

UK Imputed multilateral share estimates quality report

UK Multilateral ODA: the imputed multilateral share estimates for country and sector 2010-2014.

Introduction

1. The main aim of this report is to assess and review the quality of the imputed multilateral shares (IMS) data. This report summarises the key findings and trends in the UK IMS data. It has reviewed data available for years 2010-2014 for:
 - coverage
 - multilateral aid by country or sector
 - quality (in relation to unspecified data)
2. UK Multilateral ODA is un-earmarked funding from the UK Government or official agencies to the general (core) budgets of multilateral organisations to spend on Official Development Assistance (ODA). It is different from bilateral aid through multilateral organisations because the contributions received by the multilaterals are not attached to a given destination or purpose.
3. Core multilateral funding accounted for 41.7 per cent (£4.9bn) of total UK ODA in 2014, and since 2010 core funding has increased by 47 per cent compared to 31 per cent for bilateral funding. When core multilateral funding is combined with bilateral aid through multilateral channels, the multilaterals account for a significant share (over 60 per cent) of total UK ODA in 2014. It is therefore important to review the quality of the multilateral data to ensure that it remains fit for purpose.
4. In contrast to bilateral aid where country and sector spend are provided directly through the financial systems of government departments, the destination and purpose of core multilateral funding is derived through the multilaterals' reporting to the Organisation of Economic Co-operation and Development (OECD) Development Assistance Committee (DAC). The multilaterals report their spending at an activity level to the OECD Creditor Reporting System (CRS) Database¹, which includes information on country and sector spending.
5. Thus to indicate where UK contributions are spent we have to impute estimates based on the information reported by the multilaterals to the OECD. Box 1 briefly describes how this imputed multilateral shares (IMS) calculation is done.

¹ <http://stats.oecd.org/Index.aspx?ThemeTreeID=3&lang=en>

Box 1: Calculating UK imputed core multilateral estimates for country or sector

The methodology calculates the UK's pro-rata share of each multilateral's CRS ODA data by country or sector using the UK's core funding to the multilateral as the control total. We use each multilateral's percentage spend in a country or sector (as reported in the CRS database) and multiply this by the UK core contribution to that multilateral to impute a UK estimate. The estimates are summed across the UK-funded multilaterals to provide country and sector totals, as published in Statistics on International Development.

Key findings and recommendations

- We find that a significant share of non-reporting organisations now report in OECD Query Wizard for International Development Statistics (QWIDS) and other CRS databases. Subject to the timing of release of the imputed multilateral estimates, DFID should consider using these other sources of data to maximise the coverage of the data. (Paragraph 11)
- The treatment of non-reporting institutions between the country and sector-level estimates is inconsistent. For country-level estimates these institutions are recorded in “Developing country, unspecified”, while for the sector-level estimates, they are recorded in “Multisector aid”. Since multisector aid is a sector, which includes cross sectoral projects, DFID should consider whether the funding of non-DAC-reporters is more appropriately allocated to the “Sector not specified” category. (Paragraph 31)
- The commentary regarding the estimates of “developing country, unspecified” and “sector not specified” or “multisector aid” could be made clearer to alert users to the quality of the data – e.g. by making clear the data of non-reporting institutions are assigned to these ‘residual’ categories (Paragraph 32)

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1. UK Funding to multilaterals

6. In 2014 the UK provided core funding to 51 different multilateral organisations and this number is relatively consistent with the average of 46 across the period 2010 to 2014. We tend to give a high proportion of core funds to the World Bank (WB) and the European Union (EU), because of their large country footprint and role in the international system for development and humanitarian aid. They both reliably report to the DAC. The share of UK funding to these two institutions has however fallen in recent times from 72 per cent in 2010 to 58 per cent in 2014. Across all DAC members the funding share of the EU and the WB group was 51 per cent in 2014, which shows that UK funding to these two institutions is broadly representative of the DAC average.
7. In 2014, 82 per cent of total UK multilateral ODA (in spend terms) was reported to the DAC CRS database and this comprised 21 of the 51 (41 per cent) organisations funded in 2014 (see **Figure 1**). This indicates that the largest spending organisations have reported to the DAC and the estimates give a representative picture of the destination and purpose of a large share of UK core funding.

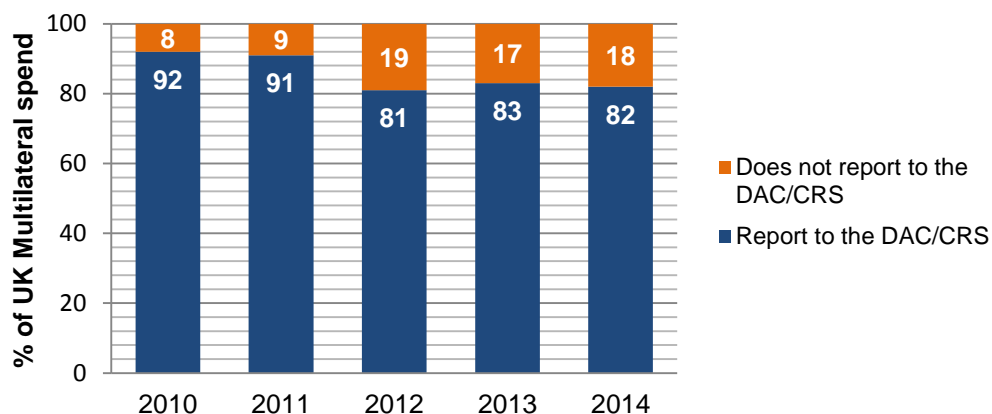


Figure 1: The coverage of organisations that report to DAC CRS database at the time of original calculation²

8. The coverage of UK-funded organisations has been consistently above 80 per cent between 2010 and 2014. In 2010 the coverage was particularly high at 92 per cent of UK multilateral ODA, and this was driven by the high proportion (72 per cent) of UK funding that went to the EU institutions and the World Bank group in that year.

