

Order of the Minister for European Affairs and International Cooperation of 13 May 2011, no. DJZ/BR-0370/11, laying down administrative rules and a ceiling for grants awarded under the Ministry of Foreign Affairs Grant Regulations 2006 (Political Parties Fund II 2012-2015).

The Minister for European Affairs and International Cooperation,

Having regard to article 6 of the Ministry of Foreign Affairs Grants Decree,¹

Having regard to article 4.8 of the Ministry of Foreign Affairs Grant Regulations 2006,²

Orders:

Article 1

The administrative rules appended as an annexe to this Order apply to grants awarded under article 4.8 of the Ministry of Foreign Affairs Grant Regulations 2006 within the framework of the Political Parties Fund II with a view to funding activities in the field of good governance aimed at structural poverty reduction.

Article 2

A ceiling of €32 million applies to Political Parties Fund II grants awarded between 1 January 2012 and 31 December 2015.

Article 3

1. Applications for Political Parties Fund II grants may be submitted from the date on which this Order enters into force until 6 August 2011.
2. Applications must be submitted using the model application form as stipulated by the Minister and accompanied by the documents stipulated in the form.³

¹ Bulletin of Acts and Decrees 2005, no. 137.

² Government Gazette 2005, no. 251.

³ The model application form can be downloaded from <http://www.rijksoverheid.nl/onderwerpen/subsidies-voor-ontwikkelingssamenwerking-en-europa/subsidies-maatschappelijke-organisaties>.

Article 4

The funds will be allocated in accordance with an assessment based on the criteria set out in the annexe to this Order, on the understanding that of the applications that meet the criteria, those that meet them best will be given priority, with due regard for the need for an even distribution as referred to in article 8, paragraph 3(d) of the Ministry of Foreign Affairs Grants Decree.

Article 5

This Order enters into force on the day after the date of publication of the Government Gazette in which it appears and lapses with effect from 1 January 2016, with the proviso that it continues to apply to grants awarded prior to that date.

This Order and its accompanying annexe, excluding the appendices, will be published in the Government Gazette. The appendices to the annexe will be placed on the internet at <http://www.rijksoverheid.nl/onderwerpen/subsidies-voor-ontwikkelingssamenwerking-en-europa/subsidies-maatschappelijke-organisaties>.

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For the Minister for European Affairs and International Cooperation

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Political Parties Fund II Grant Policy Framework (2012-2015)

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1. Introduction

This document is the Political Parties Fund II Grant Policy Framework (PP II) for the 2012-2015 period. The policy framework provides guidelines for assessing applications for grants under this framework. Together with the compulsory model application form (see appendix I), it also provides guidance on drawing up grant applications for the 2012-2015 period.

A well-functioning democratic order makes an important contribution to human development. Political parties and movements play a key role in this process. With this in mind, the Netherlands has in recent decades invested in strengthening issues-based political parties and movements in partner countries and in promoting dialogue and partnership between parties and movements at local level. Indeed, it is known for its pioneering role in this field, for which it receives considerable international recognition.

In recent years, international recognition of the importance of political parties and movements as pillars of sustainable and pluralist democracy and the establishment of the democratic rule of law has increased yet further. The Netherlands sees this as justification for prolonging its partnership with political actors. It has therefore decided to put out a multi-year call for proposals for programmes taking effect from 1 January 2012.

The current call for proposals was drawn up under the Standard Framework for Development Cooperation.⁴ The total budget amounts to €32 million for the period 2012-2015. Proposals may be submitted by national and international NGOs. Businesses do not qualify for a grant within the framework of this call for proposals.

Chapter 2 of this Grant Policy Framework sketches the policy principles underlying PP II. The principles are translated into conditions that must be met by grant applications within the framework of PP II: the threshold criteria. Assessment criteria have also been drawn up on the basis of the policy principles. These are used to assess grant applications that meet the threshold criteria.

Before explaining these criteria in chapter 4, the Grant Policy Framework sets out the assessment procedure in chapter 3. Assessment takes place in two stages, using checks based on the various assessment criteria.

In addition to a threshold criteria check, the first stage consists of an organisational check which is used to judge the quality and efficiency of the applicant organisation.

The second stage of the assessment evaluates the quality of the programme by means of a programme check, which is explained in chapter 4.

The Grant Policy Framework has two appendices: the compulsory model application form (appendix I) and the country lists (appendix II).

