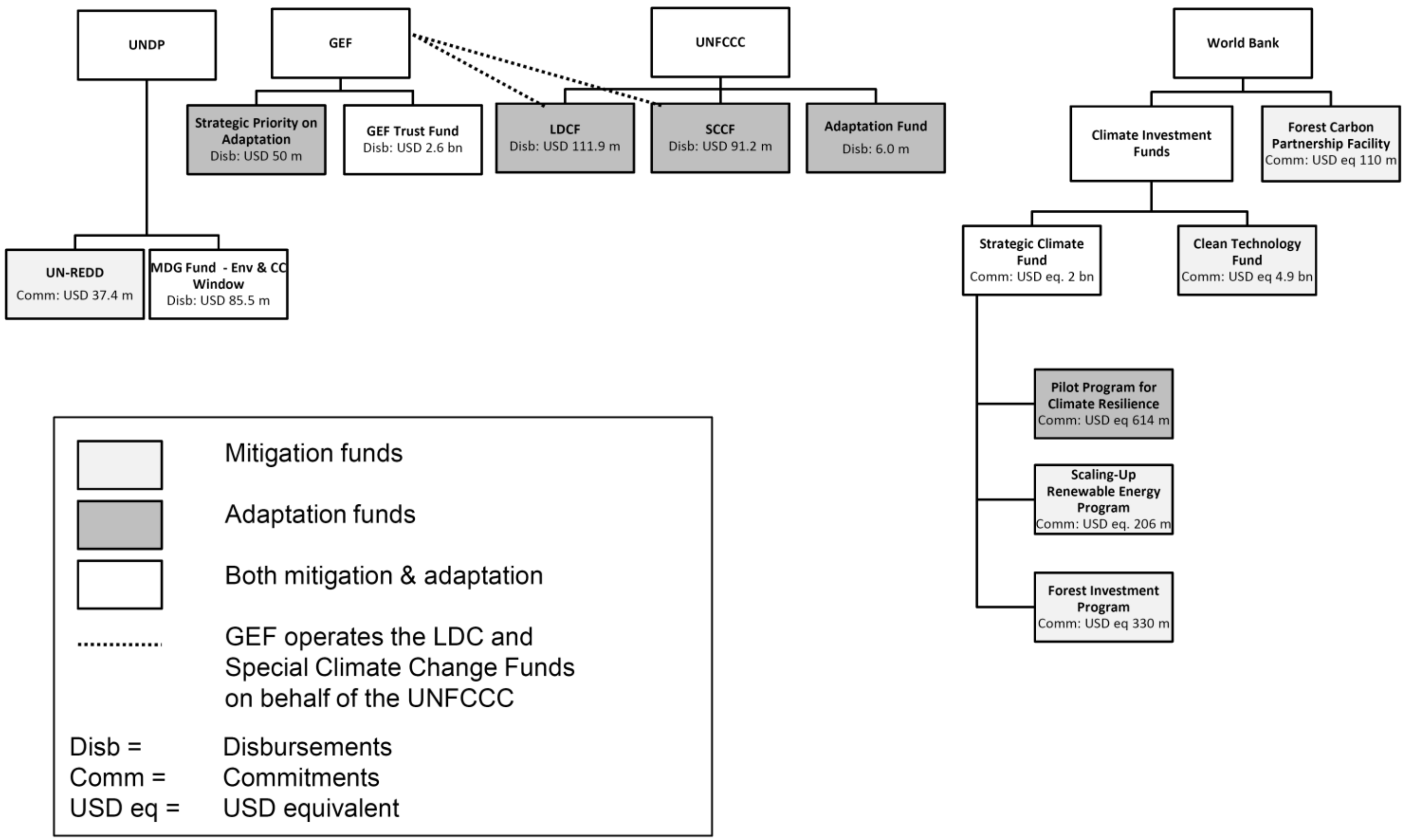
48 OECD (2009), *Integrating Climate Change Adaptation into Development Co-operation: Policy Guidance,* OECD, Paris.

49 Paragraph 19(c) of the Accra Agenda for Action states that "As new global challenges emerge, donors will ensure that existing channels for aid delivery are used and, if necessary, strengthened before creating separate new channels that risk further fragmentation and complicate co-ordination at country level."

50 Müller (2009), "Procrustes' Bed & Ockham's Razor: The debate on existing institutions in climate finance," Oxford Institute for Energy studies, November.

Other solutions and configurations, including a “networked” approach of separating out functions and institutional responsibilities may be equally desirable and/or manageable. Whether or not the assistance is delivered as official development assistance or not, the success will be determined by whether this institutional arrangement meets the financial needs to adapt to and to mitigate the effects of climate change, while improving the prospects for full national ownership, alignment, harmonisation and effective management on the whole.

Figure 4.2: Chart of existing multilateral climate change funds



Source: DAC Secretariat design based on www.climatefundsupdate.org

4. Current external public funding to address climate change

155. Developed country Parties are expected to provide information on the **bilateral** and **multilateral** assistance they provide in their national communications to the UNFCCC. Due to gaps and inconsistencies in reporting approaches in the third and fourth national communications, it is not yet possible to calculate the total financial assistance provided. However, it is estimated that total resources dedicated to climate change mitigation and adaptation are currently in the range of USD 9-10 billion per year (USD 8-9 billion for mitigation and USD 1 billion for adaptation).[51] Much of this financing is on a non-concessional or market terms.

156. **Bilateral ODA** for climate change mitigation has amounted to USD 5.2 billion in recent years as identified by the Rio marker for climate change mitigation (see Annex 3 for more information on the Rio marker). Adaptation activities are not separately identifiable in DAC statistics, but DAC members agreed on a statistical marker to identify bilateral and multilateral projects targeting climate change adaptation to be applied to 2010 data.

157. **Multilateral outflows** for climate change mitigation and adaptation are identifiable only for the EU Institutions and the World Bank Group in DAC statistics. This is an important share of total public resources since public climate change flows consist of a growing share of funding from multilateral agencies and global funds. Concessional IDA commitments for climate change were about USD 334 million in 2008 and trust fund disbursements were USD 44 million.[52] Of course, this figure is only a partial overview of the total resources from multilateral development banks.

Existing climate change funds

158. The existing institutional climate change framework consists of the financial mechanism of the Convention, the Adaptation Fund under the Kyoto Protocol, and bilateral, multilateral and regional flows of public and private funds. As the landscape in Figure 4.2 illustrates, many climate change funds in existence today are outside the UN Framework Convention on Climate Change (UNFCCC), the international environmental treaty aimed at stabilising greenhouse gas concentrations in the atmosphere.

159. Today, cumulative disbursements by the **global funds** for climate change amount to USD 2.9 billion **(**Table 4.1) or about USD 246 million per year.[53] This does not include recent disbursements of the Adaptation Fund, about USD 6 million as of January 2010. Clearly the amount of disbursements from these funds to date is well short of the demonstrated need.

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51 World Bank (2009), *World Development Report 2010: Development and Climate Change*, Chapter 6. Corfee-Morlot et al. (2009) estimate an upper-bound for mitigation-specific support to developing countries of around USD 53 billion in 2007 if one includes GEF and CDM flows (the number is lower depending on how CDM flows are accounted for).

52 Steckhan (2009), "Financial Flows for Environment: World Bank, UNDP and UNEP." Concessional Finance and Global Partnerships Vice Presidency, World Bank.

53 Secretariat estimates.

Table 4.1: Funds disbursed for climate change to date

Existing Funds	Date fund operational	Core Purpose	Cumulative amount disbursed (USD millions)	Review of disburing funds		
				Strategy / Proposal	Review / Assessment	Trustee
Strategic Priority on Adaptation	July 2004	Adaptation	50.0	Pilot & demonstration projects	GEF Secretariat & Council review	GEF
LDC Fund	October 2002	Adaptation	111.9	(1) Support for National Adaptation Programmes of Action (NAPAs); (2) project proposals on the basis of NAPAs.	GEF Secretariat & Council review, coordinating with Convention secretariat	GEF
Special Climate Change Fund	October 2002	Adaptation	91.2	Project proposals concerning risk reduction strategies, adaptation measures and capacity building.	GEF Secretariat & Council review, coordinating with Convention secretariat	GEF
MDG Achievement Fund	March 2007	Adpatation & Mitigation	85.5	Programme proposals from UN country teams on basis of national strategies.	Technical subcommittee reviews proposals from eligible	UNDP
GEF Trust Fund - Climate Change focal area	1994	Adaptation & Mitigation	2,600.0	Projects for mitigation and adaptation, including support for national communications.	GEF Secretariat & Council review	IBRD

Source: DAC Secretariat based on www.climatefundsupdate.org
Note: Annex 3 maps countries receiving disbursements for adaptation and mitigation from these five funds

Funds under the Convention

160. Three funds are included under the UN Framework Convention on Climate Change (UNFCCC): the Least Developed Countries Fund (LDC Fund), Special Climate Change Fund (SCCF), and the Adaptation Fund.

161. The Global Environment Facility (GEF) manages the LDC Fund and the SCCF established under the Convention. In the first phase of the LDC Fund, LDCs were supported to develop National Adaptation Programmes of Action (NAPA). The second phase involves submitting project concepts developed on the basis of the NAPA for funding. An evaluation of the **LDC Fund** concluded that disbursement of funds for priority projects has been of an insignificant scale compared to adaptation needs in LDCs.[54] Recommendations suggest that a climate change adaptation planning cycle where Ministries of Finance and Planning play a key role needs to be initiated to provide a way of co-ordinating the investment of funds available from other sources. The evaluation also suggests that the present institutional arrangements and delivery mechanisms of the LDC Fund should be reviewed to provide sufficient funding to implement NAPA programmes rather than individual projects.

162. The **SCCF** was established to support longer term implementation of adaptation actions in non-Annex I parties. These projects must be in line with strategies set out in national communications or

54 Danida and GEF Evaluation Office (2009), “Evaluation of Least Developed Countries Fund for Adaptation.”

NAPAs. Priority areas include water, land management, agriculture, health, infrastructure development, fragile ecosystems, integrated coastal zone management, disaster risk management and prevention.

163. The **Adaptation Fund** under the Kyoto Protocol was established to finance concrete adaptation projects and programmes in developing country Parties to the Protocol, especially those most vulnerable to the adverse effects of climate change. Qualified developing country institutions can receive funds directly from the Adaptation Fund. Management of the Adaptation Fund is subject to the authority and guidance of the COP. The GEF serves as the secretariat and the World Bank serves as the trustee of the Adaptation Fund Board, both on an interim basis. Today, the Adaptation Fund's main source of revenue is 2% of the certified emission reductions (CERs) issued for Clean Development Mechanism projects, but the first voluntary contributions to the Fund from Spain and Germany were also received in 2010. As of January 2010, USD 5.95 million had been disbursed. The first four projects of the Adaptation Fund were approved in June 2010.

Other Climate Funds

164. The **GEF**, in addition to being the financial mechanism for the LDC Fund and the SCCF, also oversees the **Strategic Priority on Adaptation** and the **GEF Trust Fund**. The Strategic Priority on Adaptation was a three-year pilot programme aiming to show how adaptation planning and assessment could be practically translated into full-scale projects. The GEF Trust Fund has disbursed the vast majority of climate funds to date, around USD 2.6 billion (cumulative). The GEF uses implementing agencies, such as UNDP, UNEP and IBRD (the World Bank), for the projects it funds. Some developing countries believe this delays decisions, increases the cost and adds conditions that could otherwise be avoided by funds operating on a "direct access" principle whereby approved implementing entities at the country level can access funds directly for approved projects and programmes.

165. The **UNDP** serves as the Administrative Agent on behalf of UNEP and the FAO for the United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (**UN-REDD**), a multi-donor trust fund, as well as for the MDG Achievement Fund. The **MDG Achievement Fund** covers eight thematic areas, among them environment and climate change, and resources are allocated based on UN Country Teams' proposals and countries' national strategies and climate change plans. Both these funds are administered by the UNDP Multi-donor Trust Fund office as an inter-agency UN resource.

166. The 2005 G8 Gleneagles communiqué on *Climate Change, Energy and Sustainable Development* gave the **World Bank** a key role in "…creating a new framework for clean energy and development, including investment and financing."[55] This was reaffirmed at the September 2009 G20 summit in Pittsburgh.[56] The Climate Investment Funds (CIFs) were created in 2008 and established at the World Bank. The CIFs comprise two funds, the Clean Technology Fund to support investments in low-carbon technologies and the Strategic Climate Fund to test innovative approaches to climate change mitigation. The Pilot Program for Climate Resilience (PPCR) falls under the umbrella of the Strategic Climate Fund. For the PPCR, resources are initially allocated to nine countries and two regions chosen by a steering committee. These funds are implemented jointly by the regional development banks and the WBG. The Forest Carbon Partnership Facility was also established at the World Bank (independent from the CIFs) to support countries preparing REDD strategies and to remunerate countries with verifiable reductions in emissions.

[55] Paragraph 11(b) of the Gleneagles communiqué (2005), "Climate Change, Energy, and Sustainable Development."

[56] See Pittsburgh G20 communiqué: http://www.pittsburghsummit.gov/mediacenter/129639.htm

167. Other multilateral funds not depicted in Figure 2 include the **Congo Basin Forest Fund** established in 2008 at the African Development Bank with an initial commitment of USD 200 million to slow deforestation in the Congo Basin. Also, the European Commission has established the **Global Climate Change Alliance** (GCCA), for which the EC has dedicated EUR 286 million to support developing countries in adapting to the effects of climate change and mitigating its future impact.

168. In spite of a number of substantial commitments and efforts to put fiduciary and management structures in place, actual disbursements from these funds have taken time. The commitments and pledges to the Climate Investment Funds of the World Bank are likely to result in large climate financing disbursements in the next few years. Even if these potentially substantial volumes aim to fully respond to the needs, some developing countries are sceptical about delivery mechanisms "outside" the Convention, since they may have less influence over their governance and implementation.

Future work

169. The future architecture of financing for mitigation of and adaptation to climate change is complex. New climate change funds will begin to disburse resources, existing channels will disburse a higher volume of funding, and new networks of funding may evolve. Further studies could look more closely at the intersection and convergence of the mandates of existing funds for adaptation and mitigation in order to maximise synergies and reduce duplication. It will also be important to extract more lessons from developing countries that are well-advanced in the integration of climate change adaptation and mitigation in their planning and resource mobilisation efforts (e.g. Bangladesh). This will be relevant for south-south co-operation among developing countries and to provide useful insights into the aid effectiveness agenda for climate change.

170. Within the next few years, as the reporting of climate change flows improves (and, in particular, with the introduction of the DAC adaptation markers for ODA flows) more analysis on the distribution of such commitments and disbursements will be possible. This should be complemented by more in-depth partner country case studies on the realities of climate change financing on the ground and how best to promote transparency between developed and developing countries in each stage of the funding cycle. In addition to increasing a country's absorptive capacity, it will be important to develop countries' capacity to report on support received, actions taken and outcomes achieved.

Main Findings

- The ideal climate fund model will provide flexible external resources to support intrinsically integrated interventions anchored in a country's climate or national development strategy. *(Paragraph 153)*
- New complex proposal-based systems should be avoided as they usually require complex appraisal systems with high transaction costs for partner countries. *(Paragraph 152)*
- Instead of creating new funding mechanisms, it may be equally desirable for donors to examine existing functions and determine whether existing institutions can perform those functions using a "networked" approach with each institution fulfilling an institutional responsibility. *(Paragraph 154)*
- Total public resources currently dedicated to climate change mitigation and adaptation in developing countries are estimated at roughly USD 10 billion per year. Existing climate change funds have to-date disbursed on average only USD 246 million per year. *(Paragraphs 155 & 159)*

- As Parties to UNFCCC discuss the additionality question, it will be important to apply and improve OECD members' reporting using the markers for climate change mitigation and adaptation as rapidly as possible. *(Paragraph 136)*

Questions for Future Policy Discussion

- How might one envisage monitoring "new and additional" funding for climate change?

5. DEVELOPMENTS IN THE MULTILATERAL SYSTEM IN 2009/10

Introduction

171. Recent challenges, and in particular the global financial and economic crisis have required multilateral agencies to take centre stage. New policy forums, such as the G20, were created or upgraded in order to manage and coordinate the crisis response. Reforming multilateral agencies so that they can better meet the new challenges was a key part of this endeavour. This chapter will review and summarise reforms that are taking place at the International Monetary Fund, the World Bank and other multilateral bodies with the focus on the role of multilateral agencies in the context of the global economic crisis, on their delivery of global public goods and on resource mobilisation efforts for these agencies.

172. This chapter consists of three sections. The first section summarises ongoing reforms at the Bretton Woods Institutions (BWIs), the UN system, the European Commission and the multilateral development banks (MDBs). Section 2 describes how multilateral agencies responded to the global economic crisis. Section 3 covers issues of resource mobilisation and replenishments in 2009-10.

1. Ongoing Reforms

173. All multilateral agencies covered in this report have established specific reform programs to attain one or more of the following objectives: (i) to become more effective and efficient, applicable to all agencies; (ii) to ensure greater policy coherence for development, as in the case of EU Institutions; (iii) to reduce fragmentation, particularly as this affects the UN system; and (iv) to achieve governance and voting structures better aligned with their memberships, more particularly the challenge faced by the Bretton Woods Institutions.

April 2010 Development Committee Outcomes

174. The Development Committee communiqué from 25 April 2010 recognised the critical role of both the support from the IMF (almost USD 175 billion) and from the World Bank Group (over USD 100 billion) since the start of the crisis. On voice and participation, the Development Committee endorsed an increase in the voting power of developing[57] and transition countries in IBRD by 3.13%. When added to the 1.46% increase under the first phase of adjustment, this brings the developing and transition country voice to 47.19%.[58] This realignment is the basis for the current selective capital increase. The next shareholding review in 2015 will establish a roadmap for a dynamic formula for lasting realignment of voting powers.

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57 In the World Bank’s definition which is broader than those used by other international organisations, developing countries are defined, according to its most recent classification (2008), as those with Gross National Income per capita below USD 11 905 and thus cover all low- and middle-income countries.

58 World Bank (2010), “Development Committee Communiqué” Washington, D.C., April 25, 2010.

World Bank Group Reforms

175. As noted above, the World Bank Group (WBG) has been pursuing programmes of external and internal reforms to enable the institution to become more efficient, effective, and accountable. At the request of the World Bank President, Mr. Zedillo, the former Mexican President, led a commission to look beyond the issue of voice and participation, review the institution's governance and identify the urgent needs for modernisation to better equip the WBG to confront future global challenges. The World Bank Board has not endorsed all of the Zedillo Report recommendations, namely those relating to the Bank's governance and management reports. (see Box 5.1)

Box 5.1: Recommendations of the Zedillo Commission Report

The Zedillo Commission Report recommends core changes in the structure and role of the board and the relationship between the Board and the President. Released in October 2009, the report made five key recommendations to be considered as a bundle in which each element is essential to the other. They propose to:

1. Enhance voice and participation of developing countries with a view toward achieving an even split between developed and developing countries;
2. Restructure the WBG's governing bodies by raising the political level of the Executive Board and delegating authority over financing operations to Management;
3. Reform the leadership selection process by opening the process to all qualified candidates regardless of their nationality;
4. Strengthen management accountability; and
5. Strengthen the WBG's resource base and how best to achieve a recapitalisation of institution.

176. The WBG has also taken concrete and significant steps to reform internally. These internal reforms are articulated around three broad categories:

1. **Modernising and enhancing the effectiveness of the Bank's financial and non-financial instruments** to tailor them to client needs, improve the speed of delivery, and demonstrate results on the ground;

2. **Enhancing service delivery** through changes in the way the Bank is organised, including improvements to the matrix and an enhanced field presence, coupled with a greater devolution of responsibility and accountability; and

3. **Supporting more effective services and better delivery of services** through changes in policies, infrastructure and the incentives system.

177. Under the first category, a risk-based Investment Lending (IL) model is now used to differentiate projects and their processing requirements based on the risks they present. This allows for simpler procedures in low-risk settings (and more devolution to the country-level), and enhanced supervision and implementation support for more complex projects. The Bank's new disclosure policy (effective 1st July 2010) will make information on the preparation of lending operations, the formulation of Bank policies and strategies, and Board proceedings available to the public.

IMF Reforms: For Securing Global Financial Stability

178. The Fund has initiated a process designed to realign members' voting power to enhance its effectiveness and legitimacy. In 2008, the Manuel Committee, named after its chair, Minister Trevor Manuel of South Africa was asked to address the larger question as to the adequacy of the Fund's institutional framework (Box 5.2). The report, issued in March 2009, came to the conclusion that the lack

of an explicit mandate to oversee global financial stability in all of its dimensions – financial sector, domestic macroeconomic policies, and currency arrangements – has reduced the effectiveness of Fund surveillance. At the same time because of the Fund's ability to effectively respond to the crisis, its popularity grew by the end of 2009, as will be discussed later in this chapter.

Box 5.2: Recommendations of the Manuel Committee's Report

The Manuel Committee recommended a series of governance reform measures, which should be agreed as a single package:

1. Accelerate the quota revision process; eliminate the practice of appointed chairs to reflect current economic realities; and elevate the Board's role from operational decisions to giving advice on strategic issues and to supervision and oversight;
2. Expand the Fund's surveillance mandate by giving it more authority;
3. Lower the voting threshold on critical decisions from 85% to 70–75% and extend double majorities to a wider range of decisions, thus ensuring that key decisions command the support of the majority of members; and
4. Introduce an open, transparent and merit-based system for the appointment of the Managing Director and Deputy Managing Directors.

In addition to the above, augmenting the Fund's available financial resources and enhancing its expertise, and role in macroeconomic co-ordination, financial and capital account issues are also required.

UN Reforms: Implementing the 'Delivering as One' Initiative

179. The Secretary-General launched the United Nations system's current effort to become more coherent, effective and relevant in February 2006. "Delivering as One", the genesis of which was described in detail in last year's Multilateral Aid Report, has been implemented on a pilot basis in eight countries. In addition to "One UN" programmes, the UN is currently focusing on four other areas of the system-wide coherence process: funding, governance, gender, and the harmonisation of business practices. In December 2009, the UN Secretary General issued a report with proposals and options for broader governance reforms to improve the effectiveness of the UN Development Group, the main elements of which are summarised in Box 5.3.

Box 5.3: Proposals for the further improvement of UN system-wide coherence related to operational activities for development

1. Strengthen functional coherence between UN-wide governing bodies, namely the General Assembly, the Economic and Social Council and the Executive Boards of the Funds and Programmes, as well as the governing bodies of the specialised agencies;
2. Strengthen financial reporting on operational activities for development;
3. Create a central repository on operational activities for development;
4. Undertake the independent evaluation of lessons learned from "Delivering as One" programme country pilots; and
5. Enhance harmonisation of business practices within the United Nations development system.

Source: UN, Report of the Secretary General, Follow-up to General Assembly resolution 63/311 on system-wide coherence related to operational activities for development, December 2009.

180. A number of important assessments including the Triennial Comprehensive Policy Review (TCPR) and the stocktaking of the eight country-based "One UN" programmes have identified some important funding issues:[59]

- The fragmented nature of the funding architecture of UN operational activities for development;
- High transaction cost is undermining the effectiveness of UN development co-operation at country-level. The growth in single-donor non-core funding is an important factor in increasing transaction cost for UN agencies
- The rapidly declining share of core resources – less than 30% of overall contributions in recent years – encourages supply-driven approaches and undermines the principle of country leadership and ownership;
- Introduction of multi-year funding frameworks and strategic plans has advanced the predictability of funding to some UN entities, helped to define results indicators, reduced transaction cost, and helped focus activities on high-priority areas.

181. Evidence from the eight pilot countries evaluation indicates that partner country governments are exercising increased national leadership over UN programmes and taking a stronger role in steering UN agencies to support national development priorities. The exercise has already helped to align UN programmes and funding more closely to national priorities. The Multi-Donor Trust Fund approach to funding One UN programmes has proven to be attractive for donors thanks to cost efficiency through "one-stop shop" joint agreement with all UN agencies and streamlined process. It has also given the UN agencies incentives to co-ordinate, plan and implement together. Many challenges remain. Foremost is the difficulty in raising predictable resources since donors are still financing UN agencies and projects directly.

Reforms of the Multilateral Development Banks (MDBs)

182. To scale up the effectiveness of the institution and the development impact of its operations, the **African Development Bank** (AfDB) has pushed for reform in four key areas:

i. Human resources management,
ii. Operational business processes,
iii. Decentralisation and operationalisation of its field offices (FOs), and
iv. Budget reforms.

183. The most recent budget framework helps to ensure that resource allocations are in line with the Medium Term Strategy (2008-2012) and also reinforces Management's accountability for delivery and results, by linking program deliverables to Key Performance Indicators (KPIs). The Bank continued its activities in the area of knowledge management and development, which the Medium-Term Strategy identified as a key complement to its lending activities. To this end, the Bank approved the Knowledge Management and Development Strategy (KMDS) in July 2008 to promote synergies between operations and knowledge management with the overarching goal of consolidating the Bank's role as a premier knowledge institution for Africa, and a leading change agent for sustainable socioeconomic development.

184. The **Asian Development Bank**'s (AsDB) Strategy 2020 recognised five core specialisations that reflect its comparative strengths and its clients' needs: (i) infrastructure; (ii) environment, including climate change; (iii) regional co-operation and integration; (iv) financial sector development; and (v) education. In translating its results framework into operational terms, the AsDB set out to monitor

[59] United Nations Secretariat, "Strengthening the system-wide funding architecture of operational activities of the United Nations for development". New York, 3 May 2009

outcomes at the regional and country-levels, operational effectiveness and development effectiveness (including by measuring efficient use of internal resources and by implementing reforms). The 2008 Development Effectiveness Review suggested that the AsDB is improving its overall development effectiveness, and that the majority of performance indicators are on track to meet targets. AsDB is implementing a number of time-bound remedial actions to strengthen project performance reporting, knowledge creation and sharing, co-financing, gender mainstreaming through operations, and gender equality within the organisation.

IMF and World Bank Collaboration

185. More consistent collaboration between the World Bank and International Monetary Fund was in large part prompted by the rapid succession of global crises beginning in 2008. The 2007 external review of Bank-Fund collaboration (the "Malan Report") led to a Joint Management Action Plan (JMAP) to further enhance the way the two institutions work together based on existing "good-practice approaches."

186. The March 2010 review of the JMAP suggests that it has played a supporting, rather than central role in this closer collaboration and future focus should include:

- providing incentives for joint country-team consultations;
- making greater use of cross-institutional feedback in assessing performance;
- strengthening staff mobility between the institutions;
- enhancing clarity on information sharing; and
- improving awareness of organisational structures.

187. The recent crisis showed how important it is for both institutions to collaborate closely in providing financial assistance and policy advice. For example, both the Fund and the World Bank give advice on fiscal issues, but their roles in supporting partner countries are determined by their respective mandates: the Fund focuses on the aggregate fiscal policy stance consistent with overall macroeconomic stability, as well as providing technical assistance to strengthen the overall fiscal position; and the Bank advises on the composition and effectiveness of spending.