Non-reporters to the CRS

10. In 2014, 18 per cent (in spend terms) of UK-funded multilateral organisations did not report project activities in the CRS database, and so the core contributions of these organisations are not allocated to a country or sector based on the current methodology. We find, however, that 8 of these non-reporting organisations have

² More data may have become available since the original calculation, but these are the data used in the imputed estimates.

reported spend data by country and sector in the DAC QWIDs³ database (Table 1). These organisations include the Climate Investment Funds, the Caribbean Development Bank, and the United Nations Population Fund (UNFPA) and together they account for a further 10 per cent of UK core multilateral funding.

Organisation	UK Core funding in 2014 £m	Latest year data in QWIDs/CRS
Climate Investment Funds (incl. Clean Technology and Strategic Climate Funds)	385.7	2014
Caribbean Development Bank	9.1	2014
International Atomic Energy Agency	4.7	2015
International Fund for Agricultural Development	51.1	2014
UNFPA	20.0	2014
Food and Agricultural Organisation (FAO)	8.4	2013
International Labour Organisation (ILO)	7.9	2013
Total of above organisations	486.9	
Total UK Core funding	4,878.0	

Table 1: Multilateral organisations that did not report in the CRS database, but were found in the QWIDs database (at the time of the report)

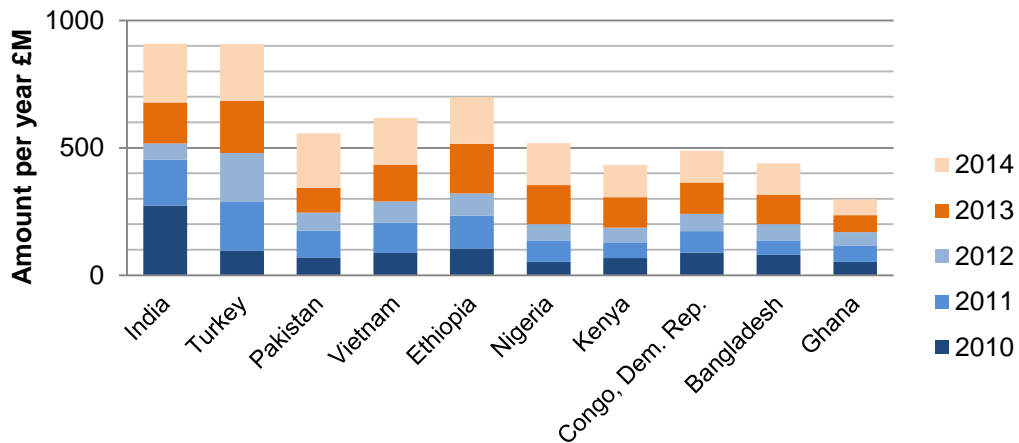
11. These organisations may have been excluded from the calculation because of timing issues, i.e. their data weren't available when the imputed multilateral shares estimates (IMS) were compiled in 2014. However, DFID should consider using the QWIDs, in addition to the CRS databases (DAC 5 for Sector and DAC 2a for country), to maximise the coverage of the estimates and improve their quality. If the QWIDs and CRS databases had been used for the 2014 IMS estimates, closer to 90 per cent of UK core funding would have been covered. We take a closer look at the quality of the IMS estimates in Section 3 by assessing the share of multilateral ODA that is reported country or sector unspecified.

2. Multilateral ODA breakdowns

Country breakdown

12. The quality of the IMS data was assessed in terms of the consistency of the country footprint over the last five years, e.g. are there certain countries the multilaterals consistently provide more aid to than others. The multilaterals' country footprint is relatively stable with countries such as Bangladesh, Democratic Republic of Congo, Ethiopia, India, Vietnam, Turkey, Nigeria, Kenya, Ghana and Pakistan all appearing in the top fifteen recipients in each year 2010 to 2014.

³ QWIDs (Query Wizard for International Development) <https://stats.oecd.org/qwids/>. contains more aggregated information for DAC organisations than the full CRS database, which reports activity level information for all of the CRS variables.



Countries which appear every year from 2010-2014

Figure 2: UK imputed estimates for countries that appear in the top 15 recipients every year from 2010-2014 as per DAC proportions at time of calculations. Cumulative spending

13. Overall the multilaterals' ODA country footprint is fairly similar to that of the UK's bilateral aid, with countries that appear in the top 20 regularly such as India, Ethiopia, Bangladesh, Nigeria and Pakistan also appearing in the bilateral top 20. One major difference is Turkey which appears within the top three recipients from 2010-2013 for the multilaterals, but doesn't appear in the top twenty recipients of UK bilateral aid. This is mainly caused by a high level of EU funding to Turkey (18 per cent of EU funding in 2014). Vietnam is another country which appears in the top 5 countries for the multilaterals from 2011-2014 (it ranked 6 in 2010) but also doesn't appear in the top 20 for UK Bilateral ODA. This was mainly driven by World Bank spending.