2. Policy principles of PP II

⁴ Order of the Minister for European Affairs and International Cooperation no. DJZ/BR/0874-10 of 1 December 2010 adopting administrative rules containing general provisions for grants awarded for development cooperation activities (Standard Framework for Development Cooperation), Government Gazette 2010, no. 19701.

2.1 Enhanced policy focuses and country profiles

The letter to the House of Representatives of 18 March 2011 presenting the spearheads of development cooperation policy contains the government's development policy objectives.⁵ Prompted by analysis of a rapidly changing global situation which also impacts on development cooperation, the policy letter sets out four spearheads of bilateral development cooperation policy:

1. Water
2. Food security
3. Security and the legal order
4. Sexual and Reproductive Health and Rights (SRHR)

Structural, multi-year activities (Category 1; see definition in chapter 2.2) qualifying for a grant from PP II will also be assessed in terms of their alignment with the priorities set out in the letter to the House of Representatives of 18 March 2011 ('the policy letter') presenting the spearheads of development cooperation policy.

In the policy letter, the Minister for European Affairs and International Cooperation also stated that the number of partner countries with which the Netherlands has a development relationship would be reduced from 33 to 15. The countries in question are divided into three country profiles. In brief, these are as follows:

1. Profile I countries: the focus is on accelerated achievement of the MDGs. These countries generally have a stable political and security situation with established institutions, but they also often have an intractable and widespread poverty problem.
2. Profile II countries: the emphasis in this profile is on tackling the causes of fragility, inequality and conflict-sensitivity. The overwhelming problem confronted by these countries is maintaining security.
3. Profile III countries: the Netherlands maintains a broad-based relationship with these countries. They have made the most progress with the MDGs and are increasingly capable of tackling poverty on their own.

For an overview of the countries falling under the specific profiles, see appendix II: Country lists.

⁵ Parliamentary Papers, House of Representatives 2010-11, 32605, no. 2.

2.2 Objective and policy themes of PP II

The overarching policy objective of PP II is to contribute to the functioning of the democratic order in developing countries by strengthening political parties and movements as a building block for structural poverty reduction. The Minister for European Affairs and International Cooperation has earmarked €32 million to fund activities contributing to this objective during the 2012-2015 period.

To qualify for a grant under PP II, applicant organisations must have strategic partnerships with partners in the South and must work efficiently and effectively to build and strengthen the party political system in developing countries.

To qualify for a grant under PP II, activities must relate to one of the following two categories:

- 1) Structural, multi-year programmes in partner countries that tie in with the spearheads and countries specified in the policy letter and that relate to:
 - fostering and facilitating multi-party dialogue;
 - building the capacity of political parties with a view to strengthening the democratic process;
 - improving cooperation between political parties, the private sector and civil society organisations.

- 2) Incidental activities designed to have a catalytic effect in non-partner countries (these must be DAC countries) that tie in demonstrably with the priorities of Dutch foreign policy, which are to promote stability, peace and security, to promote economic interests and prosperity, and to foster human rights, by:
 - fostering multi-party dialogue;
 - helping political parties/groups to design and implement democratic processes;
 - improving cooperation between political parties, the private sector and civil society organisations.

Applications should in any case comprise activities from Category 1. They may also propose activities from Category 2.

Category 1 activities should tie in with the contours of bilateral development cooperation as fleshed out in the policy letter. This applies both to the key themes and the choice of countries. At least 60% of spending within the programme for which funding is being applied for should be on Category 1 activities.

Category 2 activities (incidental activities designed to have a catalytic effect) that deviate from the priorities set out in the policy letter can be undertaken if it can be shown that they tie in with broader foreign policy priorities of promoting stability, peace and security, promoting economic interests and prosperity, and fostering human rights.

Activities that do not qualify as ODA expenditure according to OECD-DAC criteria do not qualify for a grant under PP II.⁶

2.3 For whom are the grants intended?

PP II grants are intended for programmes run by independent Dutch or international not-for-profit civil society organisations with legal personality that work in a result-oriented manner to strengthen the functioning of the democratic order through cooperation with political parties and movements in DAC countries with the aim of contributing to structural poverty reduction. In the process, they focus on activities as specified under 2.2.

Applicants may form a consortium with other not-for-profit organisations in order to implement the programme or parts of the programme.