188. In August 2009, the IMF approved new guidelines on debt limits. Debt limits seek to prevent the build-up of unsustainable debts, while allowing for adequate external financing. The new framework, which became effective in December 2009 (IMF) and April 2010 (World Bank), moves away from a single design for debt limits (or, to use the usual terminology, concessionality requirements) towards a menu of options**.** This menu approach takes better account of the diversity of situations faced by low-income countries (LICs) with regard to their debt vulnerabilities—as informed by debt sustainability analyses (DSAs) under the low-income country debt sustainability framework (DSF)—and their "capacity" (both macroeconomic and public financial management capacity).[60]

189. Under the new framework, a country with relatively high debt vulnerabilities should adopt tighter concessionality requirements. Conversely, if debt vulnerabilities are relatively low, looser requirements can be considered. Similarly, the higher a country's management capacity, the better a country will be able to implement and benefit from more flexible but also more technically demanding approaches to concessionality requirements. Each of the two factors, namely debt vulnerabilities and capacity, can therefore take two values, "lower" or "higher". Thus, this framework results in four different types of concessionality requirements (Figure 5.1). Unless debt sustainability is a serious concern ("higher" value) and capacity is limited ("lower" value), the applicable concessionality requirements normally allow for

60 IMF 2009, Debt limits, page 7.

non-concessional borrowing and, hence, provide more flexibility. For the most advanced LICs, concessionality requirements might be removed altogether.

Figure 5.1: Debt Sustainability Framework for LICs

<table>
<tr><td colspan="2"></td><td colspan="2">Extent of debt vulnerabilities</td></tr>
<tr><td colspan="2"></td><td>Lower</td><td>Higher</td></tr>
<tr><td rowspan="2">Capacity</td><td>Lower</td><td>-Minimum concessionality requirement based on the previous debt-by-debt approach, but with added flexibility on nonconcessional external debt (e.g., higher and untied nonzero limits, if consistent with maintenance of low debt vulnerabilities)</td><td>-Maintain minimum concessionality requirement based on previous debt-by-debt approach, likely higher than 35 percent, with limited or no room for nonconcessional borrowing</td></tr>
<tr><td>Higher</td><td>-Minimum average concessionality requirement applied to external or total public borrowing; for most advanced LICs, no concessionality requirements and overall nominal debt limit if needed</td><td>-Overall limit on the PV of external or total public debt; for most advanced LICs, ceilings on nominal external or total public debt</td></tr>
</table>

Source: International Monetary Fund.

190. The IMF and the World Bank also reviewed the Debt Sustainability Framework in August 2009 with a view to enhancing its flexibility. The review recognised the impact of public investment on growth and the importance of remittances as a source of external financing. It also addressed the risk that small changes in assessments of a country's policy and institutional capacity can lead to more adverse debt distress ratings, and seeks to clarify the appropriate concept of state-owned enterprise debt for the purpose of debt sustainability assessments. Modifications in all of these areas impact favourably on assessments of LICs' capacity to borrow.

191. Box 5.4 below illustrates how UN agencies and international financial institutions are working together to initiate and implement programmes on the global food crisis response.

Box 5.4: Global food crisis initiatives

- In April 2008, the UN Secretary General established the ***High-Level Task Force on the Global Food Security Crisis*** (HLTF) with the primary aim to promoting a comprehensive and unified response. In July 2008, the Task Force produced the joint Comprehensive Framework for Action (CFA).

- In May 2008, the WBG set up the ***Global Food Crisis Response Program*** (GFRP) in support of the implementation of the CFA. The GFRP provides a framework for the Bank to co-ordinate its own contributions in partnership with other multilateral organisations and donor agencies. It is designed to support governments in the immediate and medium-term response to shortfalls in domestic food availability combined with rising international food prices. The program was increased to USD 2 billion in April 2009. The GFRP subsequently benefitted from additional funding from Australia, the Russian Federation and the European Commission.

- Responding to a request from the G20 Summit, the World Bank set up the **Global Agriculture and Food Security Program** (GAFSP) in January 2010. The GAFSP is a multilateral trust fund designed to operationalise the commitments to agriculture and food security in poor countries made by the G8 at L' Aquila in July 2009. There, donors pledged to contribute USD 22 billion to an Agricultural and Food Security Initiative (AFSI).
  - Two windows will be created under the GAFSP to hold targeted donor contributions. The public sector window will be available for Supervising Entities including the World Bank, other MDBs, IFAD, FAO, and WFP which will manage projects and disburse funds. The private sector window will be managed by IFC.
  - Funding under this program is eligible to IDA countries and, where warranted, to IDA blend countries. The GAFSP Trust Fund, expected to reach USD 1 to 1.5 billion, has been agreed to by Canada, Spain and the United States with additional contributions expected from other donors.

2. How Have Multilateral Agencies Responded to the Global Economic Crisis?

192. The World Bank, regional development banks and the EU all moved rapidly to offer crisis-related finance from within existing concessional envelopes. The IMF implemented G20 calls to issue new Special Drawing Rights (SDRs), and it overhauled its concessional lending framework, also scaling up its concessional finance. Multilateral agencies were able to respond quickly and flexibly due to the resources entrusted to them by member states.

IMF

193. The London G20 Summit agreed to support a package of measures to increase the crisis response role of the IMF described in Box 5.5, all of which will require agreement under the IMF's governance procedures.

Box 5.5: The IMF's Response to the Crisis

Scaling up financial assistance

- Since September 2008, the IMF has provided more than USD 170 billion in **new lending** commitments. Concessional lending commitments tripled in 2009, to USD 3.8 billion.
- The IMF's **lending capacity was also substantially increased:** contributions from several IMF member countries boosted loan resources initially by USD 250 billion, followed by agreement to a USD 500 billion expansion under a renewed and expanded New Arrangements to Borrow, or NAB[61]. The IMF's concessional lending capacity was doubled to USD 17 billion through 2014, including up to USD 8 billion in 2009-10. This will require additional subsidy resources of USD 2.8 billion to bridge the gap between market interest rates and lower concessional rates charged to LIC borrowers, part of which will come from the sales of IMF gold.
- Following a call by the G20 Heads of State and the IMFC in April 2009, in August-September 2009 the IMF implemented **new allocations of SDRs** equivalent to USD 283 billion, of which about USD 18 billion went to low-income countries. This was meant to help liquidity-constrained countries address the fallout from the global crisis by limiting the need for adjustment through contradictory policies in the face of deflation risks.
- **Interest relief**, with zero payments on outstanding IMF concessional loans through end-2011 to help

[61] Quota subscriptions from member countries are the IMF's main source of financing, but it can supplement its resources through borrowing if current resources might fall short of member countries' financing needs. The IMF currently has in place a number of bilateral loan and note purchase agreements, and it has two standing borrowing arrangements, the General Arrangements to Borrow (GAB) and the New Arrangements to Borrow (NAB).

LICs cope with the crisis. Thereafter, it expects to implement permanently higher concessionality of Fund financial support.

More flexible lending instruments

- A new form of financial support – the **flexible credit line** – was introduced for strong-performing economies, providing a high level of upfront access to IMF resources, with no ongoing policy conditions.
- To make its financial support more flexible and tailored to the diversity of low-income countries, a new **Poverty Reduction and Growth Trust (PRGT**) was established with three new lending windows:

    1. The *Extended Credit Facility (ECF)* replaces the Poverty Reduction and Growth Facility (PRGF) and is the Fund's main tool for providing support to LICs with protracted balance of payment problems. It allows higher levels of access, more concessional financing terms, more flexible programme design features, as well as a streamlined and more focused conditionality.
    2. The *Standby Credit Facility (SCF)* replaces the Exogenous Shocks Facility's (ESF) high access component for countries that face short-term balance of payments problems from time to time, allows for higher access, and can also be used on a precautionary basis to provide insurance; and
    3. The *Rapid Credit Facility (RCF)* provides rapid financial assistance to LICs facing an urgent balance of payments need without the need for programme-based conditionality.

- Recent reforms abolished "hard" structural conditionality in all IMF-supported programmes, putting a greater focus on objectives rather than specific actions and deadlines.
- Together with a review of the flexibility of the **Debt Sustainability Framework (DSF)** described in more detail in Figure 5.1, debt limits applied under Fund programmes have been made more flexible (relating them systematically to countries' DSAs and debt management capacity). This could create more flexibility for the strongest LICs to borrow at lower level of concessionality while pursuing sound macroeconomic policies.

World Bank Group

194. The WBG designed a number of initiatives to mobilise more resources, both public and private to protect the poorest and stimulate private sector activities. These are explained in more detailed in Box 5.6. Among these, a total of USD 20.7 billion was provided for infrastructure, a sector critical for rapid recovery and job creation. Similarly overall agricultural lending by the WBG will increase to USD 12 billion over the next two years, up from USD 4 billion in 2008. This is critical not least because the World Bank's earlier scaling-back of engagement (both financial and policy) in infrastructure and agriculture in the 1990s[62] is widely considered to have been short-sighted. Investments in safety nets and other social protection programs in health and education are also projected to reach USD 12 billion over next two years.[63]

Box 5.6: The World Bank Group's Response to the Crisis

Scaling up financial assistance

- Overall, the World Bank Group's new commitments increased by 54% in fiscal year (FY) 09 over the previous year to reach a record high of USD 60 billion.
- IBRD's **lending almost tripled** to USD 32.9 billion—a new record—from USD 13.5 billion in 2008. In 2010, IBRD lending is projected to exceed USD 40 billion. The IBRD is developing an approach to

[62] World Bank (2007), "World Bank Assistance to Agriculture in Sub-Saharan Africa – An IEG Review." Washington, D.C., The World Bank.

[63] These amounts for agriculture and safety nets are IDA or IBRD loans (the Bank's regular resources), and do not include trust fund disbursements.

expand the use of its resources for specific projects in IDA countries based on the IBRD Enclave Framework for loans and/or partial risk guarantees.

- IDA commitments hit a record level of **USD 14 billion** in FY09, 25% higher than a year earlier, and further increased to USD 14.5 billion in FY10. IDA disbursements were also significant at USD 9.2 billion in FY09 and USD 11.5 billion in FY10.
- Up to USD 2 billion of IDA15 resources will be provided under **the IDA Fast-Track Facility**, which has accelerated processing and approval procedures, and provides for a greater degree of front-loading of IDA resources (up to 50% of country allocations). As of March 2010, USD 1.5 billion had been committed.

Targeted initiatives

- The **Global Food Crisis Response Program** (GFRP) with commitments of USD 1.2 billion, and disbursements of USD 870 million in over 30 countries in FY09 described in Box 5.4.
- The **Rapid Social Response** (RSR) designed to support safety nets and other social protection programs totalling USD 4.3 billion in FY09 funded primarily from IBRD and IDA resources and contributions to a multi-donor trust fund.
- The **Infrastructure Recovery and Assets Platform (INFRA**), a multi-donor, co-ordinated effort to help developing countries invest in their infrastructure sectors as economic drivers in the face of the current global crisis.

Supporting private sector activities

- Co financing innovations by the IBRD[64], and the **expanded use of guarantees, insurance instruments** and risk management products by both the IBRD and MIGA support private sector activities.
- The IFC committed USD 7 billion in financing through targeted initiatives in FY09. This in turn mobilised an additional USD 11 billion of funding from partners under IFC management or parallel arrangements:
  - On trade, the IFC expanded its *Global Trade Finance Program* to USD 3 billion in trade guarantees and launched the Global Trade Liquidity Program (GTLP), which has already supported USD 3 billion in trade to-date, benefitting mostly African countries.
  - On infrastructure, the IFC launched the *Infrastructure Crisis Facility* (ICF) to help viable, privately funded or PPP projects that face financial distress as a result of the crisis.
  - On microfinance, the IFC launched the *Microfinance Enhancement Facility* (MEF) to help microfinance institutions primarily with debt financing.
  - On bank capitalisation, the *IFC Capitalisation Fund* (USD 3 billion in debt and equity) is designed to strengthen the capital base of banks in emerging markets.

IDA Crisis Response Window

195. At the IDA15 Mid-Term Review that took place in late November, IDA deputies endorsed the creation of a dedicated **Pilot Crisis Response Window** (CRW) in IDA to provide additional funding for the protection of core spending. The Pilot CRW, established for the remaining half of IDA15 (January 2010-June 2011), will help protect core spending on health, education, social safety nets, infrastructure, and agriculture. The USD 1.6 billion IDA15 CRW will be funded through a redeployment of internal IDA resources and new voluntary donor contributions. CRW country allocations are designed to complement IDA's performance-based system (PBA), and provide additional financial support to those non-oil exporting IDA-only countries with the greatest crisis related financing needs, and the least capacity to raise financing from other sources.

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64 An IBRD USD 2 billion loan with deferred drawdown option together with standby commitments from Asian Development Bank (ADB), Japan and Australia has allowed Indonesia to raise USD 12 billion of private funds in 2009 under difficult market conditions.

196. IDA deputies endorsed moving forward with the preparation of a proposal for a **permanent CRW** to respond to "exceptional" crises caused by exogenous shocks. This was further detailed at the Second IDA16 Replenishment meeting that took place in Bamako in June 2010. The permanent CRW would respond to major natural disasters or to severe economic crises. Participants recognised that the CRW would need to combine a rules-based approach with informed judgment given difficulties with predicting crises, and requested further work on the criteria for economic crisis, including coordination with the IMF, triggers, and country eligibility. Participants agreed that the CRW be capped at 5% of the total IDA16 replenishment resources, but expressed a range of views on the mix of *ex-ante* and *ex-post* financing.[65]

Regional Development Banks

197. The **AfDB** took steps to accelerate resource transfers to its member countries by frontloading its allocations and speeding up disbursements and by restructuring portfolios. In addition, the AfDB Group adopted the "Bank's Response to the Economic Impact of the Financial Crisis" in March 2009. This comprises: (i) a USD 1.5 billion *Emergency Liquidity Facility*; and (ii) a USD 1 billion *Trade Finance Initiative* consisting of two phases. The first phase supports trade finance by African banks and the second phase is a contribution to the IFC-led Global Trade Facility Programme again for African trade finance. The 2009 Joint Action Plan to support Africa's financial systems and lending to the private sector (small and medium enterprises and infrastructure) was agreed by eight international financial institutions, including the AfDB Group and the WBG. This initiative is expected to increase their commitment by at least USD 15 billion over the next 2-3 years.

198. The **AsDB** crisis-related assistance, framed under its long-term strategic framework 2008-2020 is expected to increase by more than USD 10 billion in 2009-2010, bringing total AsDB assistance for these two years to around USD 32 billion[66] compared to about USD 22 billion in 2007-2008 (including project investments, quick disbursing policy-based loans, guarantees, and new initiatives designed to address specific crisis needs). The increase in lending comprises loans for trade finance, countercyclical support for fiscal spending, and for infrastructure investment. AsDB will also expand its crisis-related support through grants for policy analysis and capacity building. Given severe resource constraints faced by low-income countries, the AsDB approved an additional liquidity of USD 400 million to AsDF-only countries. AsDF borrowers are also allowed to front-load their entire 2009-2010 biennial allocation. The AsDB is working closely with the ASEAN Secretariat to establish a credit guarantee and investment mechanism as a trust fund to provide its members access to the Asian bond market for additional funding.

199. To boost lending in the short-term, the **Inter-American Development Bank** (IDB) eliminated ceilings on its policy-based lending authority. Approvals programmed for later years were brought forward. In October 2008, the IDB created a fast-disbursing USD 6 billion emergency facility to support commercial lending. The funds are provided to governments, which in turn make the funds available to commercial banks. These financial institutions can then use the resources to finance lending to companies. The Bank's *Trade Finance Facilitation Program* (TFFP) increased its funds to USD 1 billion from USD 400 million and the credit line now supports non-dollar denominated trade finance transactions. The IDB increased approvals of loans, credit guarantees and grants by 77% in the first nine months of 2009 to USD 9.6 billion compared to the same period a year earlier. The increased lending has been accompanied by record disbursements. In the first nine months of 2009, the IDB disbursed USD 6.5 billion to the region, 63% more than in the same period last year.

65 World Bank (2010), "Chairperson's Summary: IDA Deputies' Meeting, Bamako, Mali, June 16-19, 2010."

66 Asian Development Bank (2009), "The Global Economic Crisis: Challenges for Developing Asia and ADB's Response." http://www.adb.org/Documents/Reports/Economic-Crisis/Global-Economic-Crisis-042709.pdf

European Commission

200. The European Commission is frontloading EUR 3 billion, or 72% of its foreseen budget support to African, Pacific and Caribbean (ACP) nations to protect social spending. The Commission set up an *ad-hoc* mechanism, the "**EU Vulnerability FLEX**" (V-FLEX) instrument in August 2009 to assist ACP countries in response to the economic crisis, up to EUR 500 million. The Commission approved the first package of financing decisions for a total of EUR 215 million in December 2009. V-Flex works pre-emptively based on forecasts of fiscal losses and other economic and social vulnerability criteria to ease the impact of the crisis. For this first tranche, all amounts are paid in form of budget support, to enable partner countries to maintain their level of public spending in priority areas, including in the social sectors, without jeopardising their macroeconomic stability. Most of these funds are expected to be disbursed rapidly and act as a complement to assistance of World Bank, International Monetary Fund and other regional development banks.

201. In addition to V-FLEX, the European Commission reinforced and reshaped the **EU-Africa Infrastructure Trust Fund**, increasing the grant capital together with bilateral funds from EU Member States to a total of EUR 500 million by 2010. This will allow it to mobilise an additional EUR 2.5 billion in loans.

Lessons of the Crisis for the International Financial Institutions and Regional Development Banks

202. Multilateral institutions have drawn many lessons from the recent crisis. The **Fund** (IMF) has undertaken extensive deliberations on macroeconomic[67] and financial policies and regulations, along the lines of the Manuel Report's recommendations. First, surveillance must be sharpened to focus on systemic risks and spillover effects, including those risks related to macro-financial issues. Second, in order to restore confidence, lending for crisis response must provide members with access to large and upfront disbursements, using instruments tailored to the strength of countries' policies. And, third, the IMF must continue to study and assess the credibility and feasibility of various policy options to promote the long-term stability and proper functioning of the international monetary system.

203. In the months ahead, the Fund will consider various ideas to further strengthen its crisis prevention toolkit. This will include making improvements to existing instruments, creating a new precautionary credit line to serve a broader group of members, and a new multi-country swap/credit line. Work in this area includes understanding the origins and behaviour of capital flows and developing a toolkit to manage volatility as well as work related to the supply of reserve assets.

204. While more time will necessarily be needed to draw up a comprehensive list of lessons from the global economic crisis, the **WBG** has identified areas where action and rethinking are needed. First, there is a need for broader reforms to improve financial system stability and soundness (relying on a broader and more representative Financial Stability Board and an expanded IMF role). Second there is recognition of the importance of safety nets as effective policy responses. Third, there is a need to reassess the role of government. And, fourth, the approach of a broad range of policy issues ranging from public-private partnerships, to exchange rate regimes and the degree of capital account openness needs to be reconsidered.

67 Most noteworthy are recent reflections by IMF staff about the need to rethink macroeconomic policy including combining monetary policy and regulatory tools and the desirability of a higher inflation target—around 4% compared to 2%, which has been the norm adopted by central banks in developed economies—to give more room to expansionary monetary policy through lower interest rates. With inflation at 2%, the margin for nominal interest reductions is limited. Another stream of work at the IMF concerns capital account liberalisation.

205. On the basis of its global and cross-sectoral presence and knowledge, finance, leadership in global public goods and catalytic and convening abilities, the WBG sees its comparative advantage in the post-crisis era shaped by five interrelated priorities:

1. target the **poor and the vulnerable** with a focus on the "bottom billion" of Africa and South Asia, expanding the provision of basis needs and targeted social safety nets;
2. create **opportunities for growth** centring on agriculture and food security, infrastructure, investment climate and private sector involvement, including engaging in critical public finance issues such as effective use of public resources and public financial management;
3. provide appropriate **knowledge and policy expertise** to developing countries;
4. support the **global public goods** agenda – pressing global challenges such as climate change, and communicable diseases; and
5. **strengthen governance and fight corruption** both at the country and global/regional levels.

3. Resource Mobilisation: Capital Increase and Replenishments

206. The year 2010 requires donors to make simultaneous decisions on the replenishment and recapitalisation of major concessional funds and multilateral development banks. Donors are increasingly looking for innovative ways to provide predictable funding to funds, even under budget constraints. One such example is highlighted in Box 5.7.

207. The year 2010 calls for the recapitalisation, or general capital increase of the Inter-American Development Bank, the IBRD, and the African Development Bank. While the loans they leverage do not count as ODA, shareholder contributions to their equity do. The DAC share of the costs will vary depending on the relevant shareholder bases indicated in the coefficient column of the table below. Based on published estimates of equity shortfalls 5-6 years out, and straight-line reconstitution, general capital increases alone could produce additional ODA annual claims for DAC donors' paid-in capital of about USD 879 million a year from 2014 (depending on the adjusted IBRD shareholder formula).

208. Concurrent decisions on the replenishment of all major concessional funds are taking place in 2010. To indicate the order of magnitude, previous replenishments were: IDA (USD 42 billion over 3 years); the AfDF (USD 8.9 billion over 3 years); GEF (USD 4.2 billion over 4 years); and the Global Fund (USD 9.7 billion over 3 years). Obviously real needs and inflation are generally increasing and absorption capacity is also rising, so these may be considered floor estimates. Table 5.1 indicates estimated minimum calls on DAC members for recapitalisation and replenishments over the next nine years.

Table 5.1: DAC share of calls for Recapitalisation and Replenishment

(in USD millions)	DAC coefficient	2010	2011	2012	2013	2014	2015	2016	2017	2018
General capital increases		-	465	465	465	879	879	414	414	414
IBRD - GCI *	59%	-	-	-	-	414	414	414	414	414
IDB - 9th GCI	50%		169	169	169	169	169	-	-	-
AfDB - 6th GCI	37%		296	296	296	296	296			
Replenishments		3,916	6,764	17,660	14,679	10,896	-	-	-	-
IDA-16	78%	-	-	10,896	10,896	10,896	-	-	-	-
AfDF-12	96%	-	2,848	2,848	2,848	-	-	-	-	-
Global Fund	92%	2,982	2,982	2,982	-	-	-	-	-	-
GEF-5	89%	935	935	935	935	-	-	-	-	-
Total		3,916	7,229	18,125	15,144	11,775	879	414	414	414

Source: Secretariat estimates based on World Bank, Global Fund, Inter-American Development Bank, GEF share of subscriptions and replenishment documents.
* Based on the current shareholder formula for the general capital increase.
Note: Amounts have been adjusted to reflect the DAC share.

209. Further information on each of these general capital increases and replenishments can be found in Annex 4 of this report.

Box 5.7: DFID Core Funding to the GAVI Alliance: Long-Term Funding Mechanism

Analysis commissioned by GAVI[68] suggests that predictable funding could increase immunisation outcomes by at least 10%, compared to the same amount of funds provided on a non-predictable basis. If all GAVI donors provided long-term funding, this could potentially result in an additional 230,000 lives saved from 2009 to 2015 (if GAVI spends the forecast total of USD 8.1bn over this period).

The UK's Department for International Development will provide predictable funding to GAVI through a 10 year pledge formulated with a rolling three year ahead binding element. Within the overall 10 year framework, they will issue a series of binding Promissory Notes. In the first year DFID will issue a promissory note for the first three years. Each subsequent year (from year 2) they will extend the Promissory Note commitments so that these always cover the next 3 years ahead. In this way, the overall funding pledge would gradually become a binding commitment. The decision to issue each Promissory Note would be subject to GAVI demonstrating performance against a mutually agreed long term results based framework linked to GAVI's Key Performance Indicators and Business Plan.

The objective of DFID's support is to provide a long term commitment using a mechanism that (i) provides GAVI increased confidence to plan long term funding (up to 10 years) to countries; and (ii) enables GAVI to make binding commitments to countries up to 3 years ahead on the strength of our commitment (and without having to hold a cash balance to cover the obligation).

Source: The United Kingdom's Department for International Development (DFID)

Main Findings

- The World Bank and the IMF are moving forward with reforms towards a more representative governance structure. Internal reforms also aim to provide more flexible and more adapted instruments for their clients. *(Paragraphs 175-178)*
- The year 2010 requires donors to make simultaneous decisions on the replenishment and recapitalisation of major concessional funds and multilateral development banks. *(Paragraph 206)*

68 McElligot, Sean (2009), "Health Impact Predictable Long-Term Funding: Study" University of Pennsylvania, May 2009

6. MULTILATERAL STRATEGIES AND EVALUATION IN 2009-2010

210. More than half of DAC members now have a multilateral aid strategy, though they differ in nature and scope. Some are broad political statements to guide multilateral aid allocation; others define specific priorities and implementation processes. No country has a fixed allocation formula across its entire multilateral portfolio. Countries often also have separate partnership agreements with their most important multilateral partners. In determining multilateral allocations, the effectiveness of multilateral institutions is one of the key considerations. The second section looks at current multilateral evaluation processes in this context.

1. DAC Members' Multilateral Strategies

211. As described in detail for each country last year, multilateral aid allocations are typically made in parallel by two (or sometimes more) different ministries. Ministries of Finance tend to lead on policy dialogue and contributions to the international financial institutions, while the Ministries of Foreign Affairs decide on contributions to UN agencies and regional organisations. Aid allocations to EU institutions may also be decided by the Ministry of Foreign Affairs, but not necessarily the same department responsible for UN allocations. Allocation decisions appear to be made in a decentralised manner, often independently from other allocation decisions within the same government. This makes the discussion on division of labour among and between bilateral and multilateral donors all the more difficult. For each Peer Review, the DAC Secretariat routinely consults with nine multilateral aid agencies in order to get a clearer understanding of each Member's contributions to, and engagement with, these agencies. In an attempt to create a co-ordinated allocation process, many countries have established an overall "multilateral strategy." Last year's report highlighted Sweden and Switzerland as examples of countries with new multilateral strategies. Belgium, Portugal, Finland, and the Netherlands have recently adopted new multilateral strategies.

Belgium

212. In November 2008, the Minister of Development Co-operation announced a new multilateral strategy to concentrate its multilateral aid, avoid the creation of new funds and increase the share of its core, as opposed to non-core (earmarked) aid. In 2008, Belgium concentrated and limited its multilateral aid to 21 multilateral entities.[69] Beginning in 2009, earmarked aid to multilateral agencies funded by the Directorate General for Development Co-operation (the DGDC is responsible for 55-65% of Belgium's ODA) was converted to core funding. Belgian officials now expect to devote more time and effort to policy dialogue at the Executive Body level. In this way, the Government anticipates extending strong support to results based management and reporting, as well as for the strengthening of monitoring and evaluation functions within the organisations they fund. Article 23 of the new draft law on development co-operation submitted to Parliament in April 2010 states that voluntary multilateral contributions are directed to the core, un-earmarked budget of partner organisations, with the exception of eventual

[69] UNDP, UNFPA, UNHCR, UNESCO, UNICEF, UNCDF, UNEP, OHCHR, OCHA, UNRWA, UNAIDS, FAO, WHO, ILO, the World Bank, CGIAR, IOM, ICRC, the Global Fund, WFP.

delegated co-operation.[70] Belgium became a formal member of the Multilateral Organisation Performance Assessment Network (MOPAN) in February 2010.

Portugal

213. The Government of Portugal adopted the *Estratégia Portugesa de Cooperação Multilateral* in 2009. The strategy identifies three guiding principles for allocating multilateral support: (1) MDGs and aid effectiveness; (2) co-ordination, coherence and complementarity; and (3) policy coherence for development. It aims to strengthen Portugal's capacity to influence multilateral organisations' policies by promoting increased coherence between the different actors in the Portuguese administration responsible for multilateral co-operation (Portuguese Institute for Development Assistance – IPAD, Ministry of Foreign Affairs, the Ministry of Finance and Public Administration, Portuguese embassies and diplomatic missions, and line ministries) as well as between multilateral and bilateral co-operation. The strategy recommends maintaining the overall ratio between bilateral and multilateral ODA, but it recognises the importance of multilateral ODA as an instrument to: (i) leverage total Portuguese ODA, including ODA allocated to programmes and projects following a bi-multi approach;(ii) increase Portuguese ODA predictability; and (iii) finance Global Public Goods.