14. The project also looked at the multilateral ODA country breakdown by income group.

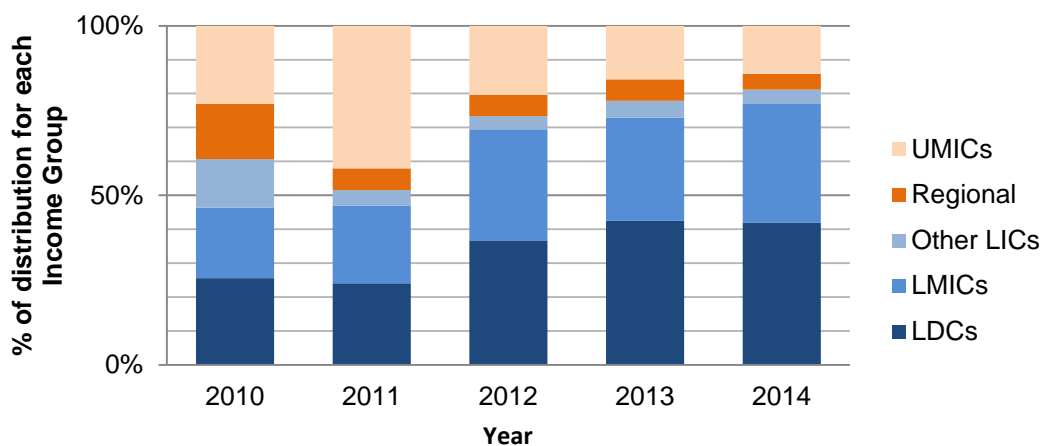


Figure 3: % of multilateral ODA by country income group 2010-2014 as per CRS classifications. Regional refers to the classification under the CRS and thus cannot be assigned an income group. Unspecified data has been omitted from this graph.

15. **Figure 3** shows the share of core UK multilateral ODA by country income group for 2010 to 2014. As a proportion of the total, multilateral ODA to upper middle income countries (UMICs) has fallen between 2010 and 2014 while the share to least developed countries (LDCs) and lower middle income countries (LMICs) has increased.

This is consistent with the UN target to have an increasing share of ODA focused in low income countries, and to support countries to graduate from ODA. Country unspecified is omitted from the graph and it only shows data allocated to a specific country.

16. The regional distribution of multilateral ODA, is similar to bilateral aid and is heavily concentrated in Africa and Asia. The regional distribution is best considered if we remove the 'country unspecified'. Therefore if we omit the amount allocated to unspecified country (which for 2014 was 22 per cent) then African countries received 52 per cent of the total multilateral ODA and Asia received 33 per cent of the total.
17. Where the multilateral regional breakdown differs to that of bilateral breakdown is with spend to Europe – in 2014 Europe received 11 per cent (excluding the share to unspecified) of multilateral ODA whereas for bilateral ODA the UK provided only 0.7 per cent to the European region in 2014. This is partly caused by the European Union who consistently provides a large proportion of its aid to developing countries within Europe, with a large focus on Turkey. Multilateral ODA to the Americas region has decreased from 6 per cent to 3% since 2010 and this can be attributed to a fall in the number of poor countries in the Americas region. In 2010, 38 per cent of recipients in the Americas region were classified as LDCs whereas by 2014 only 3 per cent of countries in the Americas were LDCs, and 65 per cent were classified UMICs.
18. The project examined multilateral ODA for fragile and conflict affected states (FCAS) in 2014. **Figure 4** shows funding to FCAS states accounted for 50 per cent of total UK Multilateral ODA.

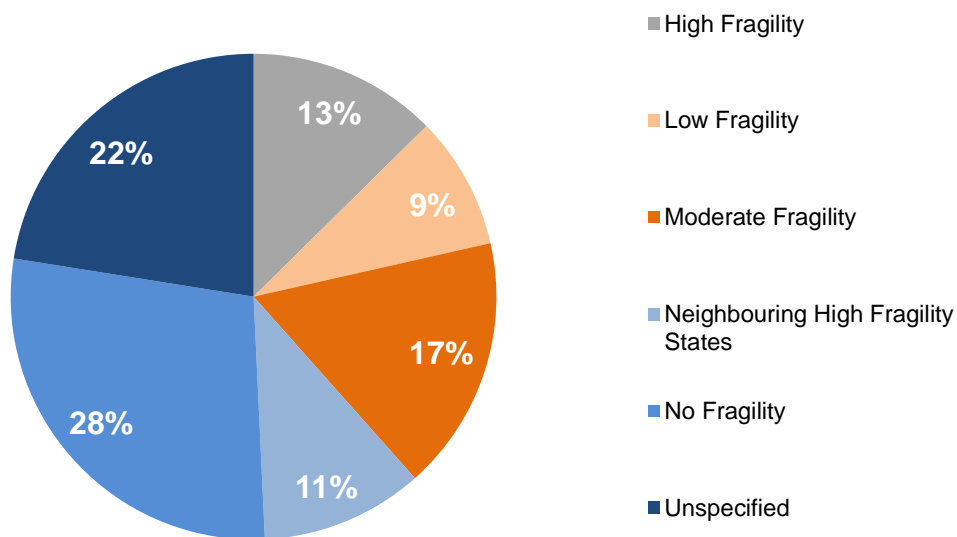


Figure 4: Fragile Countries including Unspecified - Total UK Multilateral ODA

Sector breakdown

19. The IMS estimates are also prepared for sectors. **Figure 5** illustrates fourteen of the top 20 sectors from 2011-2014. [Multisector aid](#) which includes cross-sectoral programme support and non-reporting multilaterals, takes the largest proportion. In fact, multilaterals that do not report to the DAC comprise a large share (88 per cent) of t

multisector aid. This means that the estimates of the multisector aid sector are artificially skewed.