3. Assessment procedure

3.1 Assessment criteria

Organisations applying for grants under PP II must meet certain criteria in order to qualify for a grant. There are three types of criteria:

⁶ For a specification of ODA criteria see: <http://www.oecd.org/dataoecd/21/21/34086975.pdf>.

1. Threshold criteria: criteria which all applications must meet. If an application does not meet all of the threshold criteria it will be rejected.
2. Criteria relating to the quality of the applying organisation or the lead party of the consortium (organisational check).
3. Criteria relating to the quality of the programme (programme check).

These criteria are explained in more detail in chapters 4 and 5.

3.2 Assessment

The provisions of the General Administrative Law Act, the Ministry of Foreign Affairs Grants Decree and the Ministry of Foreign Affairs Grant Regulations 2006 are fully applicable to the assessment of applications and the PP II grants that are ultimately awarded. Applications will be assessed in accordance with the applicable legislation and pursuant to the requirements set out in these administrative rules. The administrative rules laid down in the Standard Framework for Development Cooperation also apply.⁷ If the administrative rules applying to PP II deviate from the Standard Framework for Development Cooperation, the former will prevail.

The assessment of applications and the award and allocation of the available funds will take place by means of a call for proposals: the quality of all applications that meet the requirements set out in these administrative rules will be assessed according to the same criteria. The applications that best meet the criteria will be given priority in the award of grants. The Minister will award grants in accordance with this ranking system.

The Minister will decide on grant applications no later than 1 October 2011.

3.3 Checks and the allocation of available resources

The assessment of applications for PP II grants will take place in stages, resulting in a decision on the allocation of PP II resources to the applicants.

⁷ Order of the Minister for European Affairs and International Cooperation no. DJZ/BR/0874-10 of 1 December 2010 adopting administrative rules containing general provisions for grants awarded for development cooperation activities (Standard Framework for Development Cooperation), Government Gazette 2010, no. 19701.

The first stage consists of checks of the threshold criteria and the organisation. The second stage looks only at proposals that meet the threshold criteria and that have been submitted by organisations that satisfy the organisational check.

3.3.1 Checks in stage 1

The threshold criteria are criteria that applications for PP II grants must meet. No points are awarded; applications that fail to meet all of the threshold criteria are rejected and not processed further.

The organisational check contains criteria relating to the quality and efficiency (internal management and administration of the applicant organisation). Applications from organisations whose quality and efficiency is judged to be deficient are rejected and not processed further.

3.3.2 Check in stage 2

Stage 2 involves screening the quality of the programme. If the quality of the programme is judged to be deficient, the application will not qualify for a PP II grant.

3.3.3 Allocation of available resources

Allocation of the available resources to the applicants that have satisfied the threshold criteria and organisational check takes place at the end of stage 2, i.e. on the basis of the results of the qualitative assessment of the applications following the above programme check.

In order to qualify for a grant under PP II, applications must satisfy the criteria of this policy framework (see 3.3.1 and 3.3.2 for the minimum score).

If insufficient resources are available for all satisfactory applications to receive a full grant, these applications will be ranked according to their results in the programme check. The size of the grant they receive will depend on how well they meet the criteria.

3.4 Application procedure

Applications for grants must be submitted, using the model application form as stipulated and made available by the Minister (see appendix I), by 16.30 on 5 August 2011 to the Ministry of Foreign Affairs, DMH/GB, Bezuidenhoutseweg 67, The Hague. Applications should be complete and without reservations, signed by an officially authorised signatory and submitted in triplicate on paper and on CD-ROM. It is not possible to submit a provisional application. Applications should be submitted in Dutch or English.

3.5 Procedure prior to decision-making

The assessment of applications is carried out at civil service level based on the legislation governing the award of grants by the Minister, the Standard Framework for Development Cooperation and this grant policy framework. The Minister will decide on grant applications no later than 1 October 2011.

4. Assessment of applications

4.1 Threshold criteria

Applications that fail to meet all of the threshold criteria will be rejected and will not be processed further. These criteria are listed below and explained where necessary.

Criterion D.1 *The applicant is a not-for-profit organisation which possesses legal personality.*
The organisation must enclose its constitution proving this.

Criterion D.2 *The applicant operates internationally and strives to achieve structural poverty reduction in DAC countries by working with not-for-profit civil society organisations with the aim of building local capacity so that these organisations can become independent.* The objectives of the organisation as set out in its constitution should make this clear. If the organisation has a more general character, it must show through its track record that it has substantial experience of working in DAC countries in a way that is either directly or indirectly geared to poverty reduction through partnership with not-for-profit CSOs in these countries.