Finland

214. Finland's policy for multilateral development co-operation focuses on the eradication of poverty and achievement of the MDGs. It considers the United Nations as its leading multilateral partner in achieving these. The guiding principles of multilateral co-operation include coherence, complementarity, and effectiveness. In terms of coherence, Finland supports the UN reform process and stresses the decentralisation of operations and decision-making to the country-level. Complementarity between bilateral, multilateral and EU co-operation is emphasised. Thematic and regional priorities are determined based on the development needs of the particular region / country and the mandate of the multilateral organisation through which they choose to implement these priorities. The Nordic group of countries forms an important reference group for multilateral co-operation, and Finland uses its influence in governing bodies to promote the effective use of its multilateral aid. Cross-cutting themes across bilateral and multilateral co-operation include the rights of women and girls, strengthening the rights of marginalised and vulnerable groups, and combating HIV/AIDS.[71]

Netherlands

215. The Dutch Minister for Development Co-operation presented the Multilateral Strategy to Parliament in April 2009. Four priorities for multilateral engagement include (1) growth and equity; (2) fragile states; (3) gender and sexual and reproductive health rights; and (4) climate change and renewable energy. The Government will step up its multilateral engagement, both in terms of funding and policy dialogue for four reasons. First, meeting the MDGs and safeguarding global public goods can only be realised through effective international co-operation. Second, increased fragmentation of aid programmes means governments have incurred higher transaction costs, and co-ordinating more closely can at least alleviate some of these costs. Third, due to their specialisation and legitimacy, multilateral organisations can address some issues, such as *e.g.* setting standards and regulations, advising countries on reproductive health policies, and macroeconomic policy more easily than some bilateral agencies. Finally, the Netherlands sees multilateral ODA as a means to influence the multilateral system as a whole. The most relevant and best performing institutions will be rewarded more systematically than before with additional ODA contributions and less earmarking.

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70 Belgian Foreign Ministry (2009), "Multilateral Aid Policy, Going for Full Core", PowerPoint presentation and 2010 DAC Belgian Peer Review.

71 Ministry for Foreign Affairs (2009), "Multilateral Co-operation in Finland's Development Policy", Helsinki.

Spain

216. Spain's Multilateral Strategy has two objectives: (1) the eradication of poverty, and (2) the achievement of MDGs. In order to implement its Strategy, Spain identified the United Nations as one of the most important channels for multilateral cooperation. For this reason, Spain is actively involved in the UN System Wide Coherence process and is a strong proponent of the "Delivering as One" initiative. Since 2006, when Spain started increasing its multilateral ODA, the goals of Spanish multilateral cooperation have become more ambitious. These include focusing on aid and development effectiveness, increasing multilateral commitments selectively, promoting policy coherence and playing a more active role in international forums. To focus and improve the quality of relations between Spain and the multilateral organisations to which it belongs, the Ministry of Foreign Affairs and Cooperation has signed Strategic Framework Agreements. These Strategic Agreements consider aid effectiveness principles such as predictability of funding, mutual accountability and the further alignment Spain's cooperation priorities with the organisations it funds. In 2009, two Strategic Agreements were signed with UNDP and UNICEF. Two more agreements will be signed in 2010 with UNFPA and UNIFEM.

217. During 2008 and 2009, the UK developed Institutional Strategies that link the release of voluntary core funding to some UN agencies with the achievement of targets contained in Performance Frameworks. This is described in further detail in Box 6.1.

Box 6.1: Performance Funding in the UN: the UK's Approach

The United Kingdom has developed Institutional Strategies including Performance Frameworks with some UN agencies to link performance to the UK's voluntary core funding. First, a "baseline core" is allocated based on overall performance, followed by a "bonus core" for progress made against a sub-set of high priority targets. For example, in 2009, the UK's Department for International Development (DFID) provided UNDP, UNFPA, WHO and UNAIDS with GBP 104 million of un-earmarked core funding that was released following satisfactory progress against the Performance Framework targets. Of this, GBP 6.5 million was bonus un-earmarked core funding awarded for progress against targets for UN reform and improved delivery. In this way, UK core funding is contingent on agency performance, improving direct accountability to the UK tax payer. In some cases where agencies' own targets are not sufficiently robust to be included in the Performance Frameworks DFID has developed new targets in collaboration with the agencies.

Source: The UK's Department for International Development.

2. Evaluation of multilateral organisations

218. Given that DAC members cite many positive reasons for increased multilateral engagement, the reality of a flat, if not eroding, multilateral share of ODA does not seem attuned to this rationale. Why is this so?

219. DAC members continue to report a need for better evidence of multilateral impact and effectiveness for domestic accountability purposes, which may be enhanced by the coincidence of the large number of major replenishment negotiations discussed in the previous chapter. They also see an increasing need to justify multilateral contributions – over which they have less direct oversight – to a sceptical public, and may therefore require more exacting results on the impact of these organisations in developing countries. How multilateral organisations report this information back to donors, and how they in turn represent them domestically, may influence domestic constituents' perception of these organisations as much as the evidence available. The reality of today's world does not seem to coincide with that in which

Milner concluded that in times of "aid scepticism" the public believed multilateral organisations were more efficient, and preferable to bilateral assistance.[72]

220. As discussed in the last multilateral aid report, ideally reporting by multilateral agencies would be sufficiently comprehensive to satisfy bilateral donor information requirements and would make separate donor-driven assessments unnecessary. The multilateral development banks' Common Performance Assessment System (COMPAS) is a joint effort to improve the reporting of results. The latest report (2008) records progress towards harmonisation in the area of evaluation, but identifies greater scope for harmonisation of monitoring development results.

221. A shift towards self-reporting by multilaterals would be a way to apply Paris Declaration principles of "ownership" and "alignment" to the funding of these organisations. Until self-reporting is deemed adequate, however, collective assessments intended to lead to full harmonisation of monitoring instruments for multilaterals are at least an improvement over a proliferation of single-donor assessment efforts. Such harmonised efforts include the Multilateral Organisations' Performance Assessment Network (MOPAN), and the work of the DAC's Evaluation Network. The latter is involved in peer reviewing organisations' evaluation capacities. It is also developing an approach to jointly assess the development effectiveness of multilateral partners by combining elements of MOPAN assessments with reviews of organisations' own development results evaluation at country-level (see Box 6.2).

Box 6.2: MOPAN and the DAC's Evaluation Network

Various assessment tools and approaches such as peer reviews of multilaterals' evaluation functions, multi-donor evaluations of multilaterals' programs and initiatives, assessments by MOPAN, and reports from multilaterals themselves, all contribute information on multilateral effectiveness. However, individually they may not fully satisfy the performance information needs of stakeholders such as bilateral funders.

Sixteen DAC members[73] also belong to the Multilateral Organisation Performance Assessment Network (MOPAN). This "common approach" is an annual assessment built around four dimensions of organisational effectiveness, namely:

1. strategic management (corporate governance, corporate and other strategies);
2. operational management (use of performance information, financial resources management, human resources management, portfolio management);
3. relationship management (ownership, alignment, harmonisation); and
4. knowledge management (performance monitoring and evaluation, performance reporting, application of lessons learned).

Donors (MOPAN member representatives) at headquarters and at country level, ministry and Non-Government Organisation representatives in the selected developing countries complete the survey on the multilateral organisations assessed in those countries. This process includes an important dimension of dialogue with the multilateral organisations on the findings. In 2010, MOPAN will survey the Asian Development Bank,

72 Milner (2006), "Why multilateralism? Foreign aid and domestic principal-agent problems," in *Delegation and Agency in International Organisations*, ed. Hawkins, Lake, et al. Cambridge University Press. The argument is that donor governments use foreign aid to advance their own interests, while publics are more interested in addressing the needs of recipient countries, or perhaps more likely, are reluctant to give their tax dollars for aid when they have a difficult time monitoring the government. On the other hand, multilateral organisations are seen as providing more needs-based aid and cannot easily be controlled by just one donor. Therefore, when publics are more sceptical about aid, the government will find it in its interest to give more multilateral aid. Of course, there is a time lag in that the more the public dislikes aid in the prior period, the more the government is induced to spend on multilateral aid in the next period. Milner bases these conclusions primarily on humanitarian aid.

73 Members as of April 2010 include: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, The Netherlands, Norway, Republic of Korea, Spain, Sweden, Switzerland and the United Kingdom.

WHO, UNFPA, and IFAD in ten partner countries. The 2009 survey examined the World Bank, UNDP, the African Development Bank and UNICEF in nine partner countries. This year's survey will also take into consideration a review of documents published by each of these organisations.

The DAC Evaluation Network, led by Canada, is developing an approach on how to jointly assess the effectiveness of individual multilateral partners by bringing together evaluators, multilateral policy department staff, and representatives from multilateral organisations and MOPAN. The approach will draw on existing data and information, such as the different reviews and reports in order to avoid duplication of work, evaluation fatigue and to lessen the burden placed on multilaterals for information. In short, the assumption is that when organisational effectiveness, as surveyed by MOPAN, is deemed adequate by donors, meta-evaluations will provide additional information on development effectiveness. If the MOPAN survey or the new approach developed cannot shed enough light on the effectiveness of a particular multilateral, a more important joint evaluation of that multilateral may be considered in order to acquire further information on development effectiveness. The approach is seen as an interim solution as, in the long run, the approach should lead to improved results reporting on development effectiveness by the multilaterals themselves.

Source: DAC Secretariat.

Main Findings

- In the longer-term, self-assessments by multilateral agencies should be sufficiently comprehensive to satisfy bilateral donor information requirements, making separate bilateral evaluations and/or assessments unnecessary. *(Paragraph 220)*
- Until self-reporting is deemed "adequate", collective assessments intended to lead to full harmonisation of monitoring instruments for multilaterals are encouraged as an improvement over multiple single-donor assessment efforts. *(Paragraph 221)*

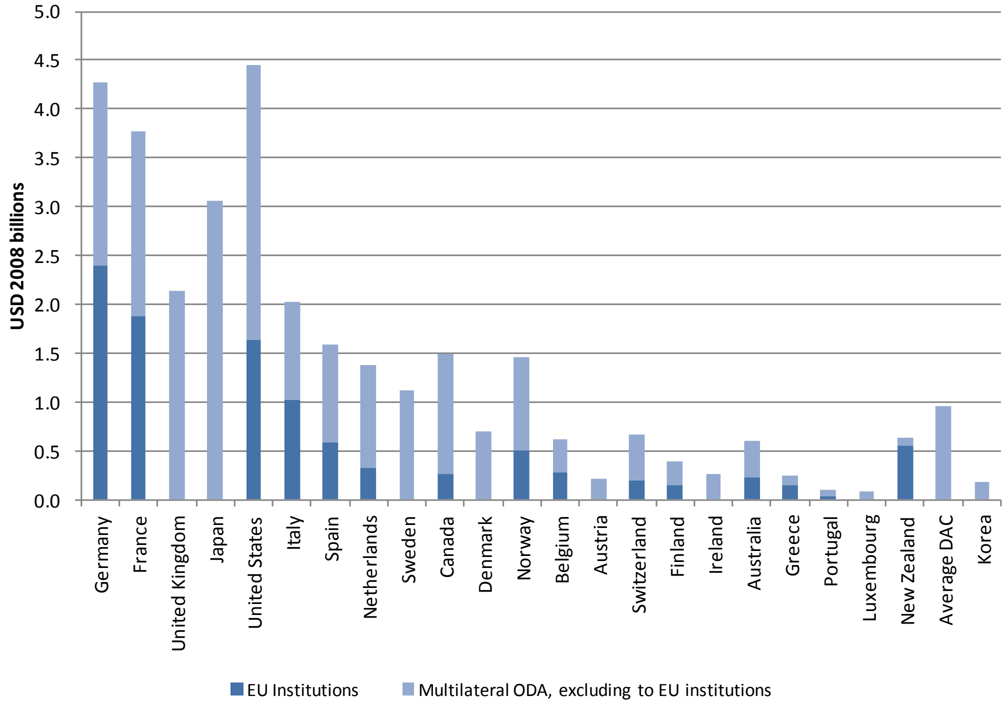
Questions for Future Policy Discussions

- Future efforts by the DAC's Evaluation Network and MOPAN aim to combine surveys of multilateral effectiveness with better impact reporting by the multilaterals themselves. Is this the right mix?
- Bilateral donors have reported an inability to demonstrate multilateral effectiveness. Is this primarily due to underlying multilateral performance problems, lack of robust data, or communication gaps.

ANNEXES

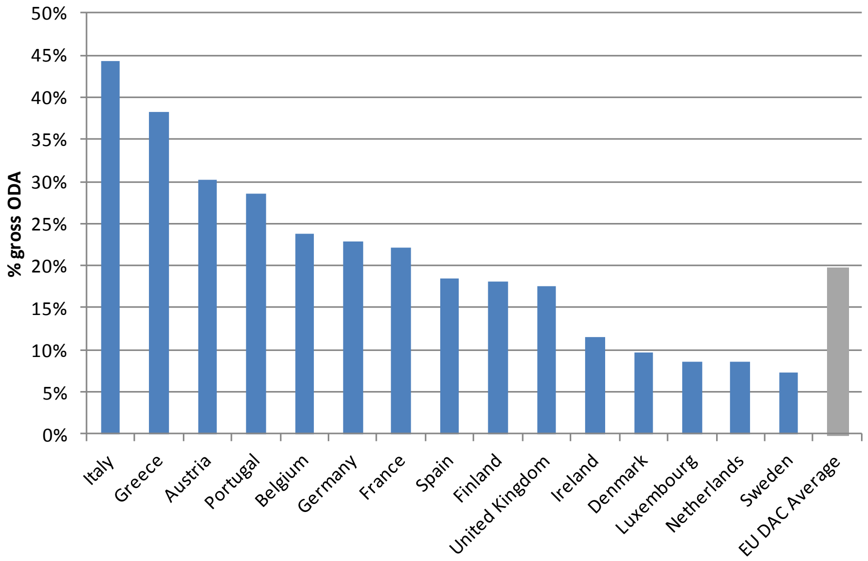
ANNEX 1

Figure 1: Gross Multilateral ODA of DAC Members
Three-year annual average (2006-8), constant 2008 USD



Source: DAC Aggregates.

Figure 2: DAC Multilateral ODA to EU Institutions as % gross ODA
Three-year annual average (2006-8), constant 2008 USD (excluding debt relief)



Source: DAC Aggregates.

Table 1: Non-DAC ODA

Three year annual average (2006-08), USD millions in constant 2008 prices

Non-DAC Donor	Total ODA	Bilateral ODA	Multilateral ODA	Multilateral as share of gross ODA (%)
Cyprus*	35	20	15	42
Czech Republic	227	107	121	53
Estonia	18	4	15	80
Hungary	139	54	85	61
Latvia	17	2	15	87
Lithuania	42	16	26	61
Poland	406	149	257	63
Romania**	123	27	96	78
Slovak Republic	83	36	47	56
Slovenia	58	24	34	59
EU 10 total (excl. Malta)	***1,149***	***439***	***710***	***62***
Chinese Taipei	488	464	24	5
Iceland	41	30	11	27
Israel ***	119	102	17	14
Korea****	644	464	180	28
Liechtenstein	14	13	1	10
Thailand	111	101	10	9
Turkey	791	724	67	8
Non-DAC (excl. Kuwait, Saudi, UAE)	***3,358***	***2,337***	***1,020***	***30***
Kuwait	570	568	1	0
Saudi Arabia	3,481	3,449	33	1
United Arab Emirates	368	368	-	-

Source: DAC Aggregates.

* Footnote by the European Union, Member States of the OECD and the European Commission: The Republic of Cyprus is recognised by all members of the United Nations with the exception of Turkey. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus'

* Footnote by Turkey: The information in this document under the heading "Cyprus" relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Turkey recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Turkey shall preserve its position concerning the "Cyprus" issue.'

** Romania started reporting to the DAC in 2008. Therefore, the data above includes just one year of reporting.

*** The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

**** Korea acceded to the DAC on 25 November 2009.

Table 2: DAC countries' "burden sharing" of global multilateral agencies

Five-year annual average (2004-2008), constant 2008 USD

	Multilateral ODA 2004-2008	Donor's share of global multilateral ODA	EU institutions	IDA	UN Funds and Programmes*	Global Fund
Number of DAC donors			**15**	**23**	**23**	**21**
Non-EU members	**44,962**	**28%**	**n.a.**	**45%**	**41%**	**44%**
Australia	1,772	1%	n.a.	2%	1%	1%
Canada	5,673	4%	n.a.	5%	5%	5%
Japan	15,057	9%	n.a.	16%	11%	5%
New Zealand	322	0%	n.a.	0%	0%	0%
Norway	4,932	3%	n.a.	2%	13%	2%
Switzerland	2,309	1%	n.a.	3%	3%	0%
United States	14,899	9%	n.a.	17%	7%	30%
EU members	**115,529**	**72%**	**100%**	**54%**	**59%**	**56%**
Austria	2,318	1%	2%	1%	1%	n.a.
Belgium	4,037	3%	4%	3%	1%	1%
Denmark	4,933	3%	2%	1%	8%	2%
Finland	2,083	1%	2%	1%	3%	0%
France	20,556	13%	20%	7%	3%	18%
Germany	21,306	13%	22%	13%	3%	7%
Greece	1,390	1%	2%	0%	0%	0%
Ireland	1,756	1%	1%	1%	2%	1%
Italy	13,678	8%	13%	4%	3%	9%
Luxembourg	562	0%	0%	0%	1%	0%
Netherlands	8,609	5%	5%	3%	12%	4%
Portugal	1,089	1%	1%	0%	0%	0%
Spain	8,967	6%	8%	4%	3%	4%
Sweden	6,466	4%	3%	3%	12%	4%
United Kingdom	17,780	11%	15%	12%	8%	7%
DAC Total excl. Korea	**160,491**	**99%**	**100%**	**99%**	**100%**	**100%**
Korea	938	1%	n.a.	1%	0%	n.a.

Source: DAC Aggregates

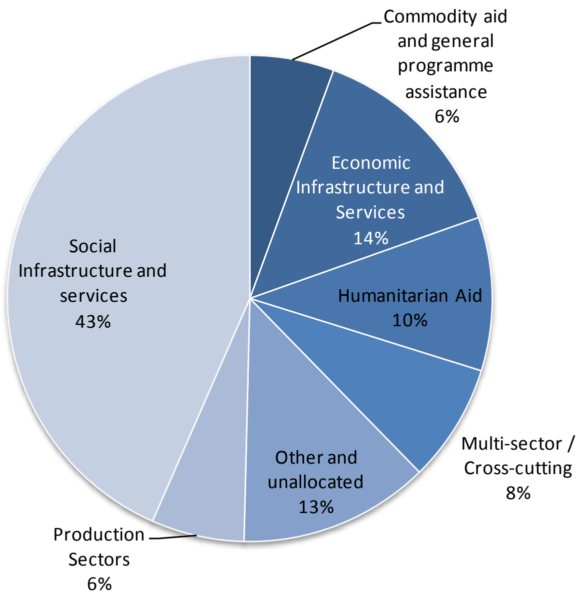
* Includes UNICEF, UNDP, UNFPA, UNHCR, WFP and UNRWA. Excludes Specialised Agencies and UNCTAD, UNDCP, UNEP, UNIFEM, UNV, UNCDF and UN-Habitat for which core contributions are not disaggregated in the DAC database.

Note: Totals may not add up due to rounding.

Figure 3: Distribution of Aid by Sector

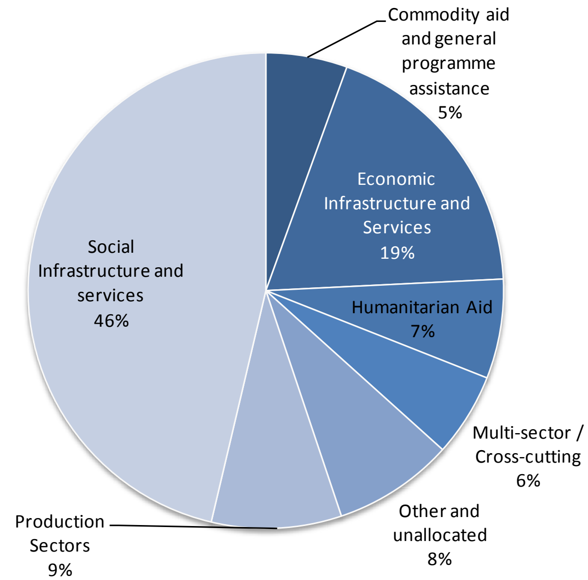
2008 Bilateral ODA by Sector (not including Korea)
Gross Disbursements, excluding debt relief
(constant 2008 prices)

Total bilateral ODA = USD 88 billion



2008 Multilateral Outflows by Sector
Gross disbursements, excluding debt relief
(constant 2008 prices)

Total multilateral outflows = USD 31 billion

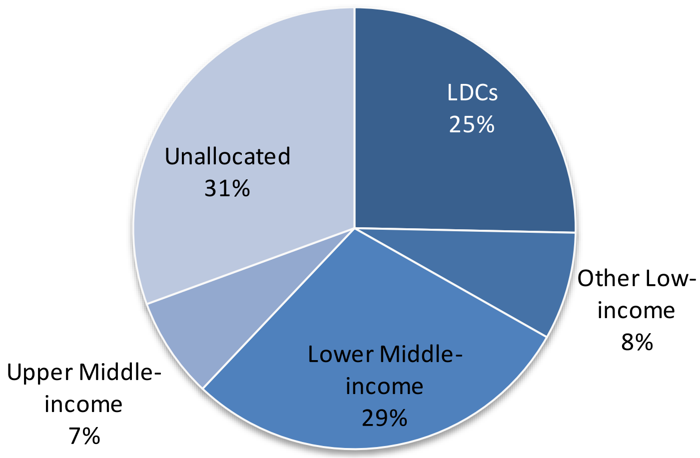


Source: Creditor Reporting System.
Note: EU Institutions are included in multilateral outflows. Data on multilateral outflows are incomplete. Approximately 23 major multilateral organisations report their outflows.

Figure 4: Distribution of Aid by Partner Country Income

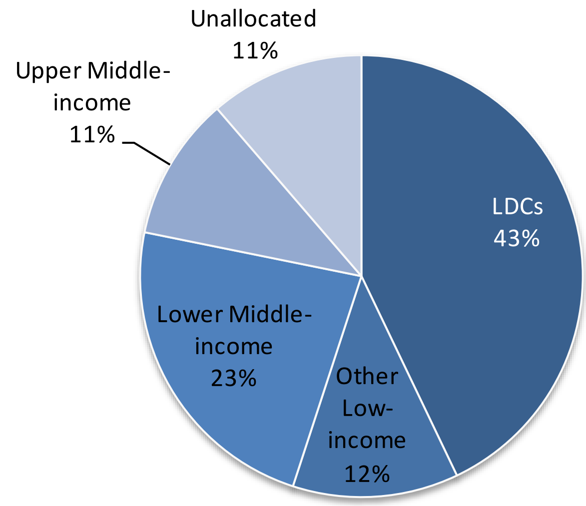
2008 Bilateral ODA (not including Korea)
Gross Disbursements, excluding debt relief
(constant 2008 prices)

Total bilateral ODA = USD 88 billion



2008 Multilateral Outflows
Gross disbursements, excluding debt relief
(constant 2008 prices)

Total multilateral outflows = USD 31 billion

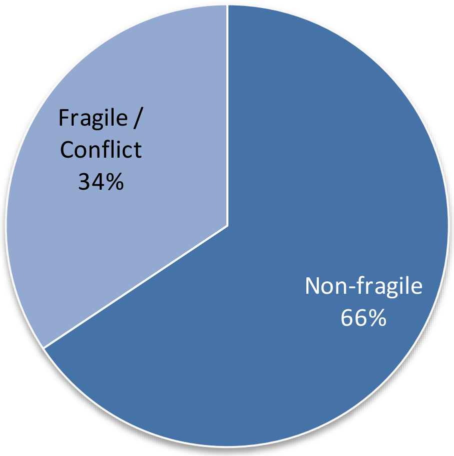


Source: Creditor Reporting System.
Note: EU Institutions are included in multilateral outflows. Data on multilateral outflows are incomplete. Approximately 23 major multilateral organisations report their outflows to the DAC.

Figure 5: Distribution of Aid by Conflict / Fragility Status

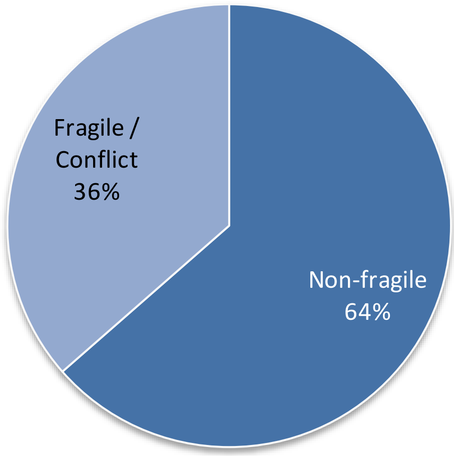
2008 Bilateral ODA
Gross Disbursements, excluding debt relief
(constant 2008 prices)

Total allocated bilateral ODA = USD 69 billion



2008 Multilateral Outflows
Gross disbursements, excluding debt relief
(constant 2008 prices)

Total allocated multilateral outflows = USD 29 billion



Source: Creditor Reporting System.
Note: Total allocated bilateral ODA does not include ODA or outflows to "unallocated or unspecified" recipients. EU Institutions are included in multilateral outflows. Data on multilateral outflows are incomplete. Approximately 23 major multilateral organisations report their outflows to the DAC.