20. Road transport is shown as a relatively stable sector of multilateral aid, reflecting the specialism of some multilaterals in implementing (longer) road infrastructure projects. While some humanitarian and social development sectors, such as basic health care are more prone to volatility in spend (Basic health care had a 227 per cent increase from 2011-2014).

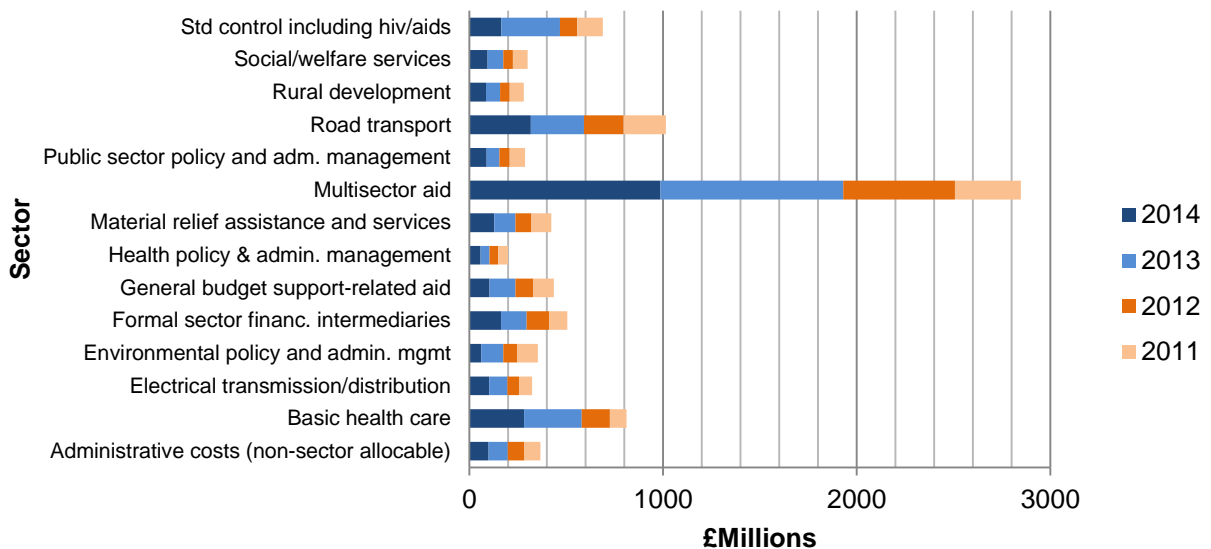


Figure 5: Individual sectors which appear in the top 20 sectors from 2011-2014 as per DFID data and Imputed Multilateral Shares Calculations at time of event.

21. In terms of the broad sectors, the highest sector was consistently “other multisector aid” from 2011 to 2014. This is driven in part by non-reporting multilaterals, where the proportion of organisations not reporting sectoral detail has grown since 2011. The other large broad sectors of multilateral ODA are Health, Government and Civil Society, Transport and Storage, Energy Production and Education. The sector spend data is also prone to volatility - the “construction sector” saw a 296 per cent increase and “disaster prevention and preparedness” saw a 219 per cent increase between 2011 and 2014.

3. Unspecified data

22. We take a further look at the quality of the IMS estimates by assessing the share of multilateral ODA that is reported “developing country, unspecified /multisector aid or sectors not specified”- aid that is not directly attributable to a specific country, region or sector. Unspecified data come from two main sources:

- **reporters** -multilateral organisations reporting to the DAC CRS ODA for unspecified countries/ sectors
- **non-reporters** -organisations that do not report to the DAC CRS and therefore we cannot assign their spend to a specific country or sector, and so their spend is allocated to unspecified country/ sector.

Developing country, unspecified

23. In 2014 developing country unspecified made up for 22 per cent of total UK multilateral ODA overall, increasing from 16 per cent in 2010. This is caused mainly by a larger proportional share (in spend terms) of non-reporters in the data. **Figure 6** shows the proportion of developing country unspecified that is either reported to DAC or allocated for the non-reporters. In 2014 non-reporters comprise 82 per cent of developing country unspecified ODA and the remaining 18 per cent is due to the data of the reporters

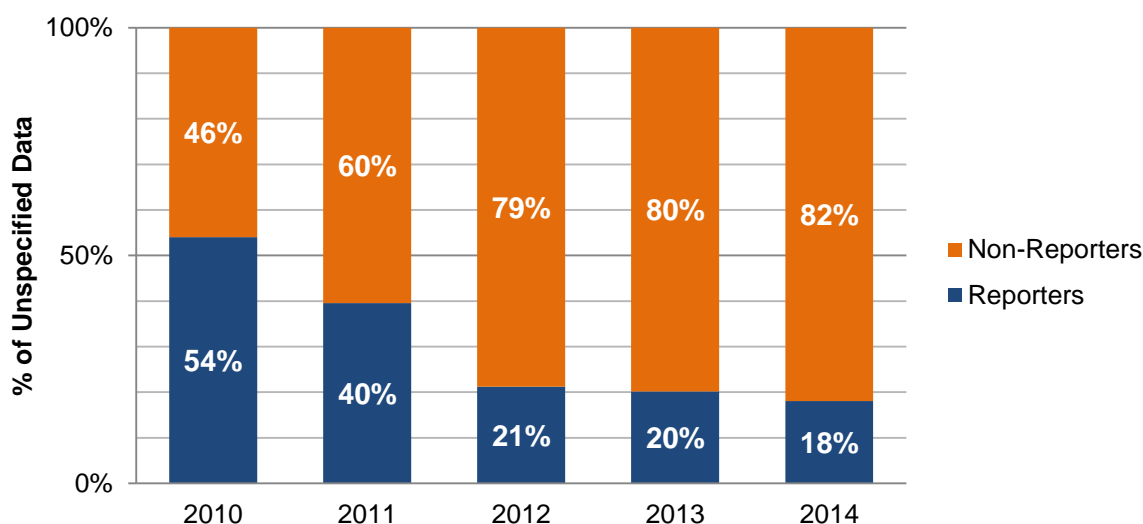


Figure 6: UK multilateral ODA for developing country, unspecified by source: non-reported allocated to unspecified country or reported unspecified country.