Criterion D.3 *The applicant must demonstrate that as of 1 January 2012, at least 25% of its annual income will derive from sources other than Ministry of Foreign Affairs grants. Grants*

awarded from PP II will not exceed 75% of the total annual income of the applicant organisation. The applicant can demonstrate this plausibly on the basis of income over the 2008-2010 period as shown in its annual accounts for those years.

If the applicant has become part of a consortium with other not-for-profit organisations for the purpose of implementing its programme, the incomes of these organisations may be taken into consideration when determining the applicant's own income. Consequently, if one of the organisations represented in the consortium derives less than 25% of its annual income from independent sources, this can be compensated by another party in the consortium. Funding that is directly or indirectly obtained from the budget of the Ministry of Foreign Affairs (for instance a grant or contribution from a Dutch embassy) does not count towards an organisation's own contribution.

Criterion D.4 *The gross salaries of the managers and board members are in reasonable proportion to the seniority of their position and to the organisation's geographical location, size and complexity. The applicant must specify the salaries paid to the managers and board members (including allowances).*

Criterion D.5 *The applicant is capable of proper financial management. The applicant can ensure efficient and effective implementation of the activities due to its expertise regarding the activities for which a grant is being applied for.*

Criterion D.6 *The programme does not involve initiatives aimed wholly or partly at proselytisation.* This should be evident from the programme and the accompanying budget and multi-year estimate.

Criterion D.7 *The programme concerns activities of substance in at least two DAC countries.* This should be evident from the programme and the accompanying budget and multi-year estimate.

Criterion D.8 *The programme does not relate to commercial services, investment or commercial activities.* This should be evident from the programme and the accompanying budget and multi-year estimate.

Criterion D.9 *The programme relates to activities that qualify for funding from the ODA budget in line with OECD/DAC criteria.*⁸ This should be evident from the programme and the accompanying budget and multi-year estimate.

Criterion D.10 *Political affiliation: the applicant is not an organisation that is institutionally connected to or administered by Dutch or foreign political parties or whose staff include staff (including seconded staff) of political parties.* This is evident from the organisation's constitution and a declaration concerning its staff.

Criterion D.11 *The programme focuses on at least the first of the following two categories of activities and may comprise activities from the second category:*

1) Structural, multi-year programmes in partner countries⁹ that tie in with spearheads and countries as set out in the policy letter and that relate to:

- fostering and facilitating multi-party dialogue;
- building the capacity of political parties with a view to strengthening the democratic process;
- improving cooperation between political parties, the private sector and civil society organisations.

2) incidental and catalytic activities in non-partner countries (though these must be DAC countries) which tie in demonstrably with the priorities of Dutch foreign policy, i.e. promoting stability, peace and security, promoting economic interests and prosperity, and fostering human rights, by:

- fostering multi-party dialogue;
- helping political parties/groups to design and implement democratic processes;
- improving cooperation between political parties, the private sector and civil society organisations.

⁸ For a specification of ODA criteria see: <http://www.oecd.org/dataoecd/21/21/34086975.pdf>.

⁹ Partner countries as defined by the government in the letter to the House of Representatives presenting the spearheads of development cooperation policy, Parliamentary Papers, House of Representatives 2011/11, 32605, no. 2.

Criterion D.12 *At least 60% of spending within the programme must be on Category 1 activities.* This should be evident from the programme and the accompanying budget and multi-year estimate.

Criterion D.13 *The minimum grant application is € 1 million and the duration of the activities for which grant funding is sought does not exceed four years. This amount is proportionately lower for programmes with a shorter duration. Programmes should have a minimum duration of 24 months.* This should be evident from the programme and the accompanying budget and multi-year estimate.

4.2 Organisational check

The organisational check is part of the assessment in the first stage. The aim is to enable the Minister to judge the quality and efficiency of the applicant organisations.