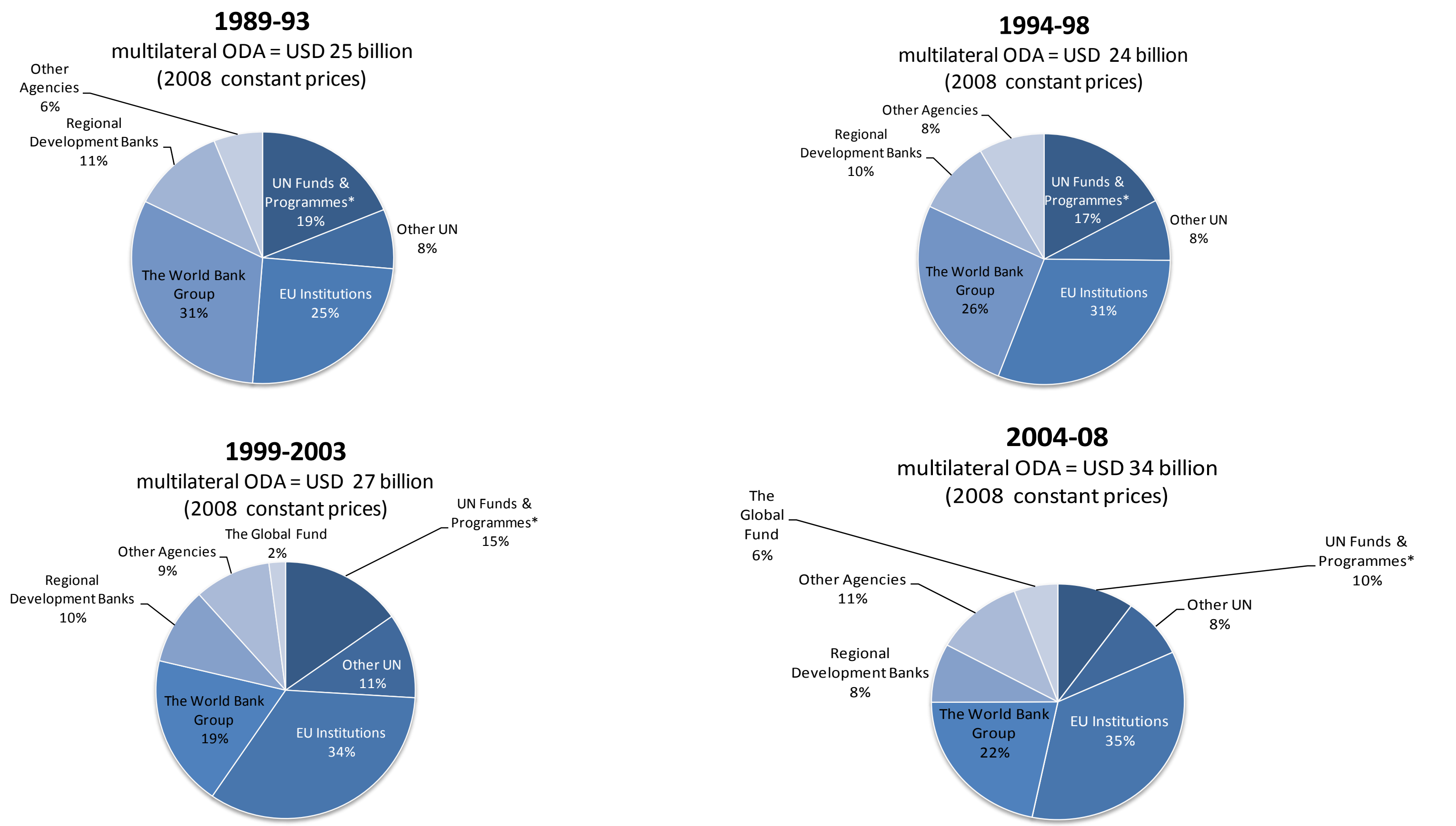
Table 3: DAC Gross Multilateral ODA

Three-year annual average (2006-8) disbursements, USD millions in constant 2008 prices

DAC country	EU Institutions	The World Bank Group	UN Funds and Programmes	Other UN	Regional Dev. Banks	The Global Fund	Other multilateral agencies	Multilateral ODA, total
Australia	-	175	22	41	71	22	42	372
Austria	286	120	17	24	31	-	18	496
Belgium	502	175	35	31	45	16	35	839
Canada	-	451	144	128	241	119	148	1,231
Denmark	265	148	255	114	65	30	94	971
Finland	195	48	91	46	35	2	36	453
France	2,398	560	102	157	243	393	424	4,278
Germany	2,663	1,004	89	195	275	174	134	4,535
Greece	226	47	3	13	15	0	14	318
Ireland	144	78	89	45	14	19	19	409
Italy	1,642	291	88	202	127	193	102	2,644
Japan	-	1,433	189	435	534	118	354	3,063
Luxembourg	34	21	19	33	9	3	6	126
Netherlands	588	207	396	164	85	98	97	1,636
New Zealand	-	11	20	13	7	-	19	68
Norway	-	153	399	155	105	59	85	955
Portugal	155	25	4	8	27	3	7	229
Spain	1,027	318	142	146	161	114	127	2,035
Sweden	329	237	436	159	124	101	66	1,452
Switzerland	-	189	104	45	64	6	67	476
United Kingdom	1,886	1,023	275	257	286	156	140	4,023
United States	-	946	235	445	245	644	301	2,817
Total DAC	**12,340**	**7,662**	**3,152**	**2,856**	**2,809**	**2,272**	**2,336**	**33,427**
Korea	-	51	7	35	74	-	12	180
Share of total multilateral ODA (%)	37	23	9	9	8	7	7	100

Source: DAC Aggregate Statistics

Figure 6: DAC Multilateral ODA Allocations (1989-2008) grouped by five year averages



Source: DAC Aggregate Statistics.

Table 4: 2008 Concentration Ratios of Multilateral and Bilateral Donors in Low-Income Countries

Source: 2009 OECD Report on Division of Labour - Addressing Fragmentation and Concentration of Aid across Countries, OECD 2009

Table 5: DAC Gross Multilateral ODA Disbursements

Five-year average (2004-2008), constant 2008 USD

	Multilateral ODA 2004-2008	Donor's share of global multilateral ODA	EU Institutions	IDA	UN Funds and Programmes*	Global Fund	AfDB	AsDB	% allocated to largest six multilateral clusters
Number of DAC donors			15	23	23	21	18	22	
Non-EU members	**44,962**	**28%**	**n.a.**	**34%**	**15%**	**9%**	**6%**	**7%**	**72%**
Australia	1,772	1%	n.a.	42%	7%	5%	n.a.	20%	74%
Canada	5,673	4%	n.a.	32%	13%	9%	9%	6%	69%
Japan	15,057	9%	n.a.	36%	12%	3%	5%	12%	67%
New Zealand	322	0%	n.a.	16%	26%	1%	n.a.	11%	52%
Norway	4,932	3%	n.a.	16%	45%	4%	9%	1%	75%
Switzerland	2,309	1%	n.a.	40%	23%	1%	10%	3%	77%
United States	14,899	9%	n.a.	38%	8%	19%	5%	5%	75%
EU members	**115,529**	**72%**	**51%**	**16%**	**9%**	**5%**	**4%**	**2%**	**86%**
Austria	2,318	1%	60%	20%	4%	n.a.	5%	2%	91%
Belgium	4,037	3%	59%	21%	4%	2%	4%	1%	91%
Denmark	4,933	3%	26%	10%	28%	3%	3%	1%	71%
Finland	2,083	1%	44%	11%	22%	0%	5%	1%	83%
France	20,556	13%	58%	12%	2%	8%	4%	1%	86%
Germany	21,306	13%	61%	21%	2%	3%	4%	1%	92%
Greece	1,390	1%	77%	11%	1%	0%	n.a.	n.a.	89%
Ireland	1,756	1%	39%	16%	22%	3%	n.a.	2%	82%
Italy	13,678	8%	58%	11%	3%	6%	3%	2%	84%
Luxembourg	562	0%	29%	9%	15%	2%	n.a.	10%	66%
Netherlands	8,609	5%	32%	13%	23%	4%	4%	2%	79%
Portugal	1,089	1%	70%	10%	2%	1%	6%	3%	93%
Spain	8,967	6%	55%	14%	5%	4%	4%	2%	85%
Sweden	6,466	4%	23%	17%	31%	6%	6%	1%	84%
United Kingdom	17,780	11%	49%	22%	8%	4%	4%	1%	88%
DAC Total excl. Korea	**160,491**	**99%**	**37%**	**21%**	**10%**	**6%**	**4%**	**3%**	**82%**
Korea	938	1%	n.a.	32%	4%	n.a.	7%	17%	61%

Source: DAC Aggregates.

* Includes UNICEF, UNDP, UNFPA, UNHCR, WFP and UNRWA. Excludes Specialised Agencies and UNCTAD, UNDCP, UNEP, UNIFEM, UNV, UNCDF and UN-Habitat for which core contributions are not disaggregated in the DAC database.

Note: Totals may not add up due to rounding.

Table 5: DAC Gross Multilateral ODA Disbursements

Five-year average (2004-2008), constant 2008 USD

	Multilateral ODA 2004-2008	Donor's share of global multilateral ODA	EU Institutions	IDA	UN Funds and Programmes*	Global Fund	AfDB	AsDB	% allocated to largest six multilateral clusters
Number of DAC donors			**15**	**23**	**23**	**21**	**18**	**22**	
Non-EU members	**44,962**	**28%**	**n.a.**	**34%**	**15%**	**9%**	**6%**	**7%**	**72%**
Australia	1,772	1%	n.a.	42%	7%	5%	n.a.	20%	74%
Canada	5,673	4%	n.a.	32%	13%	9%	9%	6%	69%
Japan	15,057	9%	n.a.	36%	12%	3%	5%	12%	67%
New Zealand	322	0%	n.a.	16%	26%	1%	n.a.	11%	52%
Norway	4,932	3%	n.a.	16%	45%	4%	9%	1%	75%
Switzerland	2,309	1%	n.a.	40%	23%	1%	10%	3%	77%
United States	14,899	9%	n.a.	38%	8%	19%	5%	5%	75%
EU members	**115,529**	**72%**	**51%**	**16%**	**9%**	**5%**	**4%**	**2%**	**86%**
Austria	2,318	1%	60%	20%	4%	n.a.	5%	2%	91%
Belgium	4,037	3%	59%	21%	4%	2%	4%	1%	91%
Denmark	4,933	3%	26%	10%	28%	3%	3%	1%	71%
Finland	2,083	1%	44%	11%	22%	0%	5%	1%	83%
France	20,556	13%	58%	12%	2%	8%	4%	1%	86%
Germany	21,306	13%	61%	21%	2%	3%	4%	1%	92%
Greece	1,390	1%	77%	11%	1%	0%	n.a.	n.a.	89%
Ireland	1,756	1%	39%	16%	22%	3%	n.a.	2%	82%
Italy	13,678	8%	58%	11%	3%	6%	3%	2%	84%
Luxembourg	562	0%	29%	9%	15%	2%	n.a.	10%	66%
Netherlands	8,609	5%	32%	13%	23%	4%	4%	2%	79%
Portugal	1,089	1%	70%	10%	2%	1%	6%	3%	93%
Spain	8,967	6%	55%	14%	5%	4%	4%	2%	85%
Sweden	6,466	4%	23%	17%	31%	6%	6%	1%	84%
United Kingdom	17,780	11%	49%	22%	8%	4%	4%	1%	88%
DAC Total excl. Korea	**160,491**	**99%**	**37%**	**21%**	**10%**	**6%**	**4%**	**3%**	**82%**
Korea	938	1%	n.a.	32%	4%	n.a.	7%	17%	61%

Source: DAC Aggregates.

* Includes UNICEF, UNDP, UNFPA, UNHCR, WFP and UNRWA. Excludes Specialised Agencies and UNCTAD, UNDCP, UNEP, UNIFEM, UNV, UNCDF and UN-Habitat for which core contributions are not disaggregated in the DAC database.

Note: Totals may not add up due to rounding.

Table 6: DAC Gross Multilateral and Non-Core Multilateral ODA Disbursements

2006-2008, USD millions in constant 2008 prices

	2006	2007	2008
Total core multilateral aid			
DAC Countries	32,547	32,455	35,305
DAC Countries (excluding to EU institutions)	20,864	20,158	22,266
EU Institutions	656	331	324
Korea	100	177	263
Total non-core multilateral aid*			
DAC Countries	12,000	11,466	14,195
DAC Countries (excluding to EU institutions)	11,962	11,435	14,056
EU Institutions	1,906	1,524	1,807
Korea	6	17	33
Total use of the multilateral system			
DAC Countries	44,547	43,851	49,500
DAC Countries (excluding to EU institutions)	32,826	31,592	36,321
EU Institutions	2,562	1,855	2,130
Korea	107	194	296
Core as share of total use of the multilateral system (%)			
DAC Countries	73	74	71
DAC Countries (excluding to EU institutions)	64	64	61
EU Institutions	26	18	15
Korea	94	91	89
Non-core as share of total use of multilateral system (%)			
DAC Countries	27	26	29
DAC Countries (excluding to EU institutions)	36	36	39
EU Institutions	74	82	85
Korea	6	9	11
Total use of multilateral system as % of total ODA			
DAC Countries	41	39	40
EU Institutions	20	15	14
Korea	23	31	36
Total non-core as % of total ODA			
DAC Countries	11	10	11
EU Institutions	15	12	12
Korea	1	3	4

Source: DAC Aggregates and Creditor Reporting System
* Non-core data for 2006 are commitments, not disbursements.

ANNEX 2

Methodology Note: Data on non-core multilateral aid can be found in the Creditor Reporting System database. Non-core multilateral aid is reported as bilateral aid, with a multilateral agency identified in the channel code. A few donors do not provide detailed channel codes beyond the overall multilateral code of 40000. For this reason, an attempt was made to examine channel names of bilateral ODA flows in order to gain a more accurate picture of 2008 non-core multilateral disbursements for this report. As a result, queries of the Creditor Reporter System may yield slight discrepancies with the tables presented in Annex 2.

Table 1: 2008 DAC Gross Multilateral and Non-Core Multilateral ODA Disbursements

USD millions in constant 2008 prices (excluding debt relief)

Donor	Total bilateral aid (A)	of which; channelled through multilateral agencies (non-core) (B)	Total core multilateral aid (C)	Total use of the multilateral system (B+C)	Core multilateral as share of total ODA (%) (C/(A+C))	Core and non-core as share of total ODA (%) ((B+C)/(A+C))	Core as share of total use of the multilateral system (%) (C/(B+C))
Australia	2,361	563	337	900	13	33	37
Austria	508	80	480	560	49	57	86
Belgium	1,378	180	1,010	1,189	42	50	85
Canada	3,263	814	1,428	2,243	30	48	64
Denmark	1,765	98	975	1,073	36	39	91
Finland	691	200	473	673	41	58	70
France	6,675	45	4,643	4,687	41	41	99
Germany	7,753	349	4,918	5,267	39	42	93
Greece	312	23	391	414	56	59	94
Ireland	931	215	397	613	30	46	65
Italy	1,174	276	3,022	3,299	72	79	92
Japan	11,892	1,085	2,756	3,841	19	26	72
Luxembourg	279	57	136	193	33	47	71
Netherlands	5,366	1,132	1,793	2,925	25	41	61
New Zealand	278	47	70	117	20	34	60
Norway	2,993	983	928	1,911	24	49	49
Portugal	379	31	247	278	39	44	89
Spain	4,724	1,913	2,065	3,978	30	59	52
Sweden	3,145	726	1,589	2,315	34	49	69
Switzerland	1,463	209	487	696	25	36	70
United Kingdom	7,260	1,554	4,167	5,721	36	50	73
United States	24,430	3,614	2,992	6,606	11	24	45
Total DAC	**89,020**	**14,195**	**35,305**	**49,500**	**28**	**40**	**71**
Korea	568	33	263	296	32	36	89
EU Institutions*	14,655	1,807	324	2,130	2	14	15

Source: DAC Aggregates (columns A & C) and Creditor Reporting System (column B)

* The DAC is currently looking into the nature of EU Institutions' multilateral aid and how this should be classified, in particular to UN agencies, funds and programmes and to multilateral development banks.

Table 2: 2008 DAC Gross Multilateral and Non-Core Multilateral ODA Disbursements (excluding to and through EU Institutions)

USD millions in constant 2008 prices (excluding debt relief)

Donor	Total bilateral aid (A)	of which; channelled through multilateral agencies (non-core) excl. through EU Institutions (B)	Total core multilateral aid excl. to EU Institutions (C)	Total use of the multilateral system, excluding to and through EU Institutions (B+C)	Core multilateral excl. to EU Institutions as share of total ODA excl. to EU Institutions (%) (C/(A+C))	Core and non-core excl. to EU Institutions as share of total ODA excl. EU Institutions (%) ((B+C)/(A+C))	Core excl. to EU Institutions as share of total use of the multilateral system excl. to EU Institutions (%) (C/(B+C))
Australia	2,361	563	337	900	13	33	37
Austria	492	64	187	251	27	36	74
Belgium	1,363	165	460	626	25	34	74
Canada	3,263	814	1,428	2,243	30	48	64
Denmark	1,765	98	704	803	29	32	88
Finland	682	191	261	453	27	48	58
France	6,675	45	2,115	2,159	24	25	98
Germany	7,753	349	2,106	2,455	21	25	86
Greece	300	11	152	164	33	35	93
Ireland	931	215	242	458	21	39	53
Italy	1,174	276	1,309	1,586	53	64	83
Japan	11,892	1,085	2,756	3,841	19	26	72
Luxembourg	278	57	101	158	27	42	64
Netherlands	5,344	1,111	1,163	2,274	18	35	51
New Zealand	278	47	70	117	20	34	60
Norway	2,990	979	928	1,907	24	49	49
Portugal	378	30	86	115	18	25	74
Spain	4,688	1,876	1,029	2,905	18	50	35
Sweden	3,127	708	1,219	1,927	28	44	63
Switzerland	1,463	209	487	696	25	36	70
United Kingdom	7,253	1,547	2,134	3,681	23	39	58
United States	24,430	3,614	2,992	6,606	11	24	45
Total DAC	**88,881**	**14,056**	**22,266**	**36,321**	**20**	**33**	**61**
Korea	568	33	263	296	32	36	89
EU Institutions*	14,655	1,807	324	2,130	2	14	15

Source: DAC Aggregates (columns A & C) and Creditor Reporting System (column B).
* The DAC is currently looking into the nature of EU Institutions' multilateral aid and how this should be classified, in particular to UN agencies, funds and programmes and to multilateral development banks.

Australia

Table 1: 2008 Multilateral and Non-Core Multilateral ODA
(Gross disbursements in 2008 USD millions)

	Core Contributions	Non-Core Contributions
World Bank Group	**146**	**214**
UN Funds & Programmes*	**41**	**235**
of which:		
WFP	-	104
UNDP	10	56
UNICEF	12	47
UNHCR	7	15
UNRWA	7	10
UNFPA	5	3
Other UN	**55**	**47**
of which:		
WHO	24	12
Regional Development Banks	**34**	**42**
Other Multilaterals	**61**	**25**
Total	**337**	**563**

Figure 1: 2008 Multilateral and Non-Core Multilateral ODA
(Gross disbursements in 2008 USD millions)

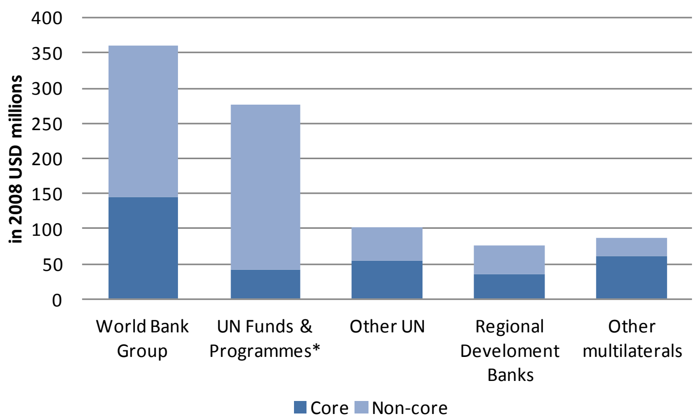


Table 2: 2008 Non-Core Multilateral ODA by Region, Sector and Fragility Status

(in 2008 USD millions)

	Australia	
Bilateral, unallocated / unspecified	146	26%
Country / region specific	416	74%
REGIONS		
Far East Asia	135	32%
Middle East	45	11%
North & Central America	0.02	0.01%
North of Sahara	0.2	0.1%
Oceania	56	13%
South & Central Asia	143	34%
South of Sahara	37	9%
South America	-	-
Europe	-	-
SECTORS		
Social Infrastructure and Services	162	29%
Economic Infrastructure and Services	49	9%
Production Sectors	19	3%
Multi-sector / Cross-cutting	88	16%
Commodity Aid / General Programme Assistance	83	15%
Humanitarian Aid	162	29%
FRAGILE / CONFLICT**		
Fragile	214	58%
Other	156	44%

* Contributions to six UN Funds and Programmes are separately identifiable in DAC members' reporting: UNDP, UNICEF, UNRWA, WFP, UNHCR, and UNFPA. Other UN Funds and Programmes are aggregated into the "Other UN" category.

** Based only on aid allocated to specific countries.

Austria

Table 1: 2008 Multilateral and Non-Core Multilateral ODA

(Gross disbursements in 2008 USD millions)

	Core Contributions	Non-Core Contributions
EU Institutions	**293**	**16**
World Bank Group	**122**	**23**
UN Funds & Programmes*	**20**	**13**
of which:		
UNDP	9	4
UNRWA	1	4
WFP	6	2
UNHCR	1	2
UNICEF	2	1
UNFPA	2	1
Other UN	**22**	**9**
of which:		
ILO	0.5	1
Regional Development Banks	**9**	**5**
Other Multilaterals	**14**	**14**
Total	**480**	**80**

Figure 1: 2008 Multilateral and Non-Core Multilateral ODA

(Gross disbursements in 2008 USD millions)

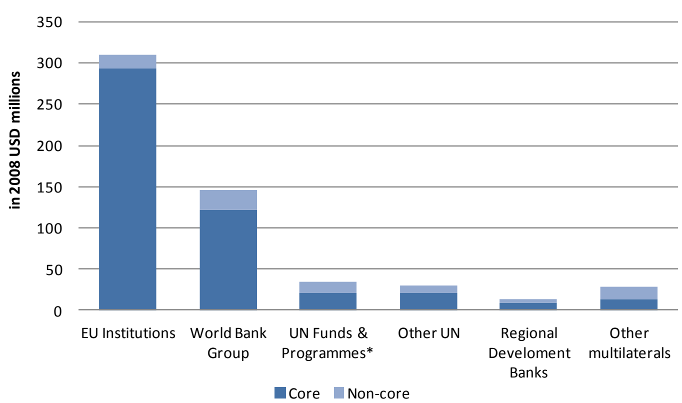


Table 2: 2008 Non-Core Multilateral ODA by Region, Sector and Fragility Status

(in 2008 USD millions)

	Austria	
Bilateral, unallocated / unspecified	15	19%
Country / region specific	65	81%
REGIONS		
Far East Asia	1	2%
Middle East	6	9%
North & Central America	3	4%
North of Sahara	1	2%
Oceania	24	37%
South & Central Asia	13	20%
South of Sahara	15	24%
South America	0.1	0.1%
Europe	1	1%
SECTORS		
Social Infrastructure and Services	25	32%
Economic Infrastructure and Services	27	33%
Production Sectors	7	9%
Multi-sector / Cross-cutting	12	15%
Commodity Aid / General Programme Assistance	1	1%
Humanitarian Aid	9	11%
FRAGILE / CONFLICT**		
Fragile	9	27%
Other	24	73%

* Contributions to six UN Funds and Programmes are separately identifiable in DAC members' reporting: UNDP, UNICEF, UNRWA, WFP, UNHCR, and UNFPA. Other UN Funds and Programmes are aggregated into the "Other UN" category.

** Based only on aid allocated to specific countries.

Belgium

Table 1: 2008 Multilateral and Non-Core Multilateral ODA

(Gross disbursements in 2008 USD millions)

	Core Contributions	Non-Core Contributions
EU Institutions	**549**	**14**
World Bank Group	**275**	**8**
UN Funds & Programmes*	**40**	**84**
of which:		
WFP	1	30
UNDP	20	24
UNHCR	5	15
UNICEF	5	10
UNRWA	5	5
UNFPA	4	1
Other UN	**38**	**56**
of which:		
FAO	3	14
WHO	4	7
ILO	1	6
IFAD	5	6
Regional Development Banks	**43**	**-**
Other Multilaterals	**64**	**17**
Total	**1010**	**180**

Figure 1: 2008 Multilateral and Non-Core Multilateral ODA

(Gross disbursements in 2008 USD millions)

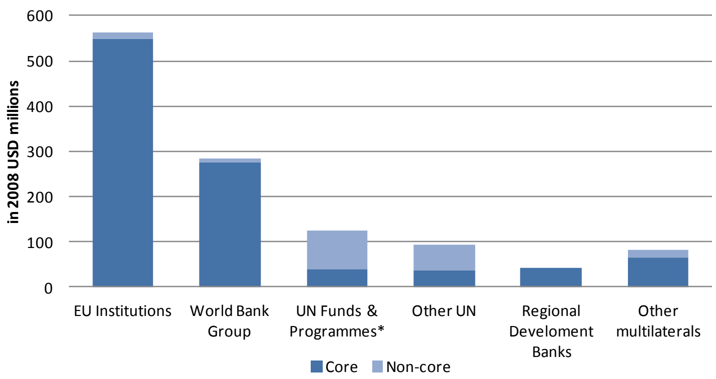


Table 2: 2008 Non-Core Multilateral ODA by Region, Sector and Fragility Status

(in 2008 USD millions)

	Belgium	
Bilateral, unallocated / unspecified	34	19%
Country / region specific	146	81%
REGIONS		
Far East Asia	3	2%
Middle East	25	17%
North & Central America	0	0.3%
North of Sahara	1	0.7%
Oceania	1	0.9%
South & Central Asia	12	8%
South of Sahara	100	68%
South America	3	2%
Europe	0.04	0.03%
SECTORS		
Social Infrastructure and Services	59	33%
Economic Infrastructure and Services	8	4%
Production Sectors	18	10%
Multi-sector / Cross-cutting	25	14%
Commodity Aid / General Programme Assistance	0.002	0.001%
Humanitarian Aid	70	39%
FRAGILE / CONFLICT**		
Fragile	97	79%
Other	26	21%

* Contributions to six UN Funds and Programmes are separately identifiable in DAC members' reporting: UNDP, UNICEF, UNRWA, WFP, UNHCR, and UNFPA. Other UN Funds and Programmes are aggregated into the "Other UN" category.

** Based only on aid allocated to specific countries.

Canada

Table 1: 2008 Multilateral and Non-Core Multilateral ODA
(Gross disbursements in 2008 USD millions)

	Core Contributions	Non-Core Contributions
World Bank Group	**689**	**138**
UN Funds & Programmes*	**130**	**505**
of which:		
WFP	18	251
UNDP	53	122
UNICEF	17	89
UNHCR	13	27
UNRWA	14	10
UNFPA	16	6
Other UN	**99**	**112**
of which:		
WHO	-	23
FAO	7	6
ILO	2	1
Regional Development Banks	**286**	**10**
Other Multilaterals	**225**	**50**
Total	**1428**	**814**

Figure 1: 2008 Multilateral and Non-Core Multilateral ODA
(Gross disbursements in 2008 USD millions)

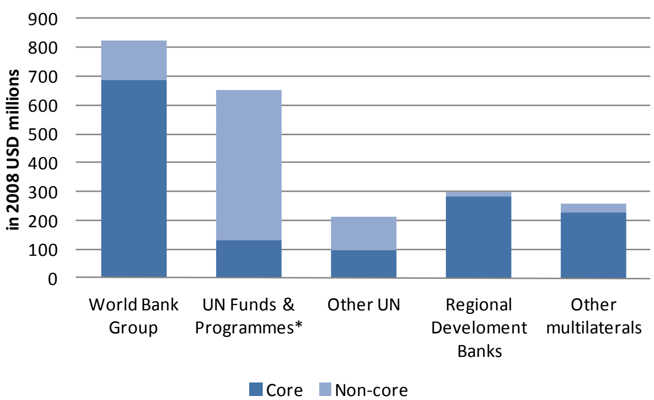


Table 2: 2008 Non-Core Multilateral ODA by Region, Sector and Fragility Status

(in 2008 USD millions)

	Canada	
Bilateral, unallocated / unspecified	33	4%
Country / region specific	782	96%
REGIONS		
Far East Asia	53	7%
Middle East	47	6%
North & Central America	71	9%
North of Sahara	1	0.1%
Oceania	4	0.5%
South & Central Asia	202	26%
South of Sahara	369	47%
South America	37	5%
Europe	-	0%
SECTORS		
Social Infrastructure and Services	424	52%
Economic Infrastructure and Services	37	5%
Production Sectors	18	2%
Multi-sector / Cross-cutting	4	1%
Commodity Aid / General Programme Assistance	85	10%
Humanitarian Aid	246	30%
FRAGILE / CONFLICT**		
Fragile	516	76%
Other	161	24%

* Contributions to six UN Funds and Programmes are separately identifiable in DAC members' reporting: UNDP, UNICEF, UNRWA, WFP, UNHCR, and UNFPA. Other UN Funds and Programmes are aggregated into the "Other UN" category.