24. **Figure 6** shows that in 2010, roughly half of the UK’s multilateral ODA for developing country unspecified was made up of reporting multilaterals and the other half was non-reporting multilaterals. Since then, the percentage of non-reported data assigned to developing country unspecified rose between 2010 and 2014, while the proportion actually reported in the category by organisations fell. This pattern in the data is mainly caused by two factors: firstly, the EU is the largest reporter of ODA to developing country unspecified and the share of EU aid in this category has fallen by 8 percentage points from 15% in 2010 to 7% in 2014. (see **Box 2** below); and secondly, since 2010 there’s been an increase in ODA provided by multilaterals that haven’t reported in the CRS. This report shows that the coverage of multilateral organisations’

reporting to the CRS is improving. In fact the QWIDs and other parts of the CRS database may contain information for some of the missing multilaterals (see Section 1).

25. In terms of multilaterals that cause the high levels of unspecified data, **Figure 7** highlights those organisations which have appeared in the top 5 contributors of unspecified country data from 2010-2014. Those marked with (CRS) are those that report developing country unspecified data to the DAC, whereas the other organisations (without CRS marking) are those non-reporting organisations whose ODA is allocated to the unspecified category. This shows that non-reporting organisations make up a significant share of the unspecified data.

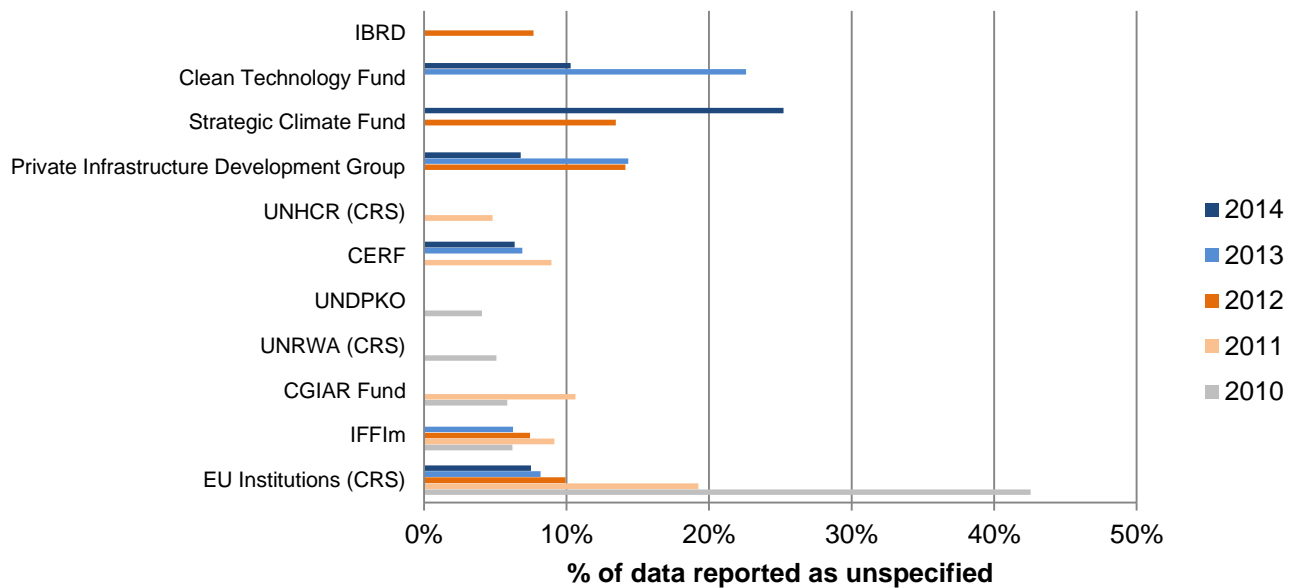


Figure 7: The top contributors to unspecified country data – covering reporting and non-reporting organisations 2010-2014.

Box 2: European Union Institutions ODA – the quality of the data is improving

The European Union Institutions are the second largest recipient of UK core funding after the World Bank group. Since 2011, on average about 7 per cent of the EU’s multilateral ODA is reported as developing country unspecified data. In **Figure 8**, the red line shows the share of EU spending reported as ‘developing country, unspecified’ has decreased from 15 per cent in 2010 to 7 per cent in 2014. The blue line shows that EU unspecified data as a percentage of total UK unspecified country ODA was very high in 2010 accounting for 43 per cent of total ‘developing country, unspecified’ ODA, but it has fallen to about 7 per cent in 2014.