Assessment within the context of the organisational check is based on the extent to which the organisation complies with the following criteria:

- *Track record over the past three years:* an applicant's performance over the past three years shows that it is capable of achieving planned outcomes¹⁰ and outputs,¹¹ of obtaining the contributions from third parties necessary for the implementation of the programmes and of ensuring the sustainability of programmes vis-à-vis the ultimate target group.
- *Planning, monitoring and evaluation:* the PME system used by the organisation is sufficient for monitoring the progress of outputs, outcomes and sustainability at programme and organisational level. The organisation periodically commissions independent evaluations of programmes, programme components and its own functioning. The organisation has a sound quality management system in place vis-à-vis its main operational processes.
- *Financial and administrative management:* the organisation's policy on the financial supervision of organisations with which it has a funding relationship is satisfactory; it

¹⁰ As defined by DAC/OECD zie Annex III; <http://www.oecd.org/dataoecd/29/21/2754804.pdf>

¹¹ As defined by DAC/OECD Annex III; <http://www.oecd.org/dataoecd/29/21/2754804.pdf>

uses a satisfactory method for assessing the quality of partner organisations with which it has a financial relationship; it has a financial monitoring system that enables it to identify shortfalls (or potential shortfalls) or surpluses at an early stage and take adequate measures to anticipate these contingencies; it also has a broad donor base.

If the quality of the organisation is deficient, the application will be rejected and will not be assessed further.

4.3 Programme check

The programme check assesses the quality of the programme on the basis of the following criteria:

- *Policy relevance*: the extent to which the programme is relevant to policy. This is assessed on the basis of the following factors:
 - a) *Relevance to development*: contribution to structural poverty reduction in developing countries.
 - b) *Relevance to the objective of this call for proposals*: the extent to which the activities contribute to the functioning of the democratic order in developing countries by strengthening political parties and movements.
 - c) *Contribution to the spearheads of development cooperation policy as set out in the policy letter*.
 - d) *Countries in which activities will be carried out*.
 - e) *Complementarity*: extent to which the activities are aligned with the development policy of the Netherlands and other donors in the countries in which activities are to be carried out.
- *Innovative nature*: the extent to and the way in which the programme is innovative, either in a thematic sense or due to improvements to the intervention strategy used (increasing the effectiveness of programmes) and efficiency gains in programme implementation.
- *Contextual analysis*: the extent to which the programme, especially the defined problem and objective, reflects contextual analysis findings.

- *Position of the partners and the target group in the programme:* contribution to building the institutional capacity of partners and the extent to which either the latter or the target group can effectively influence the programme.
- *Details of outcomes, outputs, activities and resources:* the extent to which the programme has been fleshed out in the form of envisaged outcomes and outputs, intended activities and resources and a clear link has been established between the outputs to be achieved and the resources necessary to do so.
- *Expression of envisaged outcomes, outputs and resources in SMART terms.* The envisaged outcomes, outputs and resources have been expressed in SMART terms (Specific, Measurable, Acceptable, and Realistic and Time-related).
- *Risks, monitoring and corrective action:* satisfactory risk management is in place, consisting of a satisfactory risk analysis and a satisfactory system for monitoring and corrective action, and the funding necessary to implement the programme in addition to the requested grant is guaranteed.
- *Sustainability:* sustainability of the activities: whether they will produce a lasting effect for the ultimate target group and contribute to the institutional sustainability of partners and the applicant's own organisation.

Appendix I: Country lists

Profile I countries:

1. Benin
2. Ethiopia
3. Mali
4. Mozambique
5. Uganda
6. Rwanda

Profile II countries:

7. Afghanistan
8. Burundi
9. Yemen
10. Palestinian Territories
11. Sudan

Profile III countries:

12. Bangladesh
13. Ghana
14. Indonesia
15. Kenya

Appendix II: Specification ODA criteria

IS IT ODA?

Factsheet - November 2008

IS IT ODA?

DAC Members occasionally request the Secretariat's view as to whether a particular expenditure should be reported as official development assistance (ODA). This paper outlines the reasoning the Secretariat uses to answer such enquiries, and discusses some specific cases. It should not be taken as a definitive guide to ODA eligibility, since only the DAC may determine such eligibility. Further details are provided in the Statistical Reporting Directives (available at www.oecd.org/dac/stats/dac/directives).