** Based only on aid allocated to specific countries.

Denmark

Table 1: 2008 Multilateral and Non-Core Multilateral ODA

(Gross disbursements in 2008 USD millions)

	Core Contributions	Non-Core Contributions
EU Institutions	**271**	**0.1**
World Bank Group	**183**	**2**
UN Funds & Programmes*	**233**	**74**
of which:		
UNHCR	28	27
UNICEF	35	22
WFP	38	14
UNDP	74	5
UNFPA	45	4
UNRWA	14	2
Other UN	**113**	**11**
of which:		
FAO	2	0.3
Regional Development Banks	**44**	**-**
Other Multilaterals	**130**	**11**
Total	**975**	**98**

Figure 1: 2008 Multilateral and Non-Core Multilateral ODA

(Gross disbursements in 2008 USD millions)

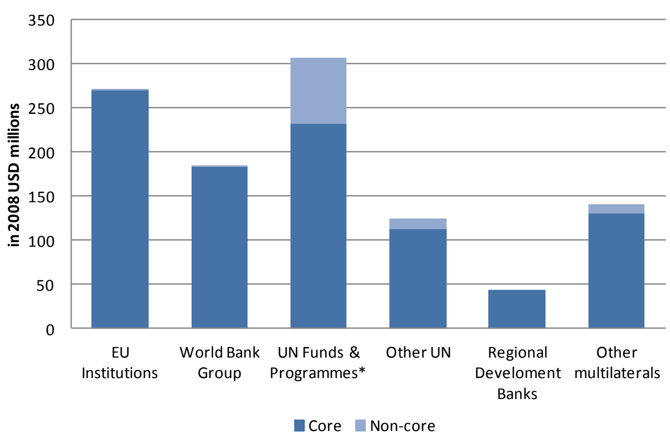


Table 2: 2008 Non-Core Multilateral ODA by Region, Sector and Fragility Status

(in 2008 USD millions)

	Denmark	
Bilateral, unallocated / unspecified	17	17%
Country / region specific	81	83%
REGIONS		
Far East Asia	4	5%
Middle East	9	11%
North & Central America	0.3	0.4%
North of Sahara	0.0002	0.0002%
Oceania	-	0%
South & Central Asia	20	24%
South of Sahara	48	59%
South America	-	0%
Europe	-	0%
SECTORS		
Social Infrastructure and Services	31	31%
Economic Infrastructure and Services	0.4	0.4%
Production Sectors	1	1%
Multi-sector / Cross-cutting	5	5%
Commodity Aid / General Programme Assistance	-	0%
Humanitarian Aid	61	62%
FRAGILE / CONFLICT**		
Fragile	55	83%
Other	11	17%

* Contributions to six UN Funds and Programmes are separately identifiable in DAC members' reporting: UNDP, UNICEF, UNRWA, WFP, UNHCR, and UNFPA. Other UN Funds and Programmes are aggregated into the "Other UN" category.

** Based only on aid allocated to specific countries.

European Union Institutions

Table 1: 2008 Multilateral and Non-Core Multilateral ODA

(Gross disbursements in 2008 USD millions)

	Core Contributions	Non-Core Contributions
World Bank Group	**-**	**278**
UN Funds & Programmes*	**95**	**931**
of which:		
UNDP	-	314
WFP	-	314
UNHCR	-	120
UNRWA	95	85
UNICEF	-	82
UNFPA	-	16
Other UN	**2**	**476**
of which:		
FAO	1	79
Regional Development Banks	**-**	**65**
Other Multilaterals	**226**	**57**
Total	**324**	**1807**

Figure 1: 2008 Multilateral and Non-Core Multilateral ODA

(Gross disbursements in 2008 USD millions)

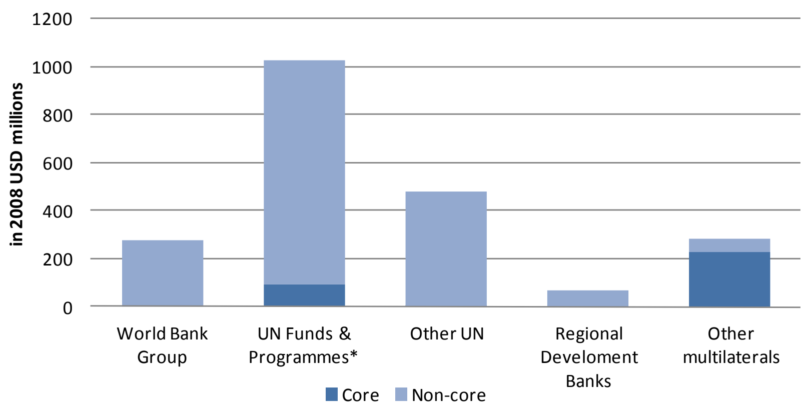


Table 2: 2008 Non-Core Multilateral ODA by Region, Sector and Fragility Status

(in 2008 USD millions)

	EU Institutions	
Bilateral, unallocated / unspecified	150	8%
Country / region specific	1,656	92%
REGIONS		
Far East Asia	146	9%
Middle East	156	9%
North & Central America	24	1%
North of Sahara	48	3%
Oceania	82	5%
South & Central Asia	472	29%
South of Sahara	691	42%
South America	32	2%
Europe	4	0.3%
SECTORS		
Social Infrastructure and Services	579	32%
Economic Infrastructure and Services	52	3%
Production Sectors	80	4%
Multi-sector / Cross-cutting	131	7%
Commodity Aid / General Programme Assistance	147	8%
Humanitarian Aid	818	45%
FRAGILE / CONFLICT**		
Fragile	815	58%
Other	602	42%

* Contributions to six UN Funds and Programmes are separately identifiable in DAC members' reporting: UNDP, UNICEF, UNRWA, WFP, UNHCR, and UNFPA. Other UN Funds and Programmes are aggregated into the "Other UN" category.

** Based only on aid allocated to specific countries.

Finland

Table 1: 2008 Multilateral and Non-Core Multilateral ODA
(Gross disbursements in 2008 USD millions)

	Core Contributions	Non-Core Contributions
EU Institutions	**211**	**9**
World Bank Group	**36**	**35**
UN Funds & Programmes*	**92**	**61**
of which:		
WFP	9	19
UNHCR	10	15
UNDP	25	10
UNICEF	22	8
UNFPA	23	7
UNRWA	4	2
Other UN	**40**	**54**
of which:		
WHO	2	9
IFAD	-	3
FAO	2	1
ILO	0.3	1
Regional Development Banks	**47**	**9**
Other Multilaterals	**46**	**33**
Total	**473**	**200**

Figure 1: 2008 Multilateral and Non-Core Multilateral ODA
(Gross disbursements in 2008 USD millions)

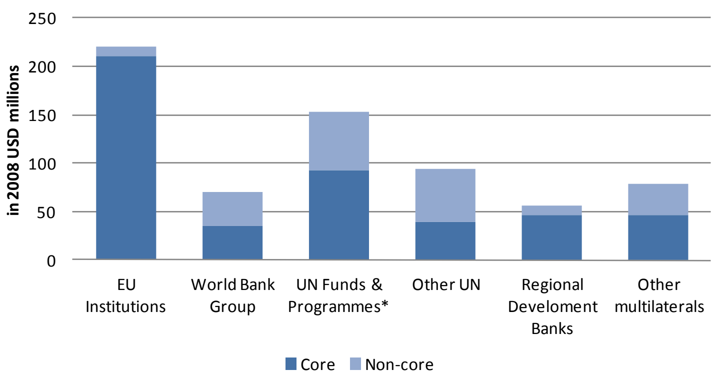


Table 2: 2008 Non-Core Multilateral ODA by Region, Sector and Fragility Status

(in 2008 USD millions)

	Finland	
Bilateral, unallocated / unspecified	77	39%
Country / region specific	123	61%
REGIONS		
Far East Asia	14	11%
Middle East	10	8%
North & Central America	3	2%
North of Sahara	0.4	0.4%
Oceania	0.1	0.1%
South & Central Asia	41	33%
South of Sahara	46	37%
South America	8	6%
Europe	1	1%
SECTORS		
Social Infrastructure and Services	64	32%
Economic Infrastructure and Services	4	2%
Production Sectors	32	16%
Multi-sector / Cross-cutting	33	17%
Commodity Aid / General Programme Assistance	0	0%
Humanitarian Aid	66	33%
FRAGILE / CONFLICT**		
Fragile	52	64%
Other	29	36%

* Contributions to six UN Funds and Programmes are separately identifiable in DAC members' reporting: UNDP, UNICEF, UNRWA, WFP, UNHCR, and UNFPA. Other UN Funds and Programmes are aggregated into the "Other UN" category.

** Based only on aid allocated to specific countries.

France

Table 1: 2008 Multilateral and Non-Core Multilateral ODA

(Gross disbursements in 2008 USD millions)

	Core Contributions	Non-Core Contributions
EU Institutions	**2528**	**-**
World Bank Group	**540**	**-**
UN Funds & Programmes*	**102**	**37**
of which:		
WFP	5	32
UNRWA	9	4
UNICEF	18	1
Other UN	**172**	**7**
of which:		
ILO	4	4
FAO	16	3
Regional Development Banks	**244**	**-**
Other Multilaterals	**1056**	**-**
Total	**4643**	**45**

Figure 1: 2008 Multilateral and Non-Core Multilateral ODA

(Gross disbursements in 2008 USD millions)

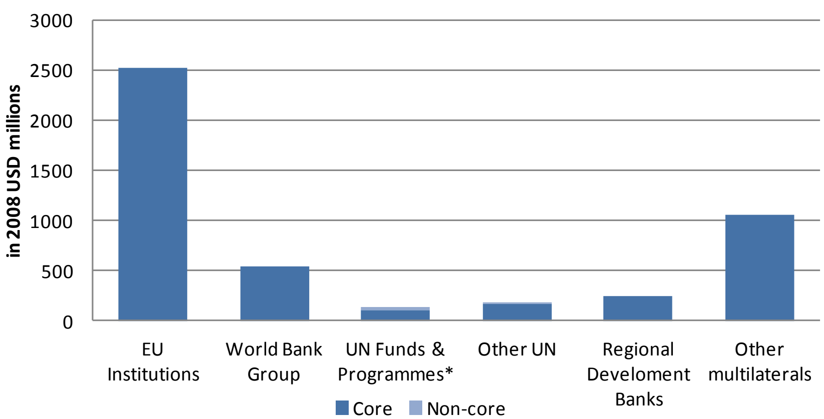


Table 2: 2008 Non-Core Multilateral ODA by Region, Sector and Fragility Status

(in 2008 USD millions)

	France	
Bilateral, unallocated / unspecified	-	0%
Country / region specific	45	100%
REGIONS		
Far East Asia	-	0%
Middle East	8	17%
North & Central America	4	9%
North of Sahara	-	0%
Oceania	-	0%
South & Central Asia	6	12%
South of Sahara	27	61%
South America	-	0%
Europe	-	0%
SECTORS		
Social Infrastructure and Services	4	9%
Economic Infrastructure and Services	-	0%
Production Sectors	-	0%
Multi-sector / Cross-cutting	-	0%
Commodity Aid / General Programme Assistance	41	91%
Humanitarian Aid	-	0%
FRAGILE / CONFLICT**		
Fragile	40	99%
Other	1	1%

* Contributions to six UN Funds and Programmes are separately identifiable in DAC members' reporting: UNDP, UNICEF, UNRWA, WFP, UNHCR, and UNFPA. Other UN Funds and Programmes are aggregated into the "Other UN" category.

** Based only on aid allocated to specific countries.

Germany

Table 1: 2008 Multilateral and Non-Core Multilateral ODA
(Gross disbursements in 2008 USD millions)

	Core Contributions	Non-Core Contributions
EU Institutions	**2813**	**9**
World Bank Group	**1136**	**15**
UN Funds & Programmes*	**93**	**131**
of which:		
WFP	-	80
UNDP	41	35
UNHCR	8	11
UNRWA	10	2
UNFPA	26	2
UNICEF	8	1
Other UN	**202**	**66**
of which:		
FAO	21	14
WHO	31	10
ILO	4	8
UNESCO	14	1
Regional Development Banks	**270**	**-**
Other Multilaterals	**405**	**128**
Total	**4918**	**349**

Figure 1: 2008 Multilateral and Non-Core Multilateral ODA
(Gross disbursements in 2008 USD millions)

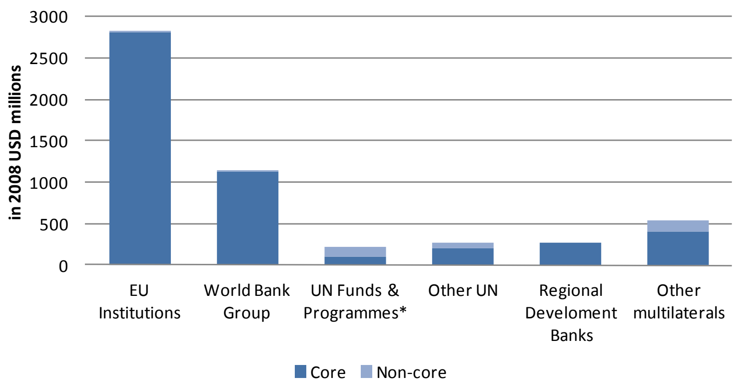


Table 2: 2008 Non-Core Multilateral ODA by Region, Sector and Fragility Status

(in 2008 USD millions)

	Germany	
Bilateral, unallocated / unspecified	99	28%
Country / region specific	250	72%
REGIONS		
Far East Asia	12	5%
Middle East	22	9%
North & Central America	1	0.5%
North of Sahara	16	7%
Oceania	1	1%
South & Central Asia	101	40%
South of Sahara	91	36%
South America	6	2%
Europe	0.2	0.1%
SECTORS		
Social Infrastructure and Services	111	32%
Economic Infrastructure and Services	35	10%
Production Sectors	31	9%
Multi-sector / Cross-cutting	23	7%
Commodity Aid / General Programme Assistance	33	10%
Humanitarian Aid	115	33%
FRAGILE / CONFLICT**		
Fragile	140	65%
Other	75	35%

* Contributions to six UN Funds and Programmes are separately identifiable in DAC members' reporting: UNDP, UNICEF, UNRWA, WFP, UNHCR, and UNFPA. Other UN Funds and Programmes are aggregated into the "Other UN" category.

** Based only on aid allocated to specific countries.

Greece

Table 1: 2008 Multilateral and Non-Core Multilateral ODA
(Gross disbursements in 2008 USD millions)

	Core Contributions	Non-Core Contributions
EU Institutions	**239**	**-**
World Bank Group	**80**	**0.3**
UN Funds & Programmes*	**2**	**17**
of which:		
WFP	-	10
UNDP	1	5
UNHCR	1	1
UNICEF	0.3	1
Other UN	**13**	**4**
of which:		
FAO	1	1
WHO	2	1
UNESCO	1	0.2
Regional Development Banks	**-**	**-**
Other Multilaterals	**58**	**2**
Total	**391**	**23**

Figure 1: 2008 Multilateral and Non-Core Multilateral ODA
(Gross disbursements in 2008 USD millions)

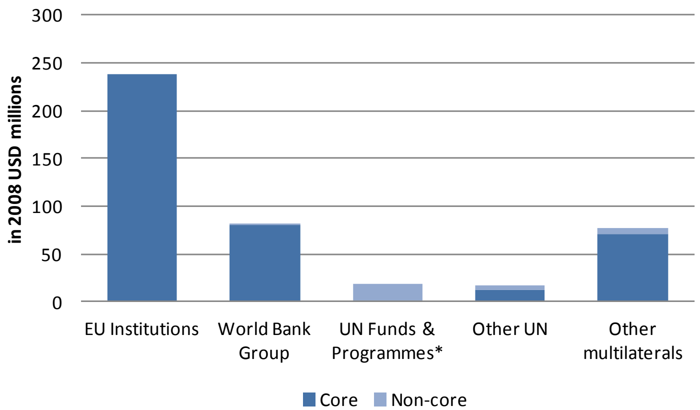


Table 2: 2008 Non-Core Multilateral ODA by Region, Sector and Fragility Status

(in 2008 USD millions)

	Greece	
Bilateral, unallocated / unspecified	5	20%
Country / region specific	18	80%
REGIONS		
Far East Asia	1	8%
Middle East	2	9%
North & Central America	1	3.6%
North of Sahara	0.1	0.3%
Oceania	0.1	0.4%
South & Central Asia	4	20%
South of Sahara	11	59%
South America	-	0%
Europe	0.01	0.1%
SECTORS		
Social Infrastructure and Services	7	31%
Economic Infrastructure and Services	0.1	1%
Production Sectors	3	11%
Multi-sector / Cross-cutting	-	0%
Commodity Aid / General Programme Assistance	6	26%
Humanitarian Aid	7	31%
FRAGILE / CONFLICT**		
Fragile	9	61%
Other	6	39%

* Contributions to six UN Funds and Programmes are separately identifiable in DAC members' reporting: UNDP, UNICEF, UNRWA, WFP, UNHCR, and UNFPA. Other UN Funds and Programmes are aggregated into the "Other UN" category.

** Based only on aid allocated to specific countries.

Ireland

Table 1: 2008 Multilateral and Non-Core Multilateral ODA
(Gross disbursements in 2008 USD millions)

	Core Contributions	Non-Core Contributions
EU Institutions	**155**	**0.03**
World Bank Group	**46**	**31**
UN Funds & Programmes*	**103**	**87**
of which:		
UNDP	32	35
WFP	14	22
UNICEF	24	15
UNHCR	18	12
UNFPA	8	3
Other UN	**31**	**81**
of which:		
WHO	2	13
ILO	0.3	5
FAO	1	4
UNESCO	0.4	1
Regional Development Banks	**11**	**-**
Other Multilaterals	**53**	**16**
Total	**397**	**215**

Figure 1: 2008 Multilateral and Non-Core Multilateral ODA
(Gross disbursements in 2008 USD millions)

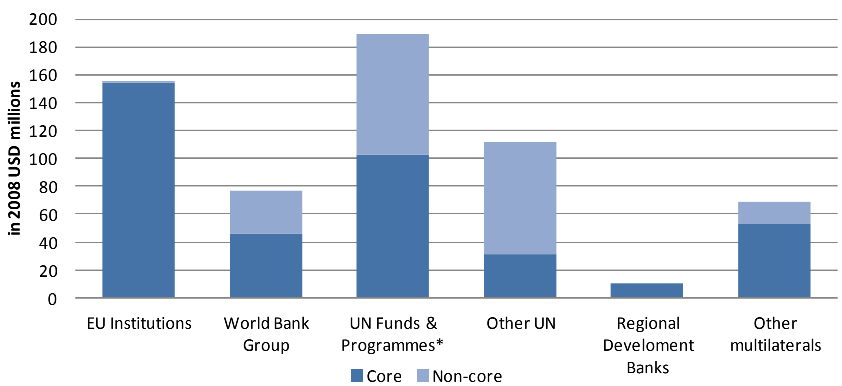


Table 2: 2008 Non-Core Multilateral ODA by Region, Sector and Fragility Status

(in 2008 USD millions)

	Ireland	
Bilateral, unallocated / unspecified	59	27%
Country / region specific	156	73%
REGIONS		
Far East Asia	28	18%
Middle East	3	2%
North & Central America	1	1%
North of Sahara	-	0%
Oceania	3	2%
South & Central Asia	13	8%
South of Sahara	109	70%
South America	-	0%
Europe	-	0%
SECTORS		
Social Infrastructure and Services	82	38%
Economic Infrastructure and Services	3	1%
Production Sectors	14	6%
Multi-sector / Cross-cutting	2	1%
Commodity Aid / General Programme Assistance	1	0.4%
Humanitarian Aid	114	53%
FRAGILE / CONFLICT**		
Fragile	81	72%
Other	32	28%

* Contributions to six UN Funds and Programmes are separately identifiable in DAC members' reporting: UNDP, UNICEF, UNRWA, WFP, UNHCR, and UNFPA. Other UN Funds and Programmes are aggregated into the "Other UN" category.

** Based only on aid allocated to specific countries.

Italy

Table 1: 2008 Multilateral and Non-Core Multilateral ODA
(Gross disbursements in 2008 USD millions)

	Core Contributions	Non-Core Contributions
EU Institutions	**1713**	**-**
World Bank Group	**645**	**50**
UN Funds & Programmes*	**58**	**95**
of which:		
WFP	32	45
UNDP	8	28
UNICEF	5	16
UNHCR	9	4
UNRWA	-	2
UNFPA	3	1
Other UN	**152**	**31**
of which:		
FAO	57	7
WHO	25	4
ILO	-	2
UNESCO	11	1
Regional Development Banks	**339**	**2**
Other Multilaterals	**116**	**99**
Total	**3022**	**276**

Figure 1: 2008 Multilateral and Non-Core Multilateral ODA
(Gross disbursements in 2008 USD millions)

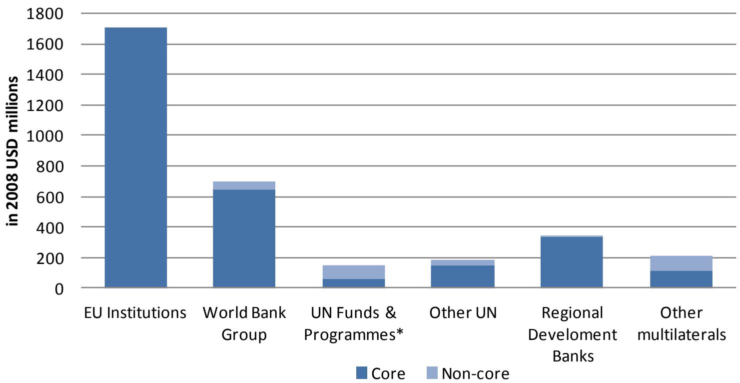


Table 2: 2008 Non-Core Multilateral ODA by Region, Sector and Fragility Status

(in 2008 USD millions)

	Italy	
Bilateral, unallocated / unspecified	5	2%
Country / region specific	271	98%
REGIONS		
Far East Asia	7	3%
Middle East	67	25%
North & Central America	6	2%
North of Sahara	12	5%
Oceania	2	1%
South & Central Asia	77	28%
South of Sahara	81	30%
South America	19	7%
Europe	-	0%
SECTORS		
Social Infrastructure and Services	115	42%
Economic Infrastructure and Service	3	1%
Production Sectors	24	9%
Multi-sector / Cross-cutting	66	24%
Commodity Aid / General Programme Assistance	38	14%
Humanitarian Aid	31	11%
FRAGILE / CONFLICT**		
Fragile	168	70%
Other	72	30%

* Contributions to six UN Funds and Programmes are separately identifiable in DAC members' reporting: UNDP, UNICEF, UNRWA, WFP, UNHCR, and UNFPA. Other UN Funds and Programmes are aggregated into the "Other UN" category.

** Based only on aid allocated to specific countries.

Japan

Table 1: 2008 Multilateral and Non-Core Multilateral ODA
(Gross disbursements in 2008 USD millions)

	Core Contributions	Non-Core Contributions
World Bank Group	**1251**	**0.3**
UN Funds & Programmes*	**147**	**615**
of which:		
WFP	10	191
UNDP	73	165
UNICEF	23	135
UNHCR	10	107
UNRWA	-	9
UNFPA	31	8
Other UN	**434**	**62**
of which:		
UNESCO	26	14
FAO	41	7
ILO	9	2
WHO	41	1
Regional Development Banks	**581**	**290**
Other Multilaterals	**343**	**118**
Total	**2756**	**1085**

Figure 1: 2008 Multilateral and Non-Core Multilateral ODA
(Gross disbursements in 2008 USD millions)

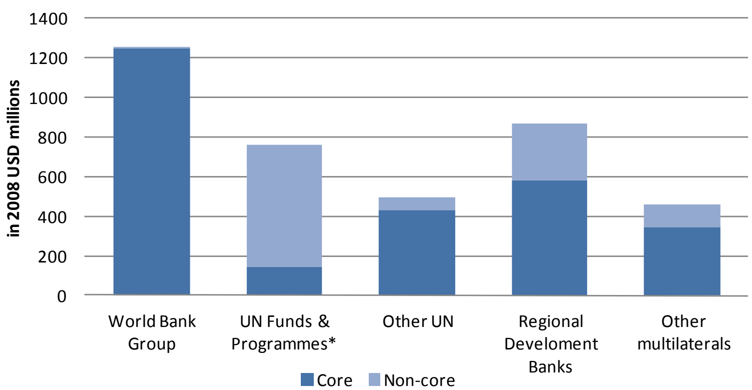


Table 2: 2008 Non-Core Multilateral ODA by Region, Sector and Fragility Status

(in 2008 USD millions)

	Japan	
Bilateral, unallocated / unspecified	3	0%
Country / region specific	1,082	100%
REGIONS		
Far East Asia	21	2%
Middle East	52	5%
North & Central America	8	1%
North of Sahara	-	0%
Oceania	79	7%
South & Central Asia	168	16%
South of Sahara	753	70%
South America	1	0.1%
Europe	-	0%
SECTORS		
Social Infrastructure and Services	210	19%
Economic Infrastructure and Services	290	27%
Production Sectors	98	9%
Multi-sector / Cross-cutting	92	9%
Commodity Aid / General Programme Assistance	166	15%
Humanitarian Aid	228	21%
FRAGILE / CONFLICT**		
Fragile	493	86%
Other	83	14%

* Contributions to six UN Funds and Programmes are separately identifiable in DAC members' reporting: UNDP, UNICEF, UNRWA, WFP, UNHCR, and UNFPA. Other UN Funds and Programmes are aggregated into the "Other UN" category.

** Based only on aid allocated to specific countries.

Korea

Table 1: 2008 Multilateral and Non-Core Multilateral ODA

(Gross disbursements in 2008 USD millions)

	Core Contributions	Non-Core Contributions
World Bank Group	**79**	**2**
UN Funds & Programmes*	**9**	**9**
of which:		
UNDP	4	4
WFP	0.1	2
UNICEF	3	2
UNFPA	0.1	1
UNHCR	2	0.4
Other UN	**37**	**13**
of which:		
WHO	8	2
ILO	1	1
UNESCO	3	1
FAO	3	1
IFAD	1	0.3
Regional Development Banks	**126**	**0.2**
Other Multilaterals	**12**	**10**
Total	**263**	**33**

Figure 1: 2008 Multilateral and Non-Core Multilateral ODA

(Gross disbursements in 2008 USD millions)

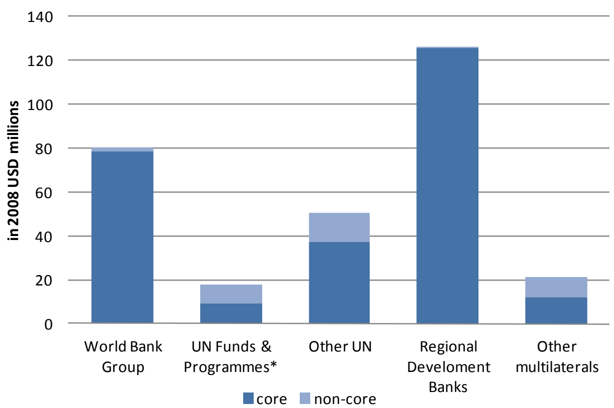


Table 2: 2008 Non-Core Multilateral ODA by Region, Sector and Fragility Status

(in 2008 USD millions)

	Korea	
Bilateral, unallocated / unspecified	13	40%
Country / region specific	20	60%
REGIONS		
Far East Asia	11	57%
Middle East	0.2	1%
North & Central America	0.03	0.1%
North of Sahara	-	0%
Oceania	0.3	1%
South & Central Asia	1	6%
South of Sahara	7	33%
South America	0.3	1.3%
Europe	-	0%
SECTORS		
Social Infrastructure and Services	12	36%
Economic Infrastructure and Services	5	14%
Production Sectors	2	6%
Multi-sector / Cross-cutting	8	23%
Commodity Aid / General Programme Assistance	2	5%
Humanitarian Aid	6	17%
FRAGILE / CONFLICT**		
Fragile	4	79%
Other	1	21%

* Contributions to six UN Funds and Programmes are separately identifiable in DAC members' reporting: UNDP, UNICEF, UNRWA, WFP, UNHCR, and UNFPA. Other UN Funds and Programmes are aggregated into the "Other UN" category.