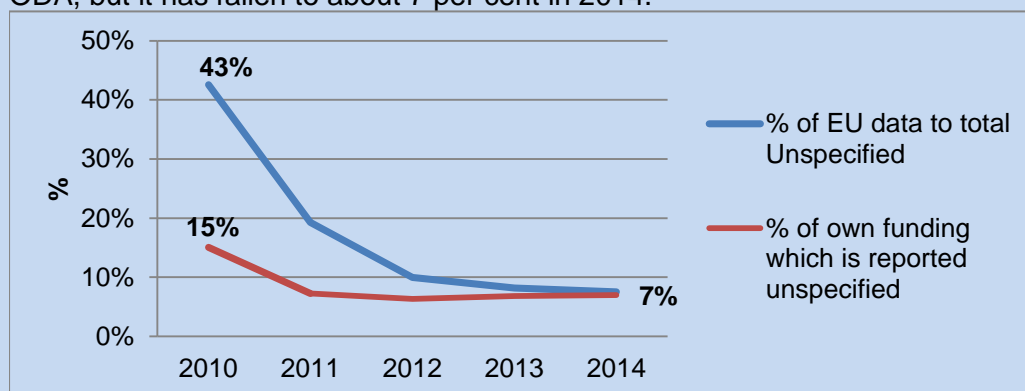


Figure 8: The decrease in EU reported unspecified data –shown as the % of EU funding that is reported Unspecified to the CRS (red line) and the % of EU unspecified data in developing country unspecified ODA (blue line).

The quality of the multilaterals’ ODA can also be assessed by the amount of ODA they report as developing country unspecified. However, we also note that some institutions have global or regional mandates and disaggregated data by country will not always be appropriate for these institutions.

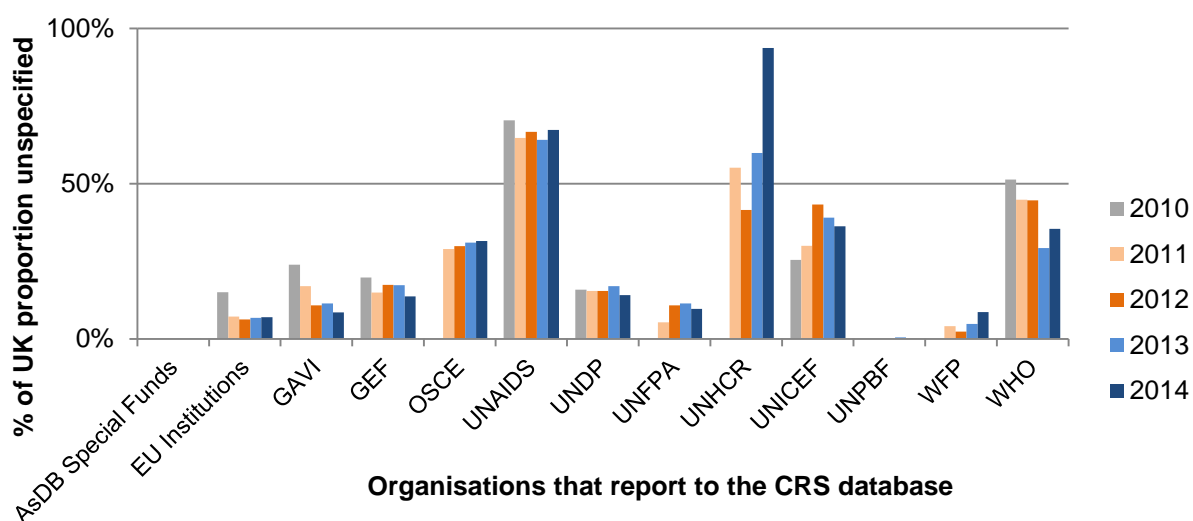


Figure 9: Reporting organisations - the share of their ODA reported to developing country unspecified rather than to a specific country.

26. **Figure 9** shows that UNAIDS consistently reports over 60 per cent of its data as developing country unspecified and this is an area to follow-up with the DAC. UNHCR also reported 94 per cent of the data as developing country unspecified in 2014, which may be due to the coordination role of this organisation. However this also means that only 6% of the UNHCR data was applied to the country estimates. For transparency reasons it is important to trace where UK ODA is spent, and therefore it would be advisable to monitor organisations with large shares of ODA to developing country unspecified over time, and report quality concerns to the DAC.

Unspecified sectoral data

27. Less than 1 per cent of total UK multilateral ODA is reported in the “sector not specified” category in 2014. This is because the ODA of non-reporting organisations for the sector estimates is treated differently to that for the country estimates. These non-reporters’ ODA is allocated to multisector aid instead of sector not specified. This means the multisector aid sector is inflated because it includes the ODA of non-reporting organisations (see **Figure 5**). Note: in 2014 the IMS estimates showed that 20 per cent of UK core funding was in multisector aid while the DAC CRS data showed that only 7 per cent of multilateral ODA overall was multisector aid.