Official development assistance is defined as those flows to countries and territories on the DAC List of ODA Recipients (available at www.oecd.org/dac/stats/daclist) and to multilateral development institutions which are:

- i. provided by official agencies, including state and local governments, or by their executive agencies; and
- ii. each transaction of which:
 - a) is administered with the promotion of the economic development and welfare of developing countries as its main objective; and
 - b) is concessional in character and conveys a grant element of at least 25 per cent (calculated at a rate of discount of 10 per cent)¹²

ECONOMIC DEVELOPMENT AND WELFARE AS THE MAIN OBJECTIVE

This is often the decisive criterion for determining ODA eligibility. In the final analysis it is a matter of intention. But in order to reduce the scope for subjective interpretations and promote comparable reporting, Members have agreed to limits on ODA reporting, e.g.:

Exclusion of military aid - The supply of military equipment and services, and the forgiveness of debts incurred for military purposes, are not reportable as ODA. On the other hand, additional costs incurred for the use of the donor's military forces to deliver humanitarian aid or perform development services are ODA-eligible.

Peacekeeping - The enforcement aspects of peacekeeping are not reportable as ODA. However, ODA does include the net bilateral costs to donors of carrying out the following activities within UN-administered or UN-approved peace operations: human rights, election monitoring, rehabilitation of demobilised soldiers and of national infrastructure, monitoring and training of administrators, including customs and police officers, advice on economic stabilisation, repatriation and demobilisation of soldiers, weapons disposal and mine removal. (Net bilateral costs means the extra costs of assigning personnel to these activities, net of the costs of stationing them at home, and of any compensation received from the UN.) Similar activities conducted for developmental reasons outside UN peace operations are also reportable as ODA, but not recorded against the peacekeeping code. Activities carried out for non-developmental reasons, e.g. mine clearance to allow military training, are not reportable as ODA.

Civil police work - Expenditure on police training is reportable as ODA, unless the training relates to paramilitary functions such as counter-insurgency work or intelligence gathering on terrorism. The supply of the donor's police services to control civil disobedience is not reportable.

Social and cultural programmes - As with police work, a distinction is drawn between building developing countries' capacity (ODA-eligible) and one-off interventions (not ODA-eligible). Thus, the promotion of museums, libraries, art and music schools, and sports training facilities and venues counts as ODA, whereas sponsoring concert tours or athletes' travel costs does not.

¹² This calculation helps determine whether a loan is concessional. If the loan satisfies the ODA criteria, then the whole amount is reported as ODA. The grant element itself is not reportable as a flow. Reporting is on a cash (nominal) basis, except for Paris Club debt service reduction (see under "Flows" below).

Cultural programmes in developing countries whose main purpose is to promote the culture or values of the donor are not reportable as ODA.

Assistance to refugees - Assistance to refugees in developing countries is reportable as ODA. Temporary assistance to refugees from developing countries arriving in donor countries is reportable as ODA during the first 12 months of stay, and all costs associated with eventual repatriation to the developing country of origin are also reportable.

Nuclear energy - The peaceful use of nuclear energy, including construction of nuclear power plants, nuclear safety and the medical use of radioisotopes, is ODA-eligible. Military applications of nuclear energy and nuclear non-proliferation activities are not.

Research - Only research directly and primarily relevant to the problems of developing countries may be counted as ODA. This includes research into tropical diseases and developing crops designed for developing country conditions. The costs may still be counted as ODA if the research is carried out in a developed country.

Anti-Terrorism - Activities combatting terrorism are not reportable as ODA, as they generally target perceived threats to donor, as much as to recipient countries, rather than focusing on the economic and social development of the recipient.

ODA ELIGIBILITY OF AID TO MULTILATERALS AND NGOS

Annex 2 of the Statistical Reporting Directives lists those international agencies contributions to which are reportable as ODA. ODA coefficients are provided for United Nations agencies which conduct part of their activities in favour of development. These coefficients are revised every few years in consultation with the agencies concerned.

United Nations agencies have established many specific-purpose funds. These are too numerous, and arise and disappear too quickly, to be listed in the Directives. The same applies to national non-governmental organisations. In both cases, Members must use their judgement as to whether contributions have an ODA character². When in doubt, they may consult the Secretariat, at dac.contact@oecd.org providing details of the fund in question.

The Directives also list the main international non-governmental organisations (INGOs) contributions to which are reportable as ODA. These are increasingly numerous. Where Members have contributed to INGOs not on this list, they should assess their ODA character in the light of the INGOs' aims, programmes and membership. If they believe the contribution should be counted as ODA, they should inform the Secretariat so that Members can consider the INGO in the annual review of Annex 2.