** Based only on aid allocated to specific countries.

Luxembourg

Table 1: 2008 Multilateral and Non-Core Multilateral ODA
(Gross disbursements in 2008 USD millions)

	Core Contributions	Non-Core Contributions
EU Institutions	**35**	**0.2**
World Bank Group	**16**	**1**
UN Funds & Programmes*	**36**	**44**
of which:		
UNDP	12	12
UNFPA	7	11
WFP	4	9
UNHCR	3	8
UNICEF	7	3
UNRWA	3	2
Other UN	**33**	**10**
of which:		
FAO	0.2	3
ILO	1	2
WHO	12	2
IFAD	1	0.2
Regional Development Banks	**2**	**-**
Other Multilaterals	**15**	**1**
Total	**136**	**57**

Figure 1: 2008 Multilateral and Non-Core Multilateral ODA
(Gross disbursements in 2008 USD millions)

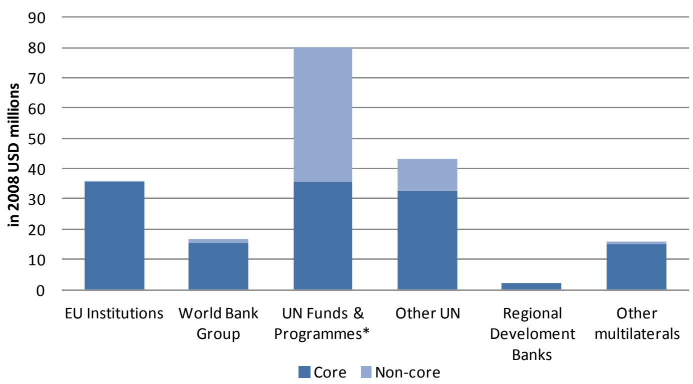


Table 2: 2008 Non-Core Multilateral ODA by Region, Sector and Fragility Status

(in 2008 USD millions)

	Luxembourg	
Bilateral, unallocated / unspecified	2	3%
Country / region specific	55	97%
REGIONS		
Far East Asia	10	18%
Middle East	2	3%
North & Central America	3	5.8%
North of Sahara	-	0%
Oceania	0.2	0.4%
South & Central Asia	7	12%
South of Sahara	33	60%
South America	1	1%
Europe	-	0%
SECTORS		
Social Infrastructure and Services	29	51%
Economic Infrastructure and Services	1	1%
Production Sectors	4	7%
Multi-sector / Cross-cutting	0.4	1%
Commodity Aid / General Programme Assistance	3	5%
Humanitarian Aid	20	36%
FRAGILE / CONFLICT**		
Fragile	16	32%
Other	35	68%

* Contributions to six UN Funds and Programmes are separately identifiable in DAC members' reporting: UNDP, UNICEF, UNRWA, WFP, UNHCR, and UNFPA. Other UN Funds and Programmes are aggregated into the "Other UN" category.

** Based only on aid allocated to specific countries.

Netherlands

Table 1: 2008 Multilateral and Non-Core Multilateral ODA
(Gross disbursements in 2008 USD millions)

	Core Contributions	Non-Core Contributions
EU Institutions	**630**	**21**
World Bank Group	**316**	**325**
UN Funds & Programmes*	**408**	**387**
of which:		
UNDP	133	175
UNICEF	50	124
UNFPA	84	44
WFP	58	25
UNHCR	61	10
UNRWA	22	9
Other UN	**167**	**276**
of which:		
FAO	6	21
WHO	30	18
UNESCO	2	9
ILO	11	6
IFAD	25	1
Regional Development Banks	**0.4**	**38**
Other Multilaterals	**272**	**85**
Total	**1793**	**1132**

Figure 1: 2008 Multilateral and Non-Core Multilateral ODA
(Gross disbursements in 2008 USD millions)

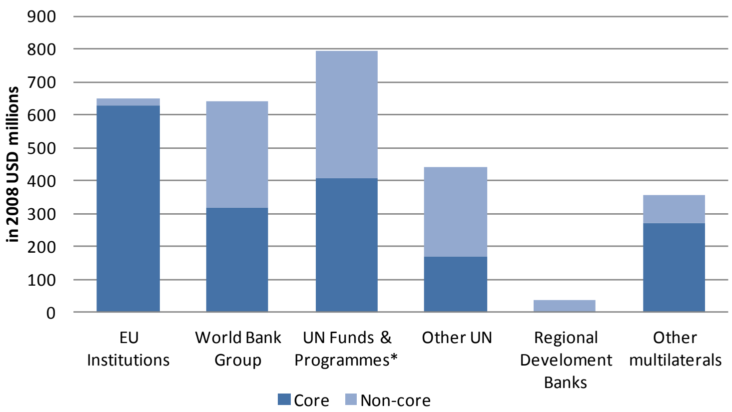


Table 2: 2008 Non-Core Multilateral ODA by Region, Sector and Fragility Status

(in 2008 USD millions)

	Netherlands	
Bilateral, unallocated / unspecified	328	29%
Country / region specific	804	71%
REGIONS		
Far East Asia	135	17%
Middle East	49	6%
North & Central America	17	2%
North of Sahara	3	0.4%
Oceania	8	1%
South & Central Asia	164	20%
South of Sahara	406	50%
South America	16	2%
Europe	7	1%
SECTORS		
Social Infrastructure and Services	603	53%
Economic Infrastructure and Services	38	3%
Production Sectors	38	3%
Multi-sector / Cross-cutting	64	6%
Commodity Aid / General Programme Assistance	71	6%
Humanitarian Aid	317	28%
FRAGILE / CONFLICT**		
Fragile	499	66%
Other	258	34%

* Contributions to six UN Funds and Programmes are separately identifiable in DAC members' reporting: UNDP, UNICEF, UNRWA, WFP, UNHCR, and UNFPA. Other UN Funds and Programmes are aggregated into the "Other UN" category.

** Based only on aid allocated to specific countries.

New Zealand

Table 1: 2008 Multilateral and Non-Core Multilateral ODA

(Gross disbursements in 2008 USD millions)

	Core Contributions	Non-Core Contributions
World Bank Group	**13**	**8**
UN Funds & Programmes*	**18**	**20**
of which:		
UNDP	6	10
WFP	5	5
UNICEF	3	3
UNHCR	-	1
UNFPA	3	1
Other UN	**17**	**9**
of which:		
UNESCO	0.4	3
WHO	2	2
FAO	1	1
ILO	0.1	1
Regional Development Banks	**6**	**0.4**
Other Multilaterals	**16**	**9**
Total	**70**	**47**

Figure 1: 2008 Multilateral and Non-Core Multilateral ODA
(Gross disbursements in 2008 USD millions)

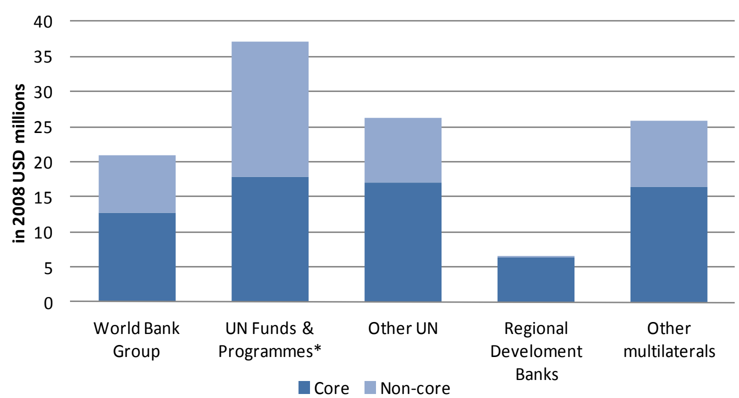


Table 2: 2008 Non-Core Multilateral ODA by Region, Sector and Fragility Status

(in 2008 USD millions)

	New Zealand	
Bilateral, unallocated / unspecified	2	5%
Country / region specific	44	95%
REGIONS		
Far East Asia	16	36%
Middle East	1	3%
North & Central America	0.1	0.2%
North of Sahara	0.1	0.3%
Oceania	16	36%
South & Central Asia	4	10%
South of Sahara	5	11%
South America	2	4%
Europe	-	0%
SECTORS		
Social Infrastructure and Services	23	50%
Economic Infrastructure and Services	2	4%
Production Sectors	6	12%
Multi-sector / Cross-cutting	3	7%
Commodity Aid / General Programme Assistance	2	5%
Humanitarian Aid	10	22%
FRAGILE / CONFLICT**		
Fragile	12	46%
Other	14	54%

* Contributions to six UN Funds and Programmes are separately identifiable in DAC members' reporting: UNDP, UNICEF, UNRWA, WFP, UNHCR, and UNFPA. Other UN Funds and Programmes are aggregated into the "Other UN" category.

** Based only on aid allocated to specific countries.

Norway

Table 1: 2008 Multilateral and Non-Core Multilateral ODA
(Gross disbursements in 2008 USD millions)

	Core Contributions	Non-Core Contributions
EU Institutions	**-**	**4**
World Bank Group	**147**	**274**
UN Funds & Programmes*	**360**	**364**
of which:		
UNDP	138	172
UNICEF	70	139
WFP	25	23
UNFPA	58	14
UNHCR	42	9
UNRWA	26	7
Other UN	**148**	**198**
of which:		
WHO	40	21
FAO	2	21
ILO	0.3	14
IFAD	12	5
Regional Development Banks	**97**	**44**
Other Multilaterals	**176**	**99**
Total	**928**	**983**

Figure 1: 2008 Multilateral and Non-Core Multilateral ODA
(Gross disbursements in 2008 USD millions)

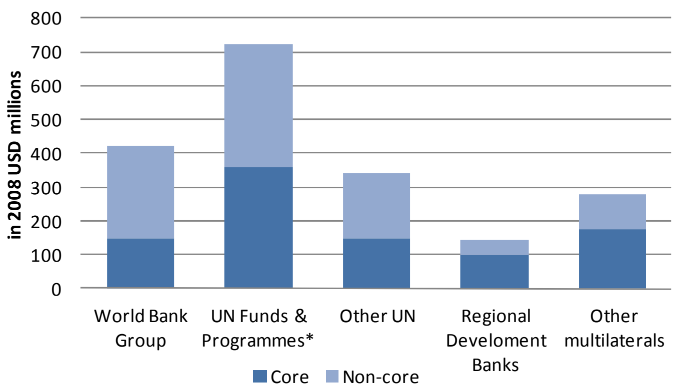


Table 2: 2008 Non-Core Multilateral ODA by Region, Sector and Fragility Status

(in 2008 USD millions)

	Norway	
Bilateral, unallocated / unspecified	449	46%
Country / region specific	534	54%
REGIONS		
Far East Asia	32	6%
Middle East	76	14%
North & Central America	13	2.5%
North of Sahara	0.04	0.01%
Oceania	8	1%
South & Central Asia	152	29%
South of Sahara	241	45%
South America	11	2%
Europe	0.40	0%
SECTORS		
Social Infrastructure and Services	440	45%
Economic Infrastructure and Services	44	5%
Production Sectors	73	7%
Multi-sector / Cross-cutting	175	18%
Commodity Aid / General Programme Assistance	58	6%
Humanitarian Aid	193	20%
FRAGILE / CONFLICT**		
Fragile	338	74%
Other	119	26%

* Contributions to six UN Funds and Programmes are separately identifiable in DAC members' reporting: UNDP, UNICEF, UNRWA, WFP, UNHCR, and UNFPA. Other UN Funds and Programmes are aggregated into the "Other UN" category.

** Based only on aid allocated to specific countries.

Portugal

Table 1: 2008 Multilateral and Non-Core Multilateral ODA
(Gross disbursements in 2008 USD millions)

	Core Contributions	Non-Core Contributions
EU Institutions	**160**	**1**
World Bank Group	**41**	**1**
UN Funds & Programmes*	**4**	**3**
of which:		
UNDP	2	3
UNRWA	-	0.1
UNHCR	2	0.1
Other UN	**7**	**25**
of which:		
ILO	0.3	1
Regional Development Banks	**24**	**-**
Other Multilaterals	**11**	**0.4**
Total	**247**	**31**

Figure 1: 2008 Multilateral and Non-Core Multilateral ODA
(Gross disbursements in 2008 USD millions)

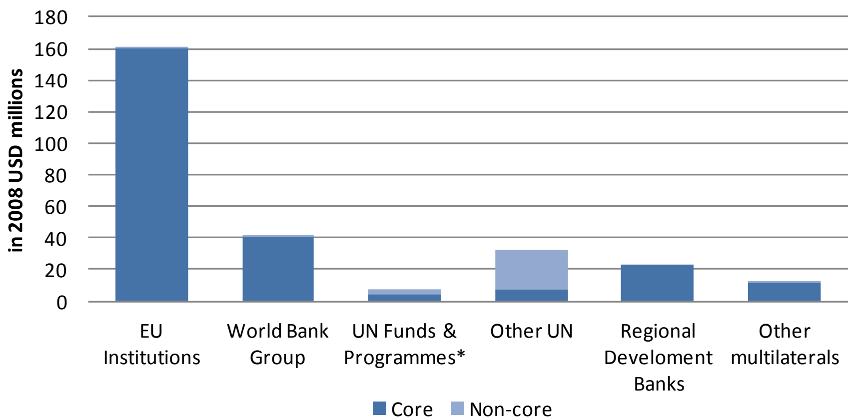


Table 2: 2008 Non-Core Multilateral ODA by Region, Sector and Fragility Status

(in 2008 USD millions)

	Portugal	
Bilateral, unallocated / unspecified	1	4%
Country / region specific	30	96%
REGIONS		
Far East Asia	18	62%
Middle East	0.1	0.3%
North & Central America	0.2	0.6%
North of Sahara	-	0%
Oceania	1	3%
South & Central Asia	3	12%
South of Sahara	7	22%
South America	-	0%
Europe	-	0%
SECTORS		
Social Infrastructure and Services	29	95%
Economic Infrastructure and Services	0.1	0.3%
Production Sectors	-	0%
Multi-sector / Cross-cutting	1	2%
Commodity Aid / General Programme Assistance	-	0%
Humanitarian Aid	1	3%
FRAGILE / CONFLICT**		
Fragile	23	82%
Other	5	18%

* Contributions to six UN Funds and Programmes are separately identifiable in DAC members' reporting: UNDP, UNICEF, UNRWA, WFP, UNHCR, and UNFPA. Other UN Funds and Programmes are aggregated into the "Other UN" category.

** Based only on aid allocated to specific countries.

Spain

Table 1: 2008 Multilateral and Non-Core Multilateral ODA
(Gross disbursements in 2008 USD millions)

	Core Contributions	Non-Core Contributions
EU Institutions	**1037**	**37**
World Bank Group	**342**	**210**
UN Funds & Programmes*	**149**	**696**
of which:		
UNDP	61	414
UNICEF	26	109
WFP	15	106
UNFPA	20	33
UNHCR	15	20
UNRWA	12	14
Other UN	**118**	**296**
of which:		
FAO	6	60
UNESCO	4	18
ILO	1	12
IFAD	7	5
Regional Development Banks	**183**	**462**
Other Multilaterals	**237**	**213**
Total	**2065**	**1913**

Figure 1: 2008 Multilateral and Non-Core Multilateral ODA
(Gross disbursements in 2008 USD millions)

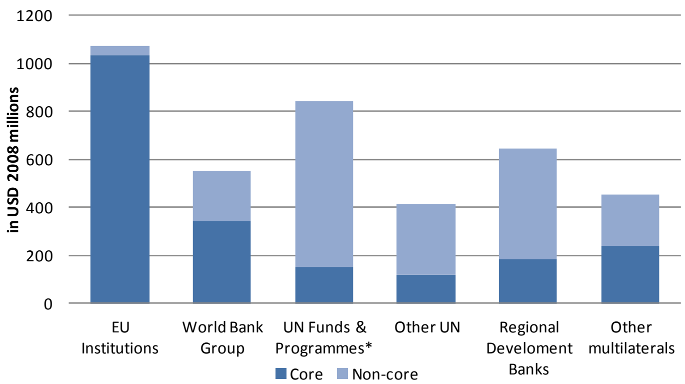


Table 2: 2008 Non-Core Multilateral ODA by Region, Sector and Fragility Status

(in 2008 USD millions)

	Spain	
Bilateral, unallocated / unspecified	337	18%
Country / region specific	1,575	82%
REGIONS		
Far East Asia	128	8%
Middle East	94	6%
North & Central America	109	7%
North of Sahara	24	2%
Oceania	23	1%
South & Central Asia	82	5%
South of Sahara	442	28%
South America	672	43%
Europe	2	0%
SECTORS		
Social Infrastructure and Services	1,106	58%
Economic Infrastructure and Services	52	3%
Production Sectors	64	3%
Multi-sector / Cross-cutting	142	7%
Commodity Aid / General Programme Assistance	78	4%
Humanitarian Aid	471	25%
FRAGILE / CONFLICT**		
Fragile	353	50%
Other	353	50%

* Contributions to six UN Funds and Programmes are separately identifiable in DAC members' reporting: UNDP, UNICEF, UNRWA, WFP, UNHCR, and UNFPA. Other UN Funds and Programmes are aggregated into the "Other UN" category.

** Based only on aid allocated to specific countries.

Sweden

Table 1: 2008 Multilateral and Non-Core Multilateral ODA
(Gross disbursements in 2008 USD millions)

	Core Contributions	Non-Core Contributions
EU Institutions	**370**	**18**
World Bank Group	**320**	**116**
UN Funds & Programmes*	**429**	**243**
of which:		
UNDP	108	97
UNICEF	69	90
UNRWA	41	25
UNHCR	84	18
WFP	67	8
UNFPA	60	5
Other UN	**185**	**192**
of which:		
FAO	3	30
WHO	3	24
UNESCO	2	5
ILO	1	3
Regional Development Banks	**97**	**0.4**
Other Multilaterals	**188**	**156**
Total	**1589**	**726**

Figure 1: 2008 Multilateral and Non-Core Multilateral ODA
(Gross disbursements in 2008 USD millions)

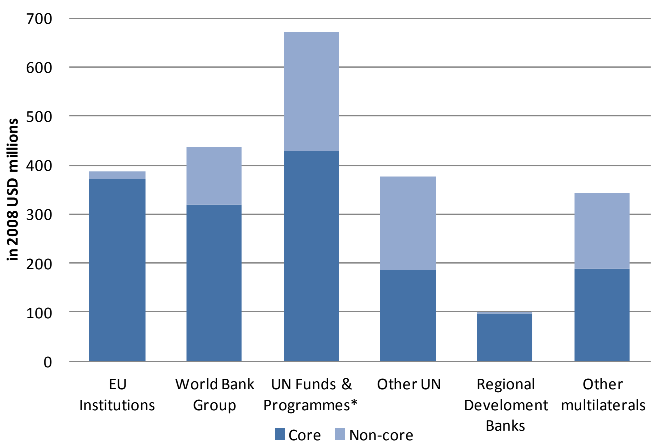


Table 2: 2008 Non-Core Multilateral ODA by Region, Sector and Fragility Status

(in 2008 USD millions)

	Sweden	
Bilateral, unallocated / unspecified	160	22%
Country / region specific	566	78%
REGIONS		
Far East Asia	59	10%
Middle East	37	6%
North & Central America	27	4.8%
North of Sahara	-	0%
Oceania	13	2%
South & Central Asia	149	26%
South of Sahara	256	45%
South America	20	4%
Europe	6	1%
SECTORS		
Social Infrastructure and Services	364	50%
Economic Infrastructure and Services	36	4.9%
Production Sectors	30	4%
Multi-sector / Cross-cutting	82	11%
Commodity Aid / General Programme Assistance	0.3	0.04%
Humanitarian Aid	214	30%
FRAGILE / CONFLICT**		
Fragile	292	61%
Other	187	39%

* Contributions to six UN Funds and Programmes are separately identifiable in DAC members' reporting: UNDP, UNICEF, UNRWA, WFP, UNHCR, and UNFPA. Other UN Funds and Programmes are aggregated into the "Other UN" category.

** Based only on aid allocated to specific countries.

Switzerland

Table 1: 2008 Multilateral and Non-Core Multilateral ODA
(Gross disbursements in 2008 USD millions)

	Core Contributions	Non-Core Contributions
EU Institutions	**-**	**0.4**
World Bank Group	**186**	**49**
UN Funds & Programmes*	**107**	**81**
of which:		
WFP	2	43
UNDP	49	17
UNHCR	11	12
UNICEF	18	4
UNRWA	14	4
UNFPA	13	0.3
Other UN	**51**	**45**
of which:		
FAO	3	5
WHO	10	4
ILO	1	2
UNESCO	2	0.4
IFAD	6	0.05
Regional Development Banks	**59**	**2**
Other Multilaterals	**85**	**32**
Total	**487**	**209**

Figure 1: 2008 Multilateral and Non-Core Multilateral ODA
(Gross disbursements in 2008 USD millions)

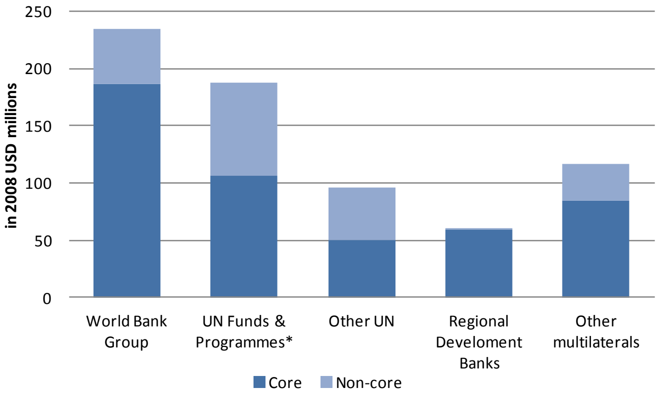


Table 2: 2008 Non-Core Multilateral ODA by Region, Sector and Fragility Status

(in 2008 USD millions)

	Switzerland	
Bilateral, unallocated / unspecified	63	30%
Country / region specific	146	70%
REGIONS		
Far East Asia	15	11%
Middle East	11	8%
North & Central America	9	6.5%
North of Sahara	3	2%
Oceania	6	4%
South & Central Asia	46	32%
South of Sahara	46	32%
South America	8	5%
Europe	-	0%
SECTORS		
Social Infrastructure and Services	55	26%
Economic Infrastructure and Services	34	16.2%
Production Sectors	25	12%
Multi-sector / Cross-cutting	20	10%
Commodity Aid / General Programme Assistance	0.2	0.1%
Humanitarian Aid	75	36%
FRAGILE / CONFLICT**		
Fragile	64	52%
Other	59	48%

* Contributions to six UN Funds and Programmes are separately identifiable in DAC members' reporting: UNDP, UNICEF, UNRWA, WFP, UNHCR, and UNFPA. Other UN Funds and Programmes are aggregated into the "Other UN" category.

** Based only on aid allocated to specific countries.

United Kingdom

Table 1: 2008 Multilateral and Non-Core Multilateral ODA
(Gross disbursements in 2008 USD millions)

	Core Contributions	Non-Core Contributions
EU Institutions	**2034**	**7**
World Bank Group	**1072**	**674**
UN Funds & Programmes*	**268**	**640**
of which:		
UNDP	156	314
UNICEF	38	175
WFP	5	109
UNFPA	0	24
UNHCR	36	18
Other UN	**201**	**165**
of which:		
WHO	42	38
IFAD	28	10
FAO	6	5
ILO	6	1.3
UNESCO	10	0.5
Regional Development Banks	**304**	**54**
Other Multilaterals	**287**	**15**
Total	**4167**	**1554**

Figure 1: 2008 Multilateral and Non-Core Multilateral ODA
(Gross disbursements in 2008 USD millions)

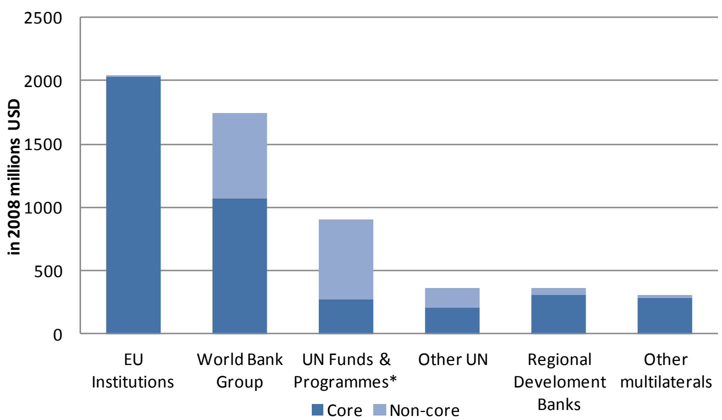


Table 2: 2008 Non-Core Multilateral ODA by Region, Sector and Fragility Status

(in 2008 USD millions)

	United Kingdom	
Bilateral, unallocated / unspecified	293	19%
Country / region specific	1,261	81%
REGIONS		
Far East Asia	132	11%
Middle East	95	8%
North & Central America	15	1%
North of Sahara	-	0%
Oceania	0.4	0.03%
South & Central Asia	398	33%
South of Sahara	583	48%
South America	1	0.1%
Europe	-	0%
SECTORS		
Social Infrastructure and Services	906	58%
Economic Infrastructure and Services	86	6%
Production Sectors	76	5%
Multi-sector / Cross-cutting	43	3%
Commodity Aid / General Programme Assistance	32	2%
Humanitarian Aid	411	26%
FRAGILE / CONFLICT**		
Fragile	839	72%
Other	328	28%

* Contributions to six UN Funds and Programmes are separately identifiable in DAC members' reporting: UNDP, UNICEF, UNRWA, WFP, UNHCR, and UNFPA. Other UN Funds and Programmes are aggregated into the "Other UN" category.

** Based only on aid allocated to specific countries.

United States

Table 1: 2008 Multilateral and Non-Core Multilateral ODA
(Gross disbursements in 2008 USD millions)

	Core Contributions	Non-Core Contributions
World Bank Group	**848**	**223**
UN Funds & Programmes*	**225**	**2716**
of which:		
WFP	-	1768
UNHCR	-	509
UNICEF	128	199
UNRWA	-	185
UNDP	97	55
Other UN	**1315**	**308**
of which:		
WHO	77	155
ILO	11	44
UNESCO	20	3
Regional Development Banks	**241**	**-**
Other Multilaterals	**362**	**368**
Total	**2992**	**3614**

Figure 1: 2008 Multilateral and Non-Core Multilateral ODA
(Gross disbursements in 2008 USD millions)

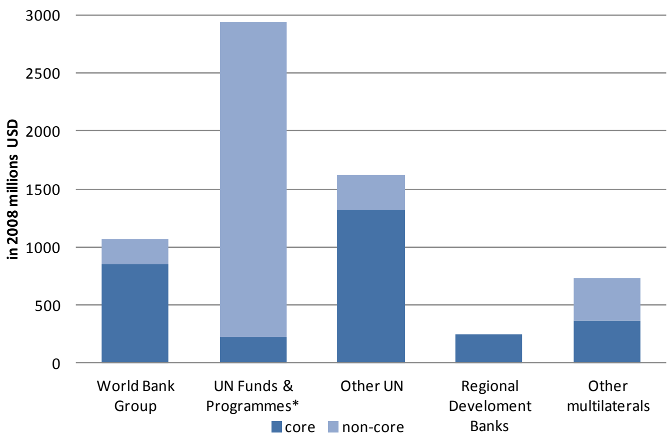


Table 2: 2008 Non-Core Multilateral ODA by Region, Sector and Fragility Status

(in 2008 USD millions)

	United States	
Bilateral, unallocated / unspecified	497	14%
Country / region specific	3,118	86%
REGIONS		
Far East Asia	125	4%
Middle East	483	15%
North & Central America	71	2%
North of Sahara	23	0.7%
Oceania	21	1%
South & Central Asia	533	17%
South of Sahara	1,775	56.9%
South America	86	3%
Europe	1	0.04%
SECTORS		
Social Infrastructure and Services	763	21%
Economic Infrastructure and Services	49	1%
Production Sectors	68	2%
Multi-sector / Cross-cutting	46	1%
Commodity Aid / General Programme Assistance	16	0.4%
Humanitarian Aid	2,673	74%
FRAGILE / CONFLICT**		
Fragile	2,103	83%
Other	435	17%

* Contributions to six UN Funds and Programmes are separately identifiable in DAC members' reporting: UNDP, UNICEF, UNRWA, WFP, UNHCR, and UNFPA. Other UN Funds and Programmes are aggregated into the "Other UN" category.