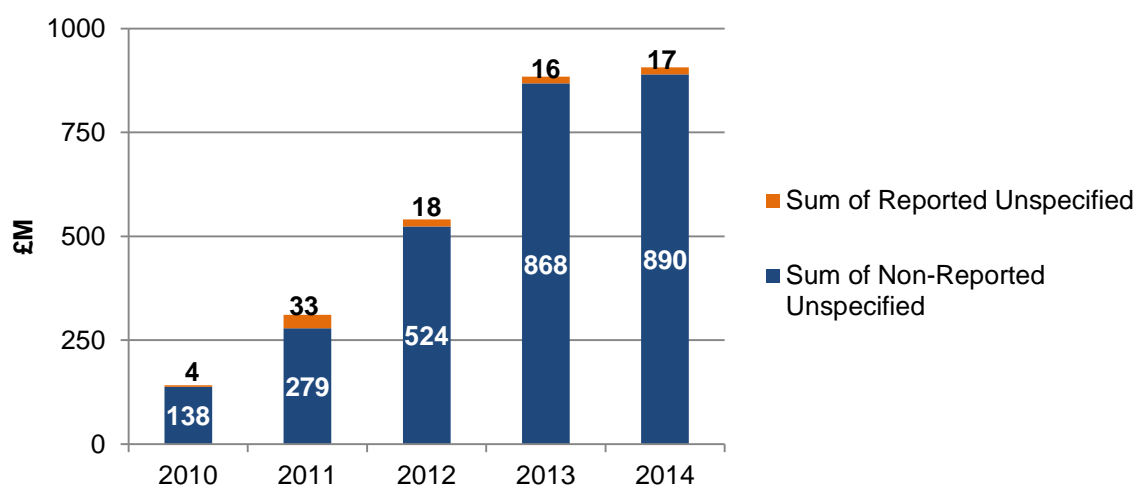


Figure 10: The breakdown of ‘sector not specified’ by organisations reporting to the DAC and non-reporting organisations).

28. **Figure 10** shows multilateral ODA that is not allocated to sector broken down by organisations reporting sectoral data and organisations that have not reported sector details (these organisations were assigned to multisector aid but for the purpose of **Figure 10** we have reclassified the aid to sector unspecified). **Figure 10** shows that £890 m of sector unspecified data is due to non-reporting organisations, and improving coverage is the key to providing a truer representation of the overall sectoral spend of multilateral organisations.

30. In terms of organisations that report sector unspecified data, the EU institutions have been the largest contributors since 2010. In 2011, there was a hike in the amount

reported unspecified which can be partly explained by the destination of the unspecified spending (**Figure 11**) 66 per cent of this was spent in Turkey, China and Tunisia – where respectively there was the Van earthquake and democratic uprisings. These humanitarian events could mean that immediate response donations are harder to classify in terms of a specific sector.

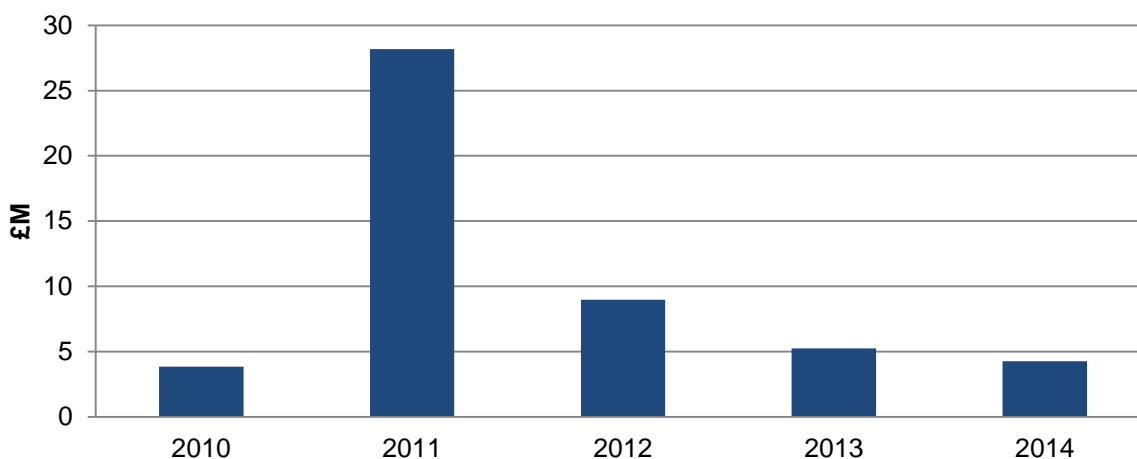


Figure 11: Estimated amount (£ millions) reported by the European Union as sector unspecified

Explaining Unspecified data

31. We find more non-reporting organisations are reporting to the CRS databases and therefore the quality of the IMS estimates will improve if these organisations' data are included. It has also been found that the ODA of multilateral organisations that do not report sector detail has been assigned to the multisector aid sector. The OECD DAC defines the multisector aid category as generally including multisector/cross-cutting programmes, such as urban development and management or research. Since we do not know the sectors of those non-reporting multilaterals an alternative category for their assignment would be "Sectors not specified". This would be consistent with their treatment in the country-level estimates, where the unallocated ODA is assigned to "developing countries, unspecified".
32. It would help users to understand the limitations of the IMS estimates if DFID provided more explanation about the quality of the unspecified data – e.g. that it comprises organisations that do not report either country or sector breakdowns in the CRS and organisations that cannot assign their spending to a specific country or sector.
33. Following the Multilateral Development Review⁴, the non-reporting multilaterals are encouraged to report their activity to the International Aid Transparency Initiative and the DAC CRS to improve the traceability of their aid. If they do so the quality of the IMS estimates should continue to be sufficiently high to be included in Statistics on International Development. DFID statisticians will continue to work with policy teams to encourage non-reporting multilaterals to report to the international databases.

⁴ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/573884/Multilateral-Development-Review-Dec2016.pdf

Addendum to the Review

Since this review, the imputed multilateral share (IMS) estimates have been revised for 2010 to 2015 using the latest published data from the OECD DAC CRS and QWIDs databases and Statistics on International Development 2016. The impact of the change for the revised series is summarised below:

UK imputed multilateral shares estimates by country

Table 1 shows that the new estimates are higher in least developed countries and lower in upper middle income countries, and **Table 2** shows that there has been an overall net gain to African countries and a net loss in Asia and Europe. This change is because the funding of some of the new reporters (the Climate Investment Funds and the International Fund for Agricultural Development) is more focused to the poorer African countries. **Table 3** shows that the estimates of 'developing countries, unspecified' are lower with the revised data – due to the higher coverage of UK funded multilaterals.