2. The coefficient established for an agency partly active in development does not normally apply to specific-purpose funds it sets up, the ODA character of which should be assessed individually. For example, 70 per cent of contributions to WHO's core budget are reportable as ODA. But contributions to WHO's bilharzia programme are 100 per cent ODA-reportable, while contributions to its International Agency for Research on Cancer are not ODA-reportable.

OFFICIAL AGENCIES

Official flows comprise transactions undertaken by the official sector (i.e. Government) at their own risk and responsibility, regardless of the source of funds (taxation of or borrowing from the private sector). Official agencies include federal, state and local departments and agencies. The market-based transactions of central monetary authorities, however, do not enter into the statistics.

Sometimes one official agency subsidises another. Since the subsidy is internal to the official sector of the donor country, it is not reported as a flow. Rather, the transaction recorded is that between the subsidised agency and the developing country. If this transaction meets the other ODA criteria described in this paper, it is recorded as ODA.

Official subsidies to private firms may be recorded as other official flows (OOF). They are not considered to meet the tests of ODA, since by definition they support activities with a primarily commercial objective.

Official subsidies to private not-for-profit organisations (“non-governmental organisations”) that are active in development are reportable as ODA.

FLOWS

Flows are transfers of resources, either in cash or in the form of commodities or services. Since DAC statistics concentrate on transactions likely to have a development impact, loans for one year or less are not counted. Repayments of the principal of ODA loans count as negative flows, and are deducted to arrive at net ODA, so that by the time a loan is repaid, the net flow over the period of the loan is zero. Interest is recorded, but is not counted in the net flow statistics. Where official equity investments in a developing country are reported as ODA because of their development intention, proceeds from their later sale are recorded as negative flows, regardless of whether the purchaser is in a developed or a developing country.

Disbursements are measured on a cash basis, not an accruals basis, except that:

- wherever contributions to multilateral development banks and funds are made in the form of promissory notes, the full amount of the note is recorded at the time of deposit; and
- the net present value of debt relief provided by implementing a Paris Club debt reorganisation through debt service reduction is reportable as an ODA grant in the year of the reorganisation.

Some transactions not recorded as transfers in balance of payments statistics are nevertheless eligible to be recorded as ODA, since they represent an effort by the official sector in favour of development. These include the costs of developmentally relevant secondary and tertiary education and vocational training (including stipends and travel) provided to developing country nationals in the donor country, the administrative costs of ODA programmes, subsidies to non-governmental organisations, in donor refugee costs and programmes to raise development awareness in donor countries.

Capital investment in the donor country is not regarded as a flow and is therefore not eligible to be reported as ODA. This applies even to the construction and equipment of training and research facilities related to development issues. The running costs of such facilities may, however, be counted as ODA.

CONCESSIONAL IN CHARACTER

From the earliest discussions of the concept of ODA, Members agreed that it should represent an effort in favour of developing countries by the official sector. Loans at market terms were excluded. When in the early 1970s interest rates began rising sharply, it was further specified that loans could only be reported as ODA if they had a grant element of at least 25 per cent, calculated against a notional reference rate of 10 per cent per annum.

These elements remain today. In recent years, long-term interest rates in most OECD Member countries have fallen well below 10 per cent, so the 25 per cent grant element level has become easier to attain. But to qualify as ODA, loans must still be concessional in character, i.e. below market interest rates.

Where concessional and non-concessional financing are combined in so-called “associated financing packages”, the official and concessional elements may be reported as ODA, provided they have a grant element of at least 25 per cent. Such contributions must also meet the special concessionality tests for associated financing, which are based on market interest rates and set out in the Arrangement on Guidelines for Officially Supported Export Credits (OECD, 2008 Revision).

Appendix III: Definition “Outcomes” and “Outputs” by DAC/OECD

Outcome

The likely or achieved short-term and medium-term effects of an intervention’s outputs.

Related terms: result, outputs, impacts, effect.

Réalisation (Effet direct)

Ce que l’action doit accomplir ou a accompli à court ou à moyen terme. Termes connexes : résultat, extrant, produit, impacts, effet.

Efecto directo

Representa el conjunto de resultados a corto y mediano plazo probables o logrados por los productos de una intervención. Términos conexos: resultados, producto, impacto, efecto.

Outputs

The products, capital goods and services which result from a development intervention; may also include changes resulting from the intervention which are relevant to the achievement of outcomes.

