

Methodological Procedure of ODA Analysis

Main Purpose

As a principle goal our research pursues to produce a realistic assessment of the ODA contributions for socioeconomic development, in general, and in support of health promotion and the HIV response, in particular, that were provided by the 17 European member states of the DAC/OECD. The intent is to achieve the necessary degree of accuracy to determine on a reliable basis the financial efforts of these donor countries and evaluate the allocation of resources to every recipient country.

Investigation Period

The period under review includes the most recent calendar year with available data. Thus, we analysed the trends of overall ODA from 2005 to 2011 and in the case of health and HIV-related financing the research covers the period 2007 to 2010.

Dimensions of Research

Specifically, our research attempts to examine the ODA contributions of the European donor countries for the following dimensions:

- Total volume of resources,
- ODA contributions for health promotion,
- ODA contributions for specific interventions to confront HIV.

Guiding Principles

Research is guided by the following principles:

- To take into account all relevant aid activities and financing mechanisms including all multilateral organizations that could influence the calculation of health financing in a significant way,
- To ensure that those and only those projects and components are included in the calculation, which coincide with the specific objectives and interventions defined in the respective resource needs estimates,
- To prepare the results in order to facilitate the public use for verification of findings, further research, and promotion of accountability and transparency.

Concepts of Resource Flows

The focus is on ODA disbursements, which represent the amount of resources - in the form of funds, services or goods - that are really transferred to the respective recipients. These could be either developing countries or multilateral agencies active in development assistance. Disbursements depict the real effort in making funding for development available and, thus, shall be used when measuring donor performance against targets, obligations or promises. In addition, ODA commitments are documented for bilateral aid in support of health and HIV activities, as they reflect recent funding decisions and are predictive for disbursement trends over the next years.

Questionable ODA Components

The analysis of total ODA flows has to take into account that official figures as accepted and published by OECD comprise expenditure items and accounting entries that do not represent actual transfers of financial, technical or personnel resources to developing countries. This applies mainly to debt relief, imputed costs for students from developing countries, costs for refugees in donor countries and administrative costs. Evidently, these items do not contribute to cover the need for external financial assistance to overcome poverty and improve health

conditions. After deducting them from OECD-accepted ODA volumes we get the real resource transfers that have the potential to promote human development in disadvantaged countries and regions.

Differentiating Financial Terms

A further distinction has to be made between ODA grants and lending. Some donors provide a considerable part of their ODA contributions in the forms of loans and equity investments, a practice that disregards fundamental principles of distributive justice and orientation towards needs. The countries most affected by poverty and ill health are not in a position to repay loans. When poor countries accept the so-called development loans, they will be confronted with an incalculable risk of indebtedness and resulting resource constraints, which hamper future development perspectives. Furthermore, a high proportion of these repayable funds is raised on the capital market and then mixed with budget resources in order to lower the interest rate to a level of concessionality that is required by OECD to qualify as ODA (grant element of at least 25 %). In conclusion, this modality of cooperation does not contribute to meet the basic needs, nor does it constitute a genuine financial effort. Therefore, we report the ODA flows made available in the form of grants as a separate category, which represents the flows of development aid in the stricter sense of the concept.

OECD Information System as Authoritative Source

As the statistical system of DAC/OECD constitutes the most reliable and comprehensive source of information on ODA flows provided by the donors under review, they were used as the primary basis for this research. The analysis of ODA for health and HIV activities is based on the "Creditor Reporting System" (CRS). This database documents the key data and descriptive information for all aid activities that are financed by DAC member countries, the European Union, and most multilateral organizations.

Project-level Analysis for Reliable Calculation

Individual projects or aid activities with its distinct objectives and strategies ranging from specific actions to general support constitute the building blocks of international cooperation in any field. In order to determine the unmet funding needs it is necessary to identify exactly those financial flows which really contribute to cover the cost of those interventions that were taken into account in the estimates of the resource needs. This requires the examination of all health-related projects or components with the aim to capture all those, which pursue to support the defined interventions. Notably the investigation aims to correct for disparities in reporting practices regarding the indication of sectors and subsectors or the reporting on multilateral contributions as well as simple errors.

Therefore, the compilation of a complete list of all programmes, projects and specific components thereof, which are designed to foster the before-mentioned dimensions of human development as their main objective, constitutes the central piece of this research. The analysis included every single project reported in the health and population sectors as well as all projects that are recorded in other sectors but relate to health according to text search with relevant terms. These were systematically scrutinized in order to determine the main objectives and consequently assign them to specific categories required for a comprehensive calculation of contributions in support of health promotion, in general, and HIV response, in particular. Insufficient or contradictory data were complemented through web-based research and direct communication with implementing agencies in order to achieve a correct classification. For those cases, where donors have established their own databases providing project-specific information, these specifications are taken into account, as appropriate.