Table 1 Change (new - previous) in IMS estimates by country income status ¹

	£ million				
	2010	2011	2012	2013	2014
Least Developed countries	237	107	157	243	237
Other Low Income Countries	-10	2	4	23	24
Lower Middle Income Countries	-80	118	-48	111	318
Upper Middle Income Countries	-90	-250	-83	-94	-165

1. Based on current List ODA recipient countries

Table 2 Change (new -previous) in IMS estimates by regional groupings

	£ million				
	2010	2011	2012	2013	2014
Africa	372	154	83	396	481
Americas	23	26	24	21	20
Asia	-287	-199	-70	-159	-21
Europe	-80	3	-4	-28	-70
Pacific countries	-7	0	3	11	4

Table 3 – Change (new – previous) in IMS estimates – unallocated country

	£ million				
	2010	2011	2012	2013	2014
Developing country, unspecified	-25	15	-37	-244	-434

UK imputed multilateral shares by sector

Table 4 shows the change in the estimates by sector. The largest change is seen in the reduction to the Multisector/cross-cutting sector where the funding of the non-reporting multilaterals, which was misallocated to this category in the previous estimates, have been reassigned to the “sector not specified” category. The estimates for the transport, energy generation and supply sectors are higher due to the spending of the Climate Investment Funds being included.

Table 4: Change (new - previous) in IMS estimates by sector

Sector	£ million			
	2011	2012	2013	2014
Education	0	-1	5	-1
Health	0	-54	2	23
Water and Sanitation	6	1	13	2
Government & Civil Society	-14	-11	-2	-12
Basic welfare and social services	-2	6	7	4
Multisector/cross-cutting	-295	-522	-811	-666
Agriculture, Forestry, Fishing, Extractives, Trade	8	4	26	11
Transport, Energy generation and supply, Business and Financial services	3	-4	187	101
General Budget Support, Food Aid, Debt relief	0	17	-4	-2
Humanitarian Aid	-28	-13	-23	-46
Refugees in donor countries	0	0	0	0
Development awareness	0	0	0	0
Admin costs	-8	-8	-9	-9
Sector not specified	330	584	609	579

The new estimates can be found on the statistics webpage.

Addendum – annex

Table A presents the percentage of UK core multilateral funding covered by the OECD CRS databases used to calculate the revised IMS estimates by country or sector. Over 80 per cent of core funds are covered by the OECD data, with the coverage being slightly higher for the country estimates than sector estimates. Compared with Figure 1 of this report the coverage is higher in the recent years (2012 -2014) due to a number of organisations now reporting their data to the DAC.

Table A: coverage of UK core funding in CRS and QWIDs databases (% of core UK funds covered) – January 2017

	2010	2011	2012	2013	2014	2015
Country estimates	90.3%	90.8%	83.1%	87.6%	89.7%	85.0%
Sector estimates	89.3%	90.1%	81.5%	87.0%	88.1%	84.4%

Table B1 and B2 list the organisations reporting data for 2015 to the OECD CRS and QWIDs database

Table B1: Multilaterals reporting country spending data in 2015.

- African Development Bank
- African Development Fund
- Asian Development Fund
- Caribbean Development Bank
- Clean Technology Fund
- European Commission - Development Share of Budget
- European Commission - European Development Fund
- Global Alliance for Vaccines and Immunization
- Global Fund to Fight AIDS, Tuberculosis and Malaria
- Global Green Growth Institute
- International Atomic Energy Agency - assessed contributions
- International Atomic Energy Agency (Contributions to Technical Cooperation Fund Only)
- International Development Association
- International Development Association - Multilateral Debt Relief Initiative
- International Labour Organisation - Assessed Contributions
- International Monetary Fund - Poverty Reduction and Growth
- Joint United Nations Programme on HIV/AIDS
- Strategic Climate Fund
- United Nations Children's Fund
- United Nations Development Programme
- United Nations Economic Commission for Europe (extrabudgetary contributions only)
- United Nations High Commissioner for Human Rights (extrabudgetary contributions only)
- United Nations Peacebuilding Fund (Window One: Flexible Contributions Only)
- United Nations Population Fund
- United Nations Relief and Works Agency for Palestine Refugees in the Near East
- World Food Programme

- World Health Organisation - assessed contributions
- World Health Organisation - core voluntary contributions account

Table B2: Multilaterals reporting sector spending data in 2015

- African Development Bank
- African Development Fund
- Asian Development Fund
- Clean Technology Fund
- European Commission - Development Share of Budget
- European Commission - European Development Fund
- Global Alliance for Vaccines and Immunization
- Global Fund to Fight AIDS, Tuberculosis and Malaria
- Global Green Growth Institute
- International Atomic Energy Agency - assessed contributions
- International Atomic Energy Agency (Contributions to Technical Cooperation Fund Only)
- International Development Association
- International Development Association - Multilateral Debt Relief Initiative
- International Labour Organisation - Assessed Contributions
- International Monetary Fund - Poverty Reduction and Growth
- Joint United Nations Programme on HIV/AIDS
- Strategic Climate Fund
- United Nations Children's Fund
- United Nations Development Programme
- United Nations Economic Commission for Europe (extrabudgetary contributions only)
- United Nations High Commissioner for Human Rights (extrabudgetary contributions only)
- United Nations Population Fund
- United Nations Relief and Works Agency for Palestine Refugees in the Near East
- World Food Programme
- World Health Organisation - assessed contributions
- World Health Organisation - core voluntary contributions account