Extrant (Produit)

Biens, équipements ou services qui résultent de l’action de développement. Le terme peut s’appliquer à des changements induits par l’action qui peuvent conduire à des effets directs.

Producto

Comprende los productos, los bienes de capital y los servicios que resultan de una intervención para el desarrollo ; puede incluir también los cambios resultantes de la intervención que son pertinentes para el logro de los efectos directos.

Appendix IV: List of DAC countries

DAC List of ODA Recipients

Effective for reporting on 2009 and 2010 flows

Least Developed Countries	Other Low Income Countries (per capita GNI < \$935 in 2007)	Lower Middle Income Countries and Territories(per capita GNI \$936-\$3 705 in 2007)	Upper Middle Income Countries and Territories(per capita GNI \$3 706-\$11 455 in 2007)
Afghanistan	Côte d'Ivoire	Albania	*Anguilla
Angola	Ghana	Algeria	Antigua and Barbuda ¹
Bangladesh	Kenya	Armenia	Argentina
Benin	Korea, Dem. Rep.	Azerbaijan	Barbados ²
Bhutan	Kyrgyz Rep.	Bolivia	Belarus
Burkina Faso	Nigeria	Bosnia and Herzegovina	Belize
Burundi	Pakistan	Cameroon	Botswana
Cambodia	Papua New Guinea	Cape Verde	Brazil
Central African Rep.	Tajikistan	China	Chile
Chad	Uzbekistan	Colombia	Cook Islands
Comoros	Viet Nam	Congo, Rep.	Costa Rica
Congo, Dem. Rep.	Zimbabwe	Dominican Republic	Croatia
Djibouti		Ecuador	Cuba
Equatorial Guinea		Egypt	Dominica
Eritrea		El Salvador	Fiji
Ethiopia		Former Yugoslav Republic of Macedonia	Gabon
Gambia		Georgia	Grenada
Guinea		Guatemala	Jamaica
Guinea-Bissau		Guyana	Kazakhstan
Haiti		Honduras	Lebanon
Kiribati		India	Libya
Laos		Indonesia	Malaysia
Lesotho		Iran	Mauritius
Liberia		Iraq	*Mayotte
Madagascar		Jordan	Mexico
Malawi		Kosovo ³	Montenegro
Maldives		Marshall Islands	*Montserrat

Mali		Micronesia, Federated States	Nauru
Mauritania		Moldova	Oman ¹
Mozambique		Mongolia	Palau
Myanmar		Morocco	Panama
Nepal		Namibia	Serbia
Niger		Nicaragua	Seychelles
Rwanda		Niue	South Africa
Samoa		Palestinian Administered Areas	*St. Helena
São Tomé and Príncipe		Paraguay	St. Kitts-Nevis
Senegal		Peru	St. Lucia
Sierra Leone		Philippines	St. Vincent and Grenadines
Solomon Islands		Sri Lanka	Suriname
Somalia		Swaziland	Trinidad and Tobago ²
Sudan		Syria	Turkey
Tanzania		Thailand	Uruguay
Timor-Leste		*Tokelau	Venezuela
Togo		Tonga	
Tuvalu		Tunisia	
Uganda		Turkmenistan	
Vanuatu		Ukraine	
Yemen		*Wallis and Futuna	
Zambia			

*Territory

(1) Antigua & Barbuda and Oman exceeded the high income country threshold in 2007. In accordance with the DAC rules for revision of this List, both will graduate from the List in 2011 if they remain high income countries until 2010.

(2) Barbados and Trinidad & Tobago exceeded the high income country threshold in 2006 and 2007. In accordance with the DAC rules for revision of this List, both will graduate from the List in 2011 if they remain high income countries until 2010.

(3) This does not imply any legal position of the OECD regarding Kosovo's status.

As of April 2009, the Heavily Indebted Poor Countries (HIPC) are : Afghanistan, Benin, Bolivia, Burkina Faso, Burundi, Cameroon, Central African Republic, Chad, Comoros, Congo (Dem. Rep.), Congo (Rep.), Côte d'Ivoire, Eritrea, Ethiopia, Gambia, Ghana, Guinea, Guinea-Bissau, Guyana, Haiti, Honduras, Kyrgyz Republic, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Nicaragua, Niger, Rwanda, São Tomé and Príncipe, Senegal, Sierra Leone, Somalia, Sudan, Tanzania, Togo, Uganda and Zambia.