** Based only on aid allocated to specific countries.

ANNEX 3

Table 1: Potential Source of Climate Change Funding

Option	Estimated Annual Revenue (billion USD)	Specific to Mitigation, Adaptation or Technology	Under the Convention	Defined Contribution	Go through Government Budget
Increasing the Scale of Existing Mechanisms					
The GEF Trust Fund	Currently 0.25	N	Y	Y	Y
SCCF and LDCF	Currently 0.10	A	Y	N	Y
The CDM and Other Possible Crediting	Currently 3-10	M	Y	N	N
The Adaptation Fund	0.50-2	A	Y	N	N
New Bilateral and Multilateral Funds					
Cool Earth Initiative	2	N	N	N	Y
International Climate Protection Initiative	0.15	N	N	Y	Y
Clean Investment Fund	1-2	N	N	N	Y
Proposals Funded by defined Contributions from Developed Countries					
Convention Adaptation Fund, Technology Fund, and Insurance Mechanism		N	Y	Y	Y
Adaptation Fund and Multilateral Technology Acquisition Fund	170	N	Y	Y	Y
Efficiency Penny	20	M	N	Y	Y
Proposals Funded by Contributions from Developed and Developing Countries					
World Climate Change Fund	10	N	Y	Y	Y
Multilateral Adaptation Fund	18	A	Y	Y	Y
More Stringent Commitments by Developed Countries					
Auction of Assigned Amount Units	5	A	Y	Y	N
Nationally Appropriate Mitigation Actions		M	Y	N	N
Other Sources of Funds					
Extension of the 2% levy on CDM to other Market Mechanisms	0.5 or 5	N	Y	Y	N
International Air Travel Adaptation Levy	13	A	N	Y	N
International Maritime Emission Reduction	3	N	N	Y	N
Auction of Allowances for International Aviation and Marine Emissions	20 to 40	N	N	N	N
Funds to Invest Foreign Exchange Reserves	Fund of up to 200	M	N	N	N
Access to Renewables Programmes in Developed Countries	0.5	M	N	N	N
Tobin Tax	15 to 20	N	N	Y	N
Donated Special Drawing Rights	18	N	N	N	N
Debt-for-clean-energy Swap		M	N	N	Y

Source: Haites (2008). “Negotiations on Additional Investment and Financial Flows to Address Climate Change in Developing Countries,” UNDP. New York, July, Table 6, p. 35

Note: A = Adaptation, M = Mitigation, N = No, and Y = Yes

Chinese +0.5%-1% GDP Proposal: Developed countries should annually provide financial support to support actions by developing countries to address climate change. This would lead to USD 185-402z billion per annum.

Mexican Multilateral Climate Change Fund: Withdrawals limited to countries that contribute amounts to be determined by a formula based on current GHG emissions, population and gross domestic product. It would aim to mobilise no less than USD 10 billion per annum. LDCs would have a quota of the revenue at their disposal without being expected to contribute.

Carbon Auction Levy: Auction a percentage of annual emission allowances for climate change activities.

Clean Development Mechanism: Defined in Article 12 of the Protocol, it helps finance mitigation actions in developing countries through the sale of credits (CERs), each equivalent to one tonne of CO2, for the certified emission reductions achieved. The credits issued for each project and the market price of CERs are readily available, but buyers often contract to purchase credits generated over a number of years early in the life of a project. Two percent of the share of proceeds of CERs issued for a CDM project activity goes to the **Adaptation Fund**. As of 16 September 2009, 1.13 million CERs had been sold, generating approximately USD 18.7 million in revenues.

Export credit agencies (ECAs) typically provide loans or guarantees to facilitate exports to riskier markets.[74] Net export credits provided by or on behalf of OECD governments to developing countries are reported to the OECD. Long-term credits (a repayment term of 5 years or more) are reported with sector detail so it is possible to estimate the credits going to mitigation relevant sectors. Between 2002 and 2008 an average of USD 16.9 billion annually (54% of the total) flowed to mitigation relevant sectors. As in the case of ODA, not all of the funds going to mitigation relevant sectors are for mitigation. For example, less than 20% of the credits for the energy sector go to “low-carbon energy technologies” including nuclear, hydro, geothermal, solar, wind, tidal and biomass.

Swiss Proposal Global Carbon Adaptation Tax Proposal: Uniform global carbon tax of USD 2 per ton of CO_2 on all fossil fuel emissions. Countries emitting less than 1.5 tons CO_2 would be exempt from the tax. Expected revenues would be USD 48.5 billion per annum.

EU Global Climate Financing Mechanism: Building on the International Financing Facility, expand the global carbon market by issuing bonds to capital markets against legally binding pledges for future repayment by (donor) countries to frontload funding.

Norwegian Proposal: At the international level, a small portion of “assigned amount units” could be withheld from national quota allocation and auctioned by the appropriate institution. Expected revenues would be USD 14 billion per annum.

Burden Sharing Mechanism (Tuvalu Adaptation Blueprint): A collection of levies on international aviation and maritime transport. Expected to raise USD 40 million from Annex 2 and USD 30 million from non-Annex 1.

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74 Corfee-Morlot, J., B. Guay and K.M. Larsen, 2009. Financing Mitigation Support: Towards a Framework for Measurement, Reporting and Verification, COM/ENV/EPOC/IEA/SLT(2009)6, OECD/IEA, Paris, Section 3.1.4, p. 21.

International Air Travel Adaptation Levy: Levy funds from polluting individuals better off to help the less well-off victims of their pollution purely on grounds. Expected to raise USD 8-10 billion per annum.

International Maritime Emission Reduction Schemes: Global bunker levy using the global average price of carbon to achieve GHG emission reductions through the maritime industry and raise USD 9 billion annually if applied world-wide.

Source: UNFCCC website, Müller (2008), "International Adaptation Finance" and www.climatefundsupdate.org

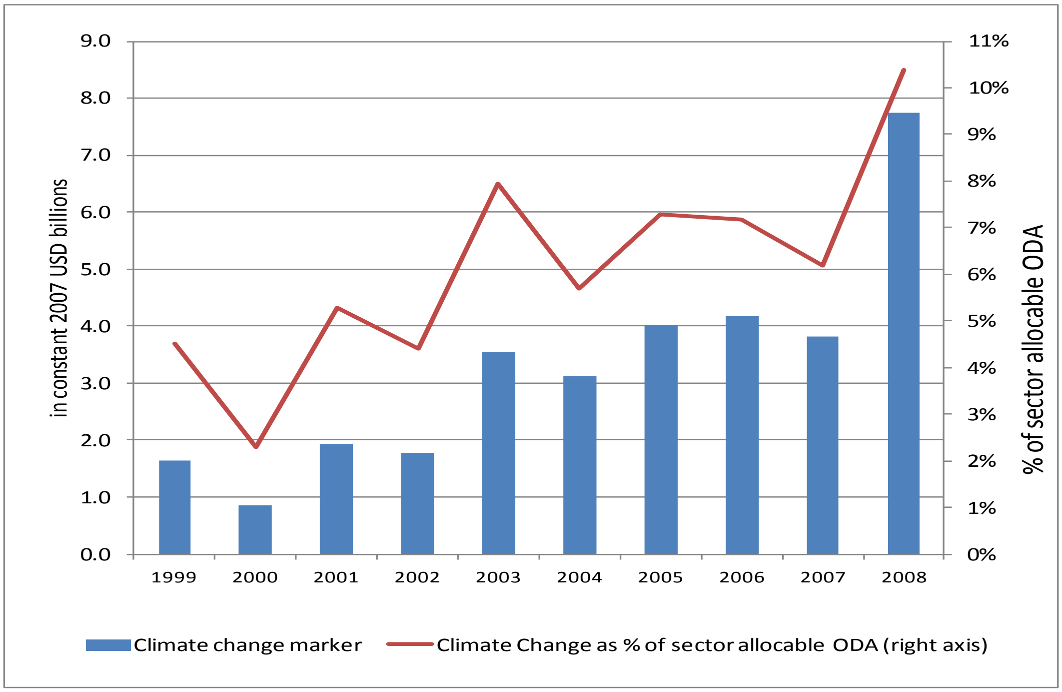
Rio markers for climate change

When developed countries signed the three Rio Conventions in 1992, they agreed to support developing countries in the implementation of these Conventions. For the purposes of this report, monitoring data relative to the UN Framework Convention on Climate Change is the most relevant. Since 1998, the DAC has monitored aid targeting the objectives of the Rio Conventions by integrating the "Rio markers" into its Creditor Reporting System (CRS).

At the end of 2009, the World Bank started reporting its multilateral outflows using the Rio (climate change) marker. Other multilateral institutions (with the exception of EU Institutions) do not use the markers, but may choose to do so in the future. Other multilateral donors do not report data using the Rio markers. As with all policy markers, the Rio markers are not applicable to general budget support, which, by definition, is not allocated by sector. To date, Japan and Germany combined account for the majority of flows marked for climate change. While adaptation activities are not yet separately identifiable in DAC statistics, members are working on a statistical marker to identify investments targeting climate change adaptation.

The graph below shows trends in climate change aid of DAC members (including the EC) and the World Bank outflows. In 2008, total activities marked for climate change equal USD 7.7 billion, representing about 10.5% of total ODA that year. Given the relatively recent introduction of the climate change marker, however, it is difficult to determine trends at this early stage.

Figure 1



Source: DAC Aggregates and Creditor Reporting System.

Note: Does not include data for 1998 to 2001 from a special pilot study in 2002, which would increase the amounts from 1999-2001.Does not include data from Korea, which recorded USD 205 million for mitigation in 2008, or the World Bank (IDA), which for the years above disbursed USD 244 million marked for climate change mitigation.

In practice, there are some limitations to the climate change marker because it is applicable only to mitigation[75], not adaptation flows (which are efforts to adapt as a result of climate change and not as an effort to change it). The DAC Secretariat is currently deciding how to implement the newly-agreed adaptation marker. In addition, multilateral agencies (apart from the EC and the World Bank) do not use the marker when they report their flows to the DAC.

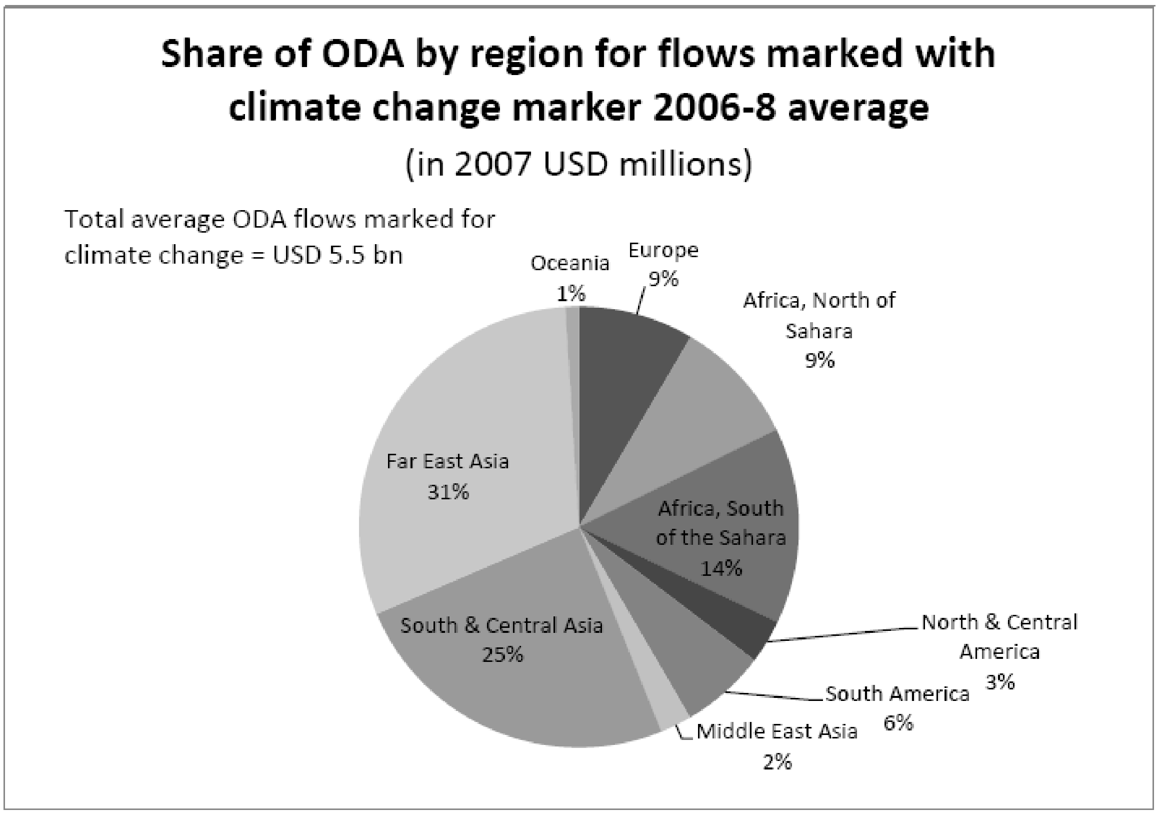
The Rio markers were in a long pilot phase, and reporting is yet incomplete: three members (Norway, Luxembourg and the United States) do not report on climate change markers to the CRS over the period 2005-8. One should also be careful in comparing data across countries since each member could interpret the definition and its application differently, which is why this information is not given for a cross-country comparison in this report. Nonetheless, marker data gives a best estimate of the policy objectives of aid, even if it does not allow for an automatic quantification of these flows.

75 While the Rio marker on climate change refers primarily to mitigation, examples of typical activities included in the definition could also be considered adaptation, making it all the more ambiguous for reporters to determine just what to include in this category.

OECD climate change flows by destination and sector

ODA marked for climate change mitigation tended to go to the Far East (China, Indonesia) or South and Central Asia (India), followed by sub-Saharan Africa and Europe (Turkey) and an equal share for North Africa. This is more or less in line with the mitigation disbursements from existing funds illustrated in the Annex 4 maps, which have gone primarily to middle-income countries.

Figure ii

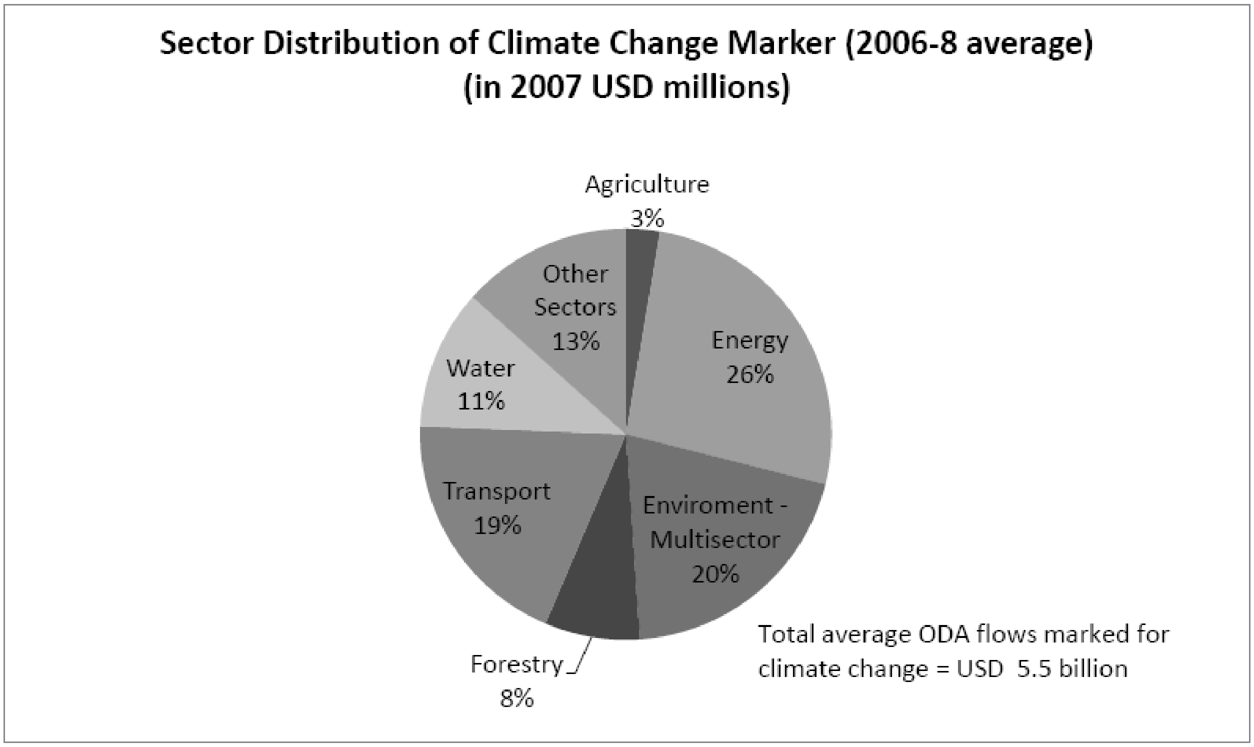


Source: Creditor Reporting System.

Sector distribution of flows marked for climate change

Flows marked for climate change mitigation are mainly coded for the sectors of energy, transport, and environment multi-sector codes. This is logical considering the focus on climate change mitigation, and the objective of reducing sources of GHG by switching to more renewable energy sources, using fuels more efficiently, and enhancing sinks to remove more carbon dioxide from the air (one would expect the environment multi-sector code to include some of these cross-cutting carbon capture or storage elements).

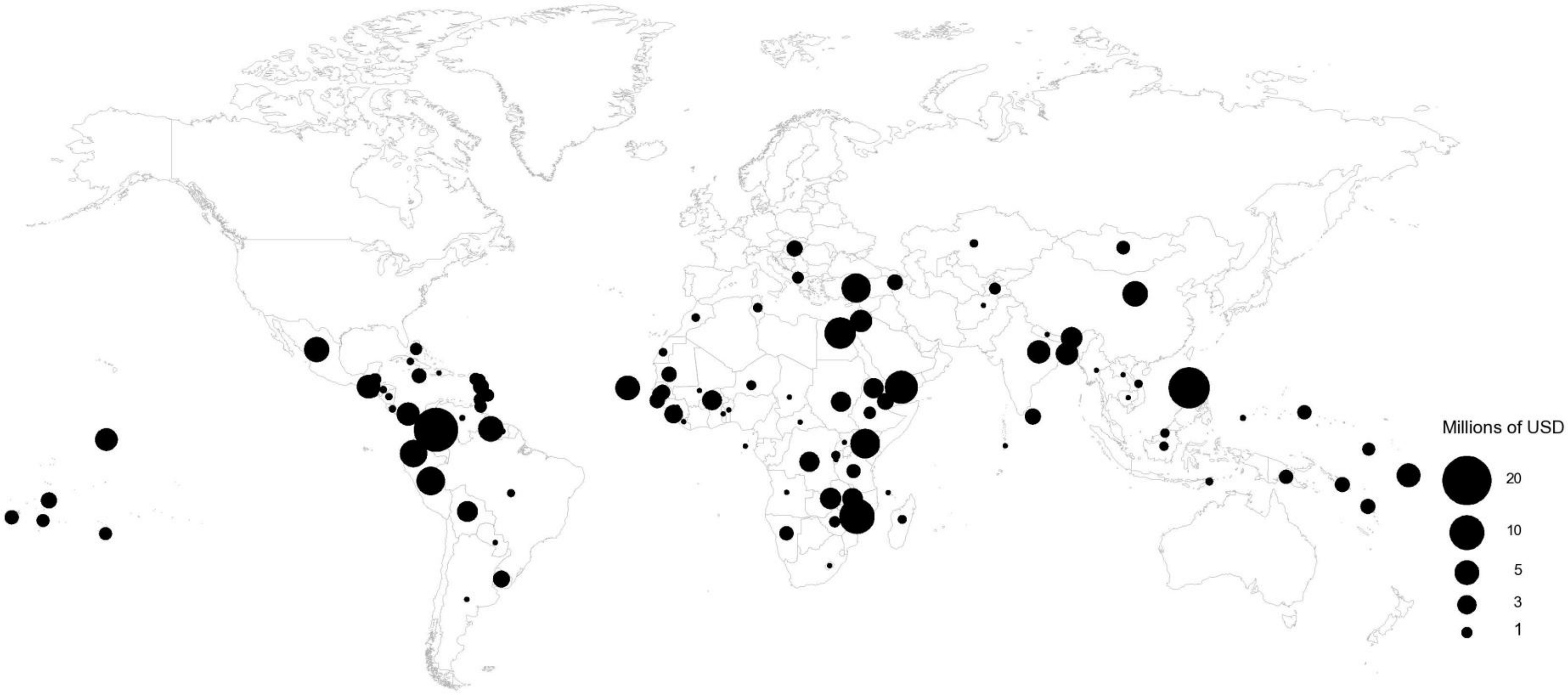
Figure iii



Source: Creditor Reporting System.

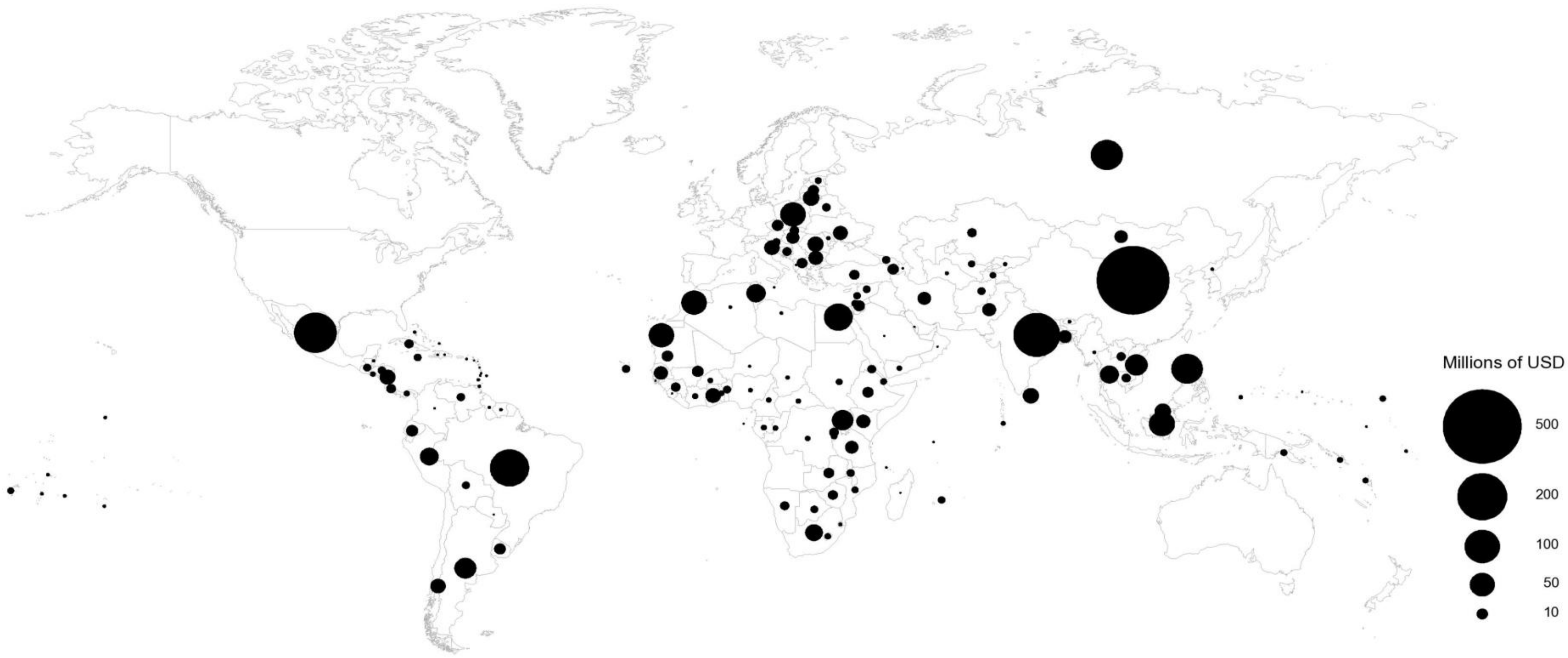
Where the climate change flows have gone so far…

FOR ADAPTATION



Total disbursements for adaptation = USD 255.3 million
Disbursements for adaptation based on data from the Strategic Priority on Adaptation (SPA), the LDC Fund, the Special Climate Change Fund (SCCF), the MDG-Fund, and the GEF Trust Fund. Numbers on countries refer to number of projects / programmes funded.
Source: www.climatefundsupdate.org

FOR MITIGATION



Total disbursements for mitigation = USD 2.4 billion

Disbursements for mitigation based on data from the Strategic Priority on Adaptation (SPA), the LDC Fund, the Special Climate Change Fund (SCCF), the MDG-Fund, and the GEF Trust Fund. Numbers on countries refer to number of projects / programmes funded.

*Source :*www.climatefundsupdate.org

ANNEX 4

2010 General Capital Increases and Replenishments

IBRD Capital Adequacy Review

Looking beyond the crisis, the World Bank predicts that demands for **IBRD** lending will continue to increase in order to address the augmented numbers of new poor in middle-income countries, to support the global public goods agenda, and to respond to future crises. To begin expanding its financial capacity, the IBRD has already adopted measures to stretch the use of its existing capital to support lending. At the same time, the IBRD has been actively working with relevant shareholders to release their national currency paid-in capital.[76] The IBRD also instituted a 20-basis-point general loan price increase which is projected to enhance IBRD's end-FY19 usable equity by about USD 2.0 billion under the expected scenario. Following these efforts, a remaining gap in IBRD's equity capital base of about USD 4.8-6.3 billion by FY19 is projected. The potential actions to fill this gap are a Selective Capital Increase (SCI), a General Capital Increase (GCI) and a further price increase for long maturity loans. At the 2009 Annual Meetings, the Development Committee asked for an updated review, including on the WBG's general capital increase needs. At the 2010 spring meeting of the Development Committee, members endorsed a GCI for IBRD of USD 58.4 billion, of which 6%, or USD 3.5 billion, would be paid in capital

IFC Capital Adequacy Review

The financial crisis has adversely affected **IFC**'s profitability and tightened its capital position. A two-step approach is being considered to address IFC's capital constraint. In the interim period, shareholders can provide early support to IFC's growth strategy through what is known as "hybrid capital[77]" to be replaced by additional paid-in capital from IFC's shareholders as the next step. It is estimated that a capital increase in the range of USD 1.8 billion to USD 2.4 billion would enable IFC to grow the investment portfolio to about USD 47 - USD 49 billion over the next few years without jeopardising its AAA rating. The most recent (April 2010) Development Committee endorsed a package to enhance IFC's financial capacity, including consideration of a long-term hybrid instrument to shareholders, subject to the Board review of terms and conditions, and earnings retention.[78]

IDA16 Replenishment

IDA deputies met in Bamako 15-18 June 2010 for the second meeting on the IDA16 replenishment. Most participants supported the focus on fragile and conflict-affected countries, gender, crisis response and climate change as special themes, but stressed that these should be framed in the broader context of achieving development results. In the recently concluded Mid-Term review of IDA15, it was reported that during the first 15 months of IDA15 (July 2008-October 2009), IDA commitments reached a record level of USD 16.9 billion; a 50% increase over the comparable period in IDA14. Given IDA's fixed resource envelope during a

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76 Under the Articles of the IBRD, members need to only contribute 10% of their paid-in capital in USD, which can be freely used by the IBRD in its operations. The remaining 90% can be paid-in in the national currency of the subscribing member. Of the total unreleased national currency paid-in capital of USD 2 billion, the IBRD has thus far obtained indications for the release of USD 0.5 billion.

