

Unclassified

DCD/DAC/RD(2011)16/RD4

Organisation de Coopération et de Développement Économiques
Organisation for Economic Co-operation and Development

12-Dec-2011

English text only

DEVELOPMENT CO-OPERATION DIRECTORATE
DEVELOPMENT ASSISTANCE COMMITTEE

DCD/DAC/RD(2011)16/RD4
Unclassified

UPDATE ON VOLUNTARY CONTRIBUTIONS FOR THE 2011-2012 PROGRAMME OF WORK AND BUDGET

Room Document 4

DAC Meeting, 14 December 2011

This Room Document is submitted for INFORMATION under Item 8 of the Draft Annotated DAC Agenda [DCD/DAC/A(2011)16].

Members who have pledged voluntary contributions for 2012 are invited to confirm these pledges and indicate whether they will be officially sent to the Secretariat during the first quarter of 2012.

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JT03313277

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**UPDATE ON VOLUNTARY CONTRIBUTIONS
FOR THE 2011-2012 PROGRAMME OF WORK AND BUDGET**

Introduction

1. This document provides an update on the voluntary contributions (VCs) provided and pledged for the 2011-12 Programme of Work and Budget (PWB). It outlines challenges that remain and next steps. Significant progress has been made – particularly in the last two months - to mobilise more voluntary contributions and help close the funding gap. The annex provides an overview of members' contributions.

2. The target amount of VCs required to fund the 2011-12 PWB is 23.2 MEUR – this is the combined target figure for all components of the PWB, including the International Dialogue on Peace-building and State-building and the Joint CFA/DAC Tax and Development Programme.

3. Taking into account members' combined contributions – provided and pledged – the whole programme should at least reach a 93% funding rate i.e. 21.6 MEUR of the targeted amount of 23.2 MEUR. Based on VC income in the previous biennium¹, this volume of VCs gives a very strong and clear signal of the importance members attach to the 2011-12 work programme – which is sizeably bigger than the last biennium - as well as the demand in member countries for the work that has been prioritised. The challenge is to render this funding more predictable.

Predictability challenges

4. Given experience so far with this biennium, the decreasing predictability of members' VC funding is becoming more challenging and places a new set of pressures on the implementation of the work programme which depends close to 70% on VC funding. While the Secretariat is adjusting to this new reality, members need to be mindful of the implications this may have in the medium- to long-term, especially if this trend continues. The implications are linked to the Secretariat's cost structure and its ability to adjust to emerging demands by members.

5. The Secretariat's force lies in the knowledge and expertise of its staff. In a knowledge-based organisation like OECD the largest portion of work programme costs constitute staff salaries. As staff are nationals from OECD countries, with most recruitment being from abroad, it is reasonable that the Secretariat offers relatively stable employment conditions (e.g. two year contracts) to international professionals. This is necessary to attract and retain high-quality staff. It is nonetheless possible that members are not aware of the reality in OECD which is that the Organisation cannot authorise staff contracts without the supporting financial guarantees. Predictability of funding therefore becomes a critical factor for the management and deployment of resources to implement a two-year work programme.

6. A further challenge relates to financial flexibility which, as the DAC has agreed, is critical in enabling the Committee to respond to emerging issues and become a more nimble and open institution. Members have made remarkable efforts in 2011-12 to increase flexibility by providing a large percentage of un-earmarked funds (see Annex). However, the growing lack of financial predictability risks undermining these efforts.

Next steps

7. In light of the above, and given the need to secure resources and plan effectively for the remainder of the biennium, the Secretariat invites members who have pledged VCs for 2012 (see Annex) to confirm these pledges and indicate whether they will be officially sent during the first quarter of 2012.

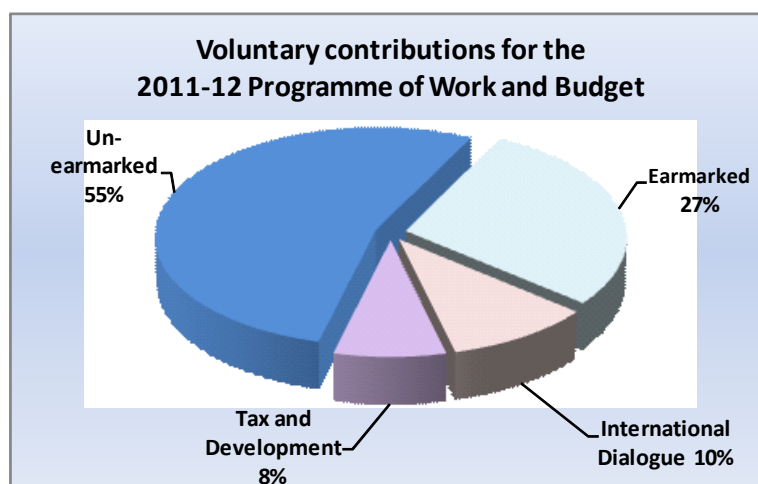
¹ VC income from members for the 2009-10 PWB totaled 17.7 MEUR [DCD/DAC(2011)19]

ANNEX

Voluntary Contributions for the 2011-12 Programme of Work and Budget

Voluntary contributions provided

Country / Institution	(in KEUR)
Australia	968
Austria	400
Belgium	850
Canada	726
Denmark	671
Finland	1,000
France	340
Germany	144
Greece	20
Ireland	1,150
Italy	500
Japan	219
Korea	538
Luxembourg	150
Netherlands	1,000
New Zealand	112
Norway	1,013
Portugal	100
Slovak Republic	33
Spain	670
Sweden	1,091
Switzerland	884
UK	2,249
USA	1,480
EU	1,075
Other organisations	13
	17,394

VC pledges for 2012 ¹

Country	(in KEUR)
Australia	368
Belgium	850
Canada	643
Ireland	650
Japan	120
Luxembourg	150
Spain	500
Switzerland	572
UK	320
	4,173

¹ Based on indications provided to Secretariat, amounts to be confirmed