Analytical Categories

A comprehensive calculation of ODA flows in support of achieving universal access to HIV prevention, treatment, care and support needs to take into account the respective proportions within sector programmes and reproductive health projects that finally are used to finance these services. In addition the research responded to the interest to discern

activities that promote specifically child health (MDG 4). Hence, the aid activities that in fact contribute to health promotion were classified to one of the following categories:

- 1) Specific HIV interventions
- 2) Projects of reproductive health
- 3) General (sector-wide) health programmes
- 4) Child health
- 5) Immunisation
- 6) Other health problems or subsectors (including TB and malaria)

The calculation of HIV funding as part of wider programmes applies average values, which are derived from the analysis of data coming from the World Bank and a specific OECD database, where HIV shares of single projects are shown separately. This method represents an approximation to reality that is necessary due to lacking donor reporting. Due to the main objective to obtain an accurate estimate for HIV funding, some very specific activities for reproductive health, which do not comprise HIV interventions, were classified under other health problems.

Differences to Official Reporting

Apart from the use of additional project categories for analytical purposes the review process implies corrections of the sector indications made by reporting agencies. On the one hand, a number of projects reported in other sectors but found to support health promotion according to content specific information were included in the calculation of health ODA. On the other hand, the following types of activities were excluded from ODA for health:

- Emergency projects that cover additional funding needs not foreseen in existing needs assessments,
- Multilateral core contributions that are not restricted to certain purposes or areas defined by the respective donors,
- Financial flows that are reported as health activities, but according to content-specific information are destined mainly or entirely to promote other sectors.

The contributions to health-relevant multilateral organizations that are not restricted or earmarked with regard to their use were shown separately in order to prevent double counting. The respective amounts were determined on the basis of information systems and reports provided by the respective organizations, which can lead to differences compared to data reported by donors to DAC. Projects and components found to support other sectors were not considered for the calculation of ODA volumes made available to meet the financing needs for health and HIV services, but remained in the project list for ongoing research.

Multisectoral programmes

In the case of programmes, which aim to support several sectors, including health promotion, or concurrently tackle several health problems, the relevant components were classified separately. The financial flows for these components were calculated on the basis of budget information, if available. Otherwise, the annual commitments and disbursements for the respective components were determined dividing the total by the number of specified sectors or subsectors.

Different Types and Scope of Project Classification

Basically, there are three different types of donor reporting to the project-level database which necessitate different approaches for carrying out the scrutiny.

DAC Members, EU Institutions, Global Fund, African Development Fund and Asian Development Fund report individual project descriptions. In total, 45,238 data records representing approximately 35,000 different projects that are funded by these donors were

reviewed.

IDA/World Bank reports several components per project in order to document ODA flows for different purposes. Many components of health projects are - mistakenly - recorded in other sectors when taking place in these sectors. Therefore, a complete project-oriented review of all 45,715 data records across all sectors was undertaken.

Most UN Organizations support a multitude of small-scale projects, which are reported with standard descriptions. A total of 66,584 project records were classified on the basis of those standard descriptions.

Use of the most Relevant Studies on Financing Needs

The main source of reference for identifying the aid activities that support health promotion as a whole is the Millennium Project, which clearly defines the range of interventions required for achieving the MDGs differentiated by sector (Millennium Development Goals Needs Assessments - Country Case Studies of Bangladesh, Cambodia, Ghana, Tanzania and Uganda - Working Paper, 2004). Health funding refers not only to the cost of running a health system offering essential medical interventions, such as emergency obstetric care, treatment for the major infectious diseases, and interventions to reduce child mortality. It also includes financing of interventions primarily provided outside the health system, such as preventing major diseases and mitigating the consequences.

In order to single out aid activities that contribute to achieve the goal of universal access to HIV services, the research made use of the most detailed and complete inventory of recommended interventions published by UNAIDS. The response to the HIV epidemic includes areas such as prevention, treatment, care, support for children orphaned or made vulnerable by AIDS as well as certain global costs, such as worldwide advocacy, international technical assistance, and global coordination (Financial Resources Required to Achieve Universal Access to HIV Prevention, Treatment, Care and Support, UNAIDS, 2007).

Calculation of Multilateral ODA Flows

In the case of multilateral organizations that report to CRS the sum of all projects or components found to serve the respective purposes were used as numerator for calculating the share of financing for health and HIV services in relation to the total disbursements. This proportion is multiplied with the annual core contribution to the respective multilateral organization in order to calculate the ODA disbursements for health and HIV services provided by an individual donor through this particular financing mechanism. In the case of relevant multilateral organizations, which up to now are not reporting project-level data to the CRS or other information systems, the proportions of funding for health and HIV services in relation to total disbursements were determined through specifications published in annual reports or institutional budgets.

Data on contributions to multilateral organizations are preferably retrieved from DAC statistics that provide aggregate information on the destination of ODA flows on a disbursement basis (Table DAC 2a). In the absence of data provided by the DAC information system, annual reports and other sources made available by the respective multilateral organizations are used in order to verify the annual contributions received from donors.

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