77 Through raising low or non-interest bearing subordinated loans from shareholders, potentially with contingent pay-in and redemption triggers tied to IFC capital adequacy, as a near-term alternative to a capital increase.

78 World Bank (2010), "Development Committee Communique" Washington, D.C., April 25, 2010.

replenishment period, this strong delivery has come about primarily through countries front-loading their assistance which will result in lower levels of resources during the remaining IDA15 period.

Participants reiterated strong support for the proposed focus on development results in IDA16. In this context, Participants welcomed the further strengthening of the IDA Results Measurement System and encouraged Management to explore additional ways to assess IDA performance, while maintaining country ownership and accountability. Participants supported the ongoing internal reform agenda, and some urged the Bank to accelerate the implementation of investment lending reform during IDA16, including steps to support an increase in the use of country systems. Participants welcomed the realism of the proposed financing scenarios, and several welcomed the internal resource mobilisation efforts, including IBRD transfers. The next IDA16 replenishment meeting will take place at the time of the World Bank-IMF Annual Meetings.[79]

African Development Bank: 6th General Capital Increase

A committee of Governors representing the African Development Bank's shareholders endorsed and accepted a tripling of the Bank's capital resources from USD 33 billion to USD 99 billion at the annual meetings in Abidjan, Côte d'Ivoire on 27 May 2010. Of the USD 66 billion increase, 6% or USD 4 billion is required as paid-in capital from shareholders. The last General Capital Increase (GCI) took place in 1998, and the Bank's medium term strategy (2008-2012) had not envisaged a new GCI until at least 2013. Nonetheless, the impact of the global economic crisis on Africa has heightened demand for measures to mitigate its effects, and at the current rate, 90% of the Bank's risk capital would be exhausted by 2012.

African Development Fund

At its Annual Meetings in Dakar, Senegal, in May 2009, the AfDB Board of Governors passed a resolution to initiate discussions on the Bank's general capital increase (GCI) and the replenishment of its concessional window, the African Development Fund. The AfDF is replenished every three years by 26 donor countries. The most recent and 11th replenishment of the ADF (ADF-11) for the Fund's 2008-2010 operations was concluded in December 2007 at a record level of USD 8.9 billion. The Fund's core strategic priorities under ADF-11 include infrastructure, governance, support for fragile states and regional integration. At the ADF-11 Mid-Term Review (MTR), held in October 2009, there was strong support for consolidation and deepening of current strategic priorities as a prime focus for the ADF-12 cycle due to begin in January 2011. In addition there were calls for the AfDF to integrate food security and climate change as cross cutting issues. Deputies also emphasised the need for the Bank to continue building its delivery capacity, with a particular focus on high quality, decentralisation, human resources development, and aid effectiveness. The replenishment for ADF-12 will be concluded by September 2010.

Inter-American Development Bank: 9th General Capital Increase

In the 15 years since the Eighth General Increase in the Resources of the Bank (IDB-8), the IDB has become the main source of development finance for the Latin American and Caribbean region, with loan approvals of USD 108.6 billion. The Fund for Special Operations provided USD 6.6 billion in concessional lending to the region's poorest countries, making it the main source of multilateral concessional lending. From 2007 onwards, and more recently with efforts to alleviate the impact of the global economic crisis, lending has increased sharply and prompted a review of the Bank's own capital needs. In October 2009, the Board of

79 World Bank (2010), "Chairperson's Summary: IDA Deputies' Meeting, Bamako, Mali, June 16-19, 2010."

Governors agreed to move ahead with the final review of the need for a general capital increase of the Ordinary Capital and replenishment of the Fund for Special Operations. On March 22 2010 at their annual meeting IDB´s Board of Governors initiated the process for the Ninth General Capital Increase (GCI-9) to increase the Bank's ordinary capital by USD 70 billion, the largest expansion of resources in the Bank's history. They also agreed to provide an unprecedented package of financial support to Haiti, and to replenish the Fund for Special Operations, which finances operations in the region´s poorest nations.

Global Fund to Fight AIDS, Tuberculosis and Malaria: Replenishment in 2010

The Global Fund to Fight AIDS, Tuberculosis and Malaria which was created in 2002 was originally funded through mostly annual individual contributions from close to 50 countries as well as private foundations, corporations and individuals. As programs were scaled up in more than 140 countries, the need for sustained and predictable support grew substantially, which led to a decision by the Board of the Global Fund to introduce a funding model based on periodic replenishments. To date, two replenishments have taken place: the first for the period 2006-07 and the second for 2008-10. Since the inception of the Global Fund, public, private and non-government donors have jointly pledged a total of USD 22.1 billion covering the period 2001 to 2015 (although at this stage most donors have only pledged through 2010). The Board of the Global Fund endorsed the decision to launch a third replenishment covering 2011-13. The pledging conference for the 3rd replenishment will take place in October 2010 in New York.

Though significant, total voluntary pledges represent only part of the USD 40-90 billion experts estimate is needed from all sources each year from 2010-2015 to prevent and treat HIV, TB and malaria effectively on a global scale.[80] Efforts are underway to bring in more funding from the private sector and through innovative finance mechanisms. To fund ongoing programmes, without launching new rounds, it is estimated the Global Fund needs USD 8.2 billion. The Global Fund's management is striving to achieve efficiency gains of 10% as mandated by its Board. Since 2009, a new framework for the Global Fund's 2009 key performance indicators allows for a comprehensive assessment of its performance across four dimensions: operational performance; grant performance, effectiveness (whether its aid is effective in achieving development results), strengthening health systems and promoting value for money – and impact.

Global Environment Facility: GEF-5 Replenishment in 2010

Established in 1991, the GEF is today the largest funder of projects to improve the global environment. The GEF serves as the financial mechanism for the Convention on Biological Diversity (CBD), the United Nations Framework Convention on Climate Change (UNFCCC), the Stockholm Convention on Persistent Organic Pollutants and the Convention to Combat Desertification (UNCCD). In addition, it provides support for the Montreal Protocol on Substances that Deplete the Ozone Layer. As a result, the GEF provides grants to developing countries and countries with economies in transition for projects in several interrelated areas covering biodiversity, climate change, international waters, land degradation, the ozone layer, and persistent organic pollutants.

There was strong support for the replenishment of GEF-5 at the recent Copenhagen COP15 meeting and by the NGO community. Negotiations for the fifth replenishment of the GEF Trust Fund for the period of 1 July 2010 and ending 30 June 2014 (FY11-FY14) were completed in May 2010. The targeted replenishment

[80] The Global Fund to Fight AIDS, Tuberculosis and Malaria (2010), p. 5

level of USD 4.2 billion represents a 34% increase over GEF-4 levels, providing for modest increases in all focus areas. Based on the *Final GEF-5 Programming Document*, the climate change portion would likely be around USD 1.4 billion over four years, almost all for mitigation.

ANNEX 5

List of International Organisations
Official Contributions to which may be Reported in Whole or in Part as ODA

Channel Category Code	Channel Code	Acronym (ENG)	Full Name (English)	Coefficient for core contributions	Overall Sector Category
40000	40000		**MULTILATERAL INSTITUTIONS**		
41000	41000		**UNITED NATIONS AGENCIES, FUNDS AND COMMISSIONS**		
	41101	UNCCD	Convention to Combat Desertification	100	Multi-sector / Cross-cutting
	41102	DLCO-EA	Desert Locust Control Organisation for Eastern Africa	100	Production Sectors
	41103	ECA	Economic Commission for Africa	100	Social Infrastructure and services
	41104	ECLAC	Economic Commission for Latin America and the Caribbean	100	Social Infrastructure and services
	41105	ESCWA	Economic and Social Commission for Western Asia	100	Social Infrastructure and services
	41106	ESCAP	Economic and Social Commission for Asia and the Pacific	100	Social Infrastructure and services
	41107	IAEA-TCF	International Atomic Energy Agency (Contributions to Technical Cooperation Fund Only)	100	Economic Infrastructure and Services
	41108	IFAD	International Fund for Agricultural Development	100	Production Sectors
	41109	INSTRAW	International Research and Training Institute for the Advancement of Women	100	Social Infrastructure and services
	41110	UNAIDS	Joint United Nations Programme on HIV/AIDS	100	Social Infrastructure and services
	41111	UNCDF	United Nations Capital Development Fund	100	Economic Infrastructure and Services
	41112	UNCTAD	United Nations Conference on Trade and Development	100	Production Sectors
	41114	UNDP	United Nations Development Programme	100	Multi-sector / Cross-cutting
	41116	UNEP	United Nations Environment Programme	100	Multi-sector / Cross-cutting
	41118	UNFCCC	United Nations Framework Convention on Climate Change	100	Multi-sector / Cross-cutting
	41119	UNFPA	United Nations Population Fund	100	Social Infrastructure and services
	41120	UN Habitat	United Nations Human Settlement Programme	100	Multi-sector / Cross-cutting
	41121	UNHCR	United Nations Office of the United Nations High Commissioner for Refugees	100	Humanitarian Aid
	41122	UNICEF	United Nations Children's Fund	100	Social Infrastructure and services
	41123	UNIDO	United Nations Industrial Development Organisation	100	Production Sectors
	41124	UNIFEM	United Nations Development Fund for Women	100	Social Infrastructure and services
	41125	UNITAR	United Nations Institute for Training and Research	100	Multi-sector / Cross-cutting
	41126	UNMAS	United Nations Mine Action Service	100	Social Infrastructure and services
	41127	UNOCHA	United Nations Office of Co-ordination of Humanitarian Affairs	100	Humanitarian Aid
	41128	UNODC	United Nations Office on Drugs and Crime	100	Social Infrastructure and services
	41129	UNRISD	United Nations Research Institute for Social Development	100	Social Infrastructure and services
	41130	UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East	100	Humanitarian Aid
	41131	UNSSC	United Nations System Staff College	100	Social Infrastructure and services
	41132	UNSCN	United Nations System Standing Committee on Nutrition	100	Social Infrastructure and services
	41133	UNSIA	United Nations Special Initiative on Africa	100	Social Infrastructure and services
	41134	UNU	United Nations University (including Endowment Fund)	100	Multi-sector / Cross-cutting
	41135	UNV	United Nations Volunteers	100	Multi-sector / Cross-cutting
	41136	UNVFD	United Nations Voluntary Fund on Disability	100	Social Infrastructure and services
	41137	UNVFTC	United Nations Voluntary Fund for Technical Co-operation in the Field of Human Rights	100	Social Infrastructure and services
	41138	UNVFVT	United Nations Voluntary Fund for Victims of Torture	100	Social Infrastructure and services
	41140	WFP	World Food Programme	100	Commodity aid and general programme assistance
	41141	PBF Window 2	United Nations Peacebuilding Fund (Window Two: Restricted Contributions Only)	100	Social Infrastructure and services
	41142	UNDEF	United Nations Democracy Fund	100	Social Infrastructure and services
	41143	WHO-CVCA	World Health Organisation - core voluntary contributions account	100	Social Infrastructure and services

Channel Category Code	Channel Code	Acronym (ENG)	Full Name (English)	Coefficient for core contributions	Overall Sector Category
41300	41300		**OTHER UN (Core Contributions Reportable in Part)**		
	41301	FAO	Food and Agricultural Organisation	51	Production Sectors
	41302	ILO	International Labour Organisation	15	Social Infrastructure and services
	41303	ITU	International Telecommunications Union	18	Economic Infrastructure and Services
	41304	UNESCO	United Nations Educational, Scientific and Cultural Organisation	44	Social Infrastructure and services
	41305	UN	United Nations	12	Multi-sector / Cross-cutting
	41306	UPU	Universal Postal Union	16	Economic Infrastructure and Services
	41307	WHO-Assessed	World Health Organisation - assessed contributions	76	Social Infrastructure and services
	41308	WIPO	World Intellectual Property Organisation	3	Social Infrastructure and services
	41309	WMO	World Meteorological Organisation	4	Social Infrastructure and services
	41310	UNDPKO	United Nations Department of Peacekeeping Operations (excluding UNTSO, UNMOGIP, UNFICYP, UNDOF)	7	Social Infrastructure and services
	41311	PBF Window 1	United Nations Peacebuilding Fund (Window One: Flexible Contributions Only)	80	Social Infrastructure and services
	41312	IAEA-Assessed	International Atomic Energy Agency - assessed contributions	33	Economic Infrastructure and Services
	41313	OHCHR	United Nations High Commissioner for Human Rights (extrabudgetary contributions only)	64	Social Infrastructure and services
	41314	UNECE	United Nations Economic Commission for Europe (extrabudgetary contributions only)	89	Social Infrastructure and services
42000	42000		**EUROPEAN UNION INSTITUTIONS**		
	42001	EC	European Commission - Development Share of Budget	100	Multi-sector / Cross-cutting
	42003	EDF	European Commission - European Development Fund	100	Multi-sector / Cross-cutting
	42004	EIB	European Investment Bank (interest subsidies only)	100	Social Infrastructure and services
	42005	FEMIP	Facility for Euro-Mediterranean Investment and Partnership Trust Fund	100	Economic Infrastructure and Services
	42006	GEEREF	Global Energy Efficiency and Renewable Energy Fund	100	Economic Infrastructure and Services
43000	43000		**INTERNATIONAL MONETARY FUND**		
	43001	IMF-PRGF Trust	International Monetary Fund - Poverty Reduction and Growth Facility Trust	100	Multi-sector / Cross-cutting
	43002	IMF-PRGF-HIPC Trust	International Monetary Fund - Poverty Reduction and Growth Facility - Heavily Indebted Poor Countries Initiative Trust (includes HIPC, PRGF and PRGF-HIPC sub-accounts)	100	Action related to debt
	43003	IMF-ENDA	International Monetary Fund - Subsidization of IMF Emergency Assistance for Natural Disasters	100	Humanitarian Aid
44000	44000		**WORLD BANK GROUP**		
	44001	IBRD	International Bank for Reconstruction and Development	100	Multi-sector / Cross-cutting
	44002	IDA	International Development Association	100	Multi-sector / Cross-cutting
	44003	IDA-HIPC	International Development Association - Heavily Indebted Poor Countries Debt Initiative Trust Fund	100	Action related to debt
	44004	IFC	International Finance Corporation	100	Economic Infrastructure and Services
	44005	MIGA	Multilateral Investment Guarantee Agency	100	Economic Infrastructure and Services
	44006	AMCs	Advance Market Commitments	100	Social Infrastructure and services
	44007	IDA-MDRI	International Development Association - Multilateral Debt Relief Initiative	100	Action related to debt
45000	45000		**WORLD TRADE ORGANISATION**		
	45001	WTO-ITC	World Trade Organisation - International Trade Centre	100	Production Sectors
	45002	WTO-ACWL	World Trade Organisation - Advisory Centre on WTO Law	100	Production Sectors
	45003	WTO-DDAGTF	World Trade Organisation - Doha Development Agenda Global Trust Fund	100	Production Sectors
46000	46000		**REGIONAL DEVELOPMENT BANKS**		
	46001	ASF	African Solidarity Fund	100	Multi-sector / Cross-cutting
	46002	Afr.DB	African Development Bank	100	Multi-sector / Cross-cutting
	46003	Afr.DF	African Development Fund	100	Multi-sector / Cross-cutting
	46004	AsDB	Asian Development Bank	100	Multi-sector / Cross-cutting
	46005	AsDF	Asian Development Fund	100	Multi-sector / Cross-cutting
	46006	BSTDB	Black Sea Trade and Development Bank	61	Multi-sector / Cross-cutting
	46007	CABEI	Central American Bank for Economic Integration	100	Multi-sector / Cross-cutting
	46008	CAF	Andean Development Corporation	100	Multi-sector / Cross-cutting
	46009	CDB	Caribbean Development Bank	100	Multi-sector / Cross-cutting
	46012	IDB	Inter-American Development Bank, Inter-American Investment Corporation and Multilateral Investment Fund	100	Multi-sector / Cross-cutting
	46013	IDB Sp.F.	Inter-American Development Fund for Special Operations	100	Multi-sector / Cross-cutting

Channel Category Code	Channel Code	Acronym (ENG)	Full Name (English)	Coefficient for core contributions	Overall Sector Category
47000	47000		**OTHER MULTILATERAL INSTITUTIONS**		
	47001	ACBF	African Capacity Building Foundation	100	
	47002	APO	Asian Productivity Organisation	100	
	47003	ASEAN	Association of South East Asian Nations: Economic Co-operation	100	Social Infrastructure and services
	47004	ASEAN (CF)	ASEAN Cultural Fund	100	Social Infrastructure and services
	47005	AU	African Union (excluding peacekeeping facilities)	100	Social Infrastructure and services
	47008	AVRDC	World Vegetable Centre	100	Production Sectors
	47009	CAMES	African and Malagasy Council for Higher Education	100	Social Infrastructure and services
	47010	CAPAM	Commonwealth Agency for Public Administration and Management	100	
	47011	CARICOM	Caribbean Community Secretariat	100	Social Infrastructure and services
	47012	CAREC	Caribbean Epidemiology Centre	100	Social Infrastructure and services
	47013	CF	Commonwealth Foundation	100	Social Infrastructure and services
	47014	CFTC	Commonwealth Fund for Technical Co-operation	100	
	47015	CGIAR	Consultative Group on International Agricultural Research	100	Production Sectors
	47016	CI	Commonwealth Institute	100	
	47017	CIAT	International Centre for Tropical Agriculture	100	Production Sectors
	47018	CIFOR	Centre for International Forestry Research	100	Production Sectors
	47019	CIHEAM	International Centre for Advanced Mediterranean Agronomic Studies	100	Production Sectors
	47020	CIMMYT	International Maize and Wheat Improvement Centre	100	Production Sectors
	47021	CIP	International Potato Centre	100	Production Sectors
	47022	CITES	Convention on International Trade in Endangered Species of Wild Flora and Fauna	100	Multi-sector / Cross-cutting
	47023	CLAS	Commonwealth Legal Advisory Service	100	Social Infrastructure and services
	47024	CMDF	Commonwealth Media Development Fund	100	Social Infrastructure and services
	47025	COL	Commonwealth of Learning	100	Multi-sector / Cross-cutting
	47026	CPLP	Community of Portuguese Speaking Countries	100	
	47027	CP	Colombo Plan	100	
	47028	CPTM	Commonwealth Partnership for Technical Management	100	
	47029	SWAC	Sahel and West Africa Club	100	
	47030	CSC	Commonwealth Scientific Council	100	
	47031	CSSO	Commonwealth Small States Office	100	
	47032	CTIAF	Commonwealth Trade and Investment Access Facility	100	Production Sectors
	47033	CYP	Commonwealth Youth Programme	100	Social Infrastructure and services
	47034	ECOWAS	Economic Community of West African States	100	Social Infrastructure and services
	47035	ENDA	Environmental Development Action in the Third World	100	Multi-sector / Cross-cutting
	47036	EPPO	European and Mediterranean Plant Protection Organisation	100	Production Sectors
	47037	EROPA	Eastern-Regional Organisation of Public Administration	100	Social Infrastructure and services
	47038	FASTPED	INTERPOL Fund for Aid and Technical Assistance to Developing Countries	100	
	47040	FFA	Forum Fisheries Agency	100	Production Sectors
	47041	FFTC	Food and Fertilizer Technology Centre	100	Production Sectors
	47042	FIT	Foundation for International Training	100	Social Infrastructure and services
	47043		Global Crop Diversity Trust	100	Production Sectors
	47044	GEF	Global Environment Facility	96	Multi-sector / Cross-cutting
	47045	Global Fund	Global Fund to Fight AIDS, Tuberculosis and Malaria	100	Social Infrastructure and services
	47046	OIF	International Organisation of the Francophonic	100	
	47047	IAI	International African Institute	100	
	47048	IAII	Inter-American Indian Institute	100	
	47049	IBE	International Bureau of Education - International Educational Reporting System (IERS)	100	Social Infrastructure and services
	47050	ICAC	International Cotton Advisory Committee	100	Production Sectors
	47051	ICARDA	International Centre for Agricultural Research in Dry Areas	100	Production Sectors
	47053	ICDDR,B	Centre for Health and Population Research	100	Social Infrastructure and services
	47054	ICIPE	International Centre of Insect Physiology and Ecology	100	Production Sectors

Channel Code	Acronym (ENG)	Full Name (English)	Coefficient for core contributions	Overall Sector Category
47055	ICRA	International Centre for Development Oriented Research in Agriculture	100	Production Sectors
47056	ICRAF	World AgroForestry Centre	100	Production Sectors
47057	ICRISAT	International Crop Research for Semi-Arid Tropics	100	Production Sectors
47058	IDEA	International Institute for Democracy and Electoral Assistance	100	Social Infrastructure and services
47059	IDLO	International Development Law Organisation	100	Social Infrastructure and services
47060	IIC	International Institute for Cotton	100	Production Sectors
47061	IICA	Inter-American Institute for Co-operation on Agriculture	100	Production Sectors
47062	IITA	International Institute of Tropical Agriculture	100	Production Sectors
47063	ILRI	International Livestock Research Institute	100	Production Sectors
47064	INBAR	International Network for Bamboo and Rattan	100	Production Sectors
47065	IOC	Intergovernmental Oceanographic Commission	100	Multi-sector / Cross-cutting
47066	IOM	International Organisation for Migration	100	Multi-sector / Cross-cutting
47067	IPCC	Intergovernmental Panel on Climate Change	100	Multi-sector / Cross-cutting
47068	APFIC	Asia-Pacific Fishery Commission	100	Production Sectors
47069		Biodiversity International	100	Multi-sector / Cross-cutting
47070	IRRI	International Rice Research Institute	100	Production Sectors
47071	ISTA	International Seed Testing Association	100	Production Sectors
47073	ITTO	International Tropical Timber Organisation	100	Production Sectors
47074	IVI	International Vaccine Institute	100	Social Infrastructure and services
47075	IWMI	International Water Management Institute	100	Social Infrastructure and services
47076	JSCA	Justice Studies Centre of the Americas	100	Social Infrastructure and services
47077	MRC	Mekong River Commission	100	Social Infrastructure and services
47078	Montreal Protocol	Multilateral Fund for the Implementation of the Montreal Protocol	100	Multi-sector / Cross-cutting
47079	OAS	Organisation of American States	100	Social Infrastructure and services
47080	OECD	Organisation for Economic Co-operation and Development (Contributions to special funds for Technical Co-operation Activities Only)	100	Multi-sector / Cross-cutting
47081	OECD-Dev. Centre	OECD Development Centre	100	Multi-sector / Cross-cutting
47082	OECS	Organisation of Eastern Caribbean States	100	Social Infrastructure and services
47083	PAHO	Pan-American Health Organisation	100	Social Infrastructure and services
47084	PAIGH	Pan-American Institute of Geography and History	100	Multi-sector / Cross-cutting
47085	PARCA	Pan-American Railway Congress Association	100	Economic Infrastructure and Services
47086	PIDG	Private Infrastructure Development Group	100	Economic Infrastructure and Services
47087	PIFS	Pacific Islands Forum Secretariat	100	Social Infrastructure and services
47088	RN	Relief Net	100	Humanitarian Aid
47089	SADC	Southern African Development Community	100	Social Infrastructure and services
47090	SATCC	Southern African Transport and Communications Commission	100	Economic Infrastructure and Services
47091	SCAAP	(Colombo Plan) Special Commonwealth African Assistance Programme	100	
47092	SEAFDC	South East Asian Fisheries Development Centre	100	Production Sectors
47093	SEAMEO	South East Asian Ministers of Education	100	Social Infrastructure and services
47094	SOPAC	South Pacific Applied Geoscience Commission	100	
47095	SPBEA	South Pacific Board for Educational Assessment	100	Social Infrastructure and services
47096	SPC	Secretariat of the Pacific Community	100	Multi-sector / Cross-cutting
47097	SPREP	Pacific Regional Environment Programme	100	Multi-sector / Cross-cutting
47098	UNPO	Unrepresented Nations and Peoples' Organisation	100	Social Infrastructure and services
47099	USP	University of the South Pacific	100	Social Infrastructure and services
47100	WAMU	West African Monetary Union	100	Economic Infrastructure and Services
47101	WARDA	Africa Rice Centre	100	Production Sectors
47102	WCO-Fellowship Prog.	World Customs Organisation Fellowship Programme	100	Production Sectors
47103	WMU	World Maritime University	100	Economic Infrastructure and Services
47104	WorldFish Centre	WorldFish Centre	100	Production Sectors
47105	CFC	Common Fund for Commodities	100	Economic Infrastructure and Services
47106	DCAF	Geneva Centre for the Democratic Control of Armed Forces	100	Social Infrastructure and services
47107	IFFIm	International Finance Facility for Immunisation	100	Social Infrastructure and services
47108	MDRP	Multi-Country Demobilisation and Reintegration Program	100	Social Infrastructure and services
47109	APEC ASF	Asia-Pacific Economic Cooperation Support Fund (except contributions tied to counter-terrorism activities)	100	Multi-sector / Cross-cutting
47110	BSEC	Organisation of the Black Sea Economic Cooperation	78	
47111		Adaptation Fund	100	Multi-sector / Cross-cutting
47112	CEI-Climate Fund	Central European Initiative - Special Fund for Climate and Environmental Protection	100	Multi-sector / Cross-cutting
47113	CEMAC	Economic and Monetary Community of Central Africa	100	Economic Infrastructure and Services
47116	IF	Integrated Framework for Trade-Related Technical Assistance to Least Developed Countries	100	Production Sectors
47117	NEPAD	New Partnership for Africa's Development	100	Social Infrastructure and services
47118	CREFIAF	Regional Organisation for the Strengthening of Supreme Audit Institutions of Francophone Sub-Saharan Countries	100	
47119	OSS	Sahara and Sahel Observatory	100	Multi-sector / Cross-cutting
47120	SAARC	South Asian Association for Regional Cooperation	100	Multi-sector / Cross-cutting
47121	UCLGA	United Cities and Local Governments of Africa	100	Social Infrastructure and services
47122	GAVI	Global Alliance for Vaccines and Immunization	100	Social Infrastructure and services
47123	GICHD	Geneva International Centre for Humanitarian Demining	100	Social Infrastructure and services
47125	ETC	European Bank for Reconstruction and Development - Early Transition Countries Initiative	100	Economic Infrastructure and Services
47126		European Bank for Reconstruction and Development - Western Balkans Trust Fund	100	Economic Infrastructure and Services
47127	OLADE	Latin-American Energy Organisation	100	Economic Infrastructure and Services