

What does recipient perspective / recipient inflows mean in practice?

(background note for information, as of 25 April 2021)

1. **Who will report the data?** Generally, the reporting burden on 17.3.1 a) to c) is expected to be or to remain with providers. This is currently the case with Northern providers and may be followed by Southern providers. The only exception would be FDI, where recipients already have reporting obligations.
2. Recipients will have the right to veto the inclusion of any flow counted under any part of 17.3.1 which they believe does not contribute to their sustainable development. In practice this will depend to a large extent on their ability to identify individual transactions that they may wish to contest. In the case of Northern providers, the DAC database offers the possibility to identify individual transactions. However, this possibility is not available in the case of “semi-aggregate” information that combines many activities into one for reporting purposes, which applies to a substantial share of the DAC database.
3. **What is included in the flows reported by providers?** In the case of countries that report to OECD DAC, reported grants and loans will contain direct payments to recipient countries but also expenses for technical assistance or operational activities in recipient countries and support costs directly linked with the delivery of these activities. Even where these are delivered in the donor country or a third country (such as may be the case for scholarships), these costs can be directly allocated to benefiting countries and the aid coordination agency in the recipient country would typically know of the cost of the aid being provided and even the portions provided in cash and in kind through memoranda of understanding and other documentation agreed between the provider and beneficiary country. Providers also incur general administrative costs for aid programs, and in the case of DAC reporter countries can count them as development support (ODA), but these cannot be allocated to specific countries.
4. **Provider vs. recipient perspective.** The above fully applies to bilateral flows, and in the case of bilateral flows there is no difference between figures compiled for individual recipient countries from the perspective of the recipient and of the provider: the recipient should receive the value recorded by the provider for its country. Note that these bilateral flows can include some provider contributions channelled through multilateral agencies which are earmarked by the provider country for specified recipient countries, so that the multilateral agency has no control over their country allocation.
5. However, a difference between the provider and recipient perspectives emerges in the case of geographically unearmarked contributions to multilateral agencies. These include (i) core contributions to the agencies’ general budgets which the agencies use to cover general administration costs; (ii) core contributions that the agencies apply to activities in recipient countries; and (iii) contributions to specific funds of multilateral agencies where the geographical

allocation of the resources is at the discretion of the multilateral agency. In cases (ii) and (iii), a recipient perspective will show receipts from multilaterals that in a provider country perspective have not been geographically allocated, since the provider will have instead reported its contribution to the multilateral agency.

6. Multilateral outflows to countries, reportable only in a recipient country perspective, will also include some activities funded from non-official sources, e.g. from contributions that the multilaterals have received from philanthropic foundations, or raised from the public. Multilaterals may also use relatively small contributions they receive from providers as *grants* to subsidise much larger *loans* to recipients. They must also provide for their own administration costs, so that some of the funds they receive from providers will stay with them, and not be allocated to recipients. For these and other reasons – such as timing delays, contributions received from developing countries or other multilaterals, and any interest earnings by multilaterals – the outflows of multilateral agencies to countries can be very different from the inflows they receive from provider countries.

7. As already mentioned, provider countries also have general administrative costs that DAC reporting countries by convention report as bilateral ODA, despite these costs not being attributable to any recipient country. There are also some domestic expenditures of DAC reporting countries which have been agreed to be counted as ODA, including aid to refugees in their first year of stay; TOSSD also allows refugee costs to be counted beyond the first year of stay. But these will not show as ODA receipts of any identified recipient country and they will be recorded under “Pillar II” of TOSSD.

8. To sum up, a *provider perspective* shows:

(i) bilateral aid both allocated to recipient countries, and unallocated to recipient countries. Some bilateral aid allocated to recipients may be channelled through multilateral agencies, but its country allocation will have been decided by the provider country; and

(ii) contributions from the provider country to multilateral agencies for own use or allocation to recipients at the multilateral agency's discretion.

9. A **recipient perspective** shows:

(i) bilateral aid allocated to countries, the same as the country-allocated portion of 8(i) above;

(ii) outflows of multilateral agencies where the country allocation was decided by those agencies, regardless of the origin of the funds.

Note: Figure 1 below which applies to DAC and TOSSD reporting countries may help explain the difference between showing official development flows from a provider perspective (left-hand side) and a recipient perspective (right-hand side). It is from a TOSSD document. However, this was not introduced by TOSSD, as OECD has always collected data on the outflows of multilateral agencies and so has always been able to provide the recipient perspective shown on the right-hand side. The OECD has published data on developing countries' receipts of both concessional and non-concessional flows in book form since 1977 (see recent editions [here](#)); and there are various receipts charts for ODA under "Geographical distribution of ODA" [here](#) (where note that in Table 25 "ODA receipts are total net ODA flows from DAC countries, multilateral organisations, and non-DAC countries"). See also interactive recipient receipts charts [here](#).

Figure 1

