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**Development Co-operation Directorate  
Development Assistance Committee**

**DAC Working Party on Development Finance Statistics**

**ASSESSING THE POLICY OBJECTIVES OF DEVELOPMENT CO-OPERATION  
ACTIVITIES: REVIEW OF THE REPORTING STATUS, USE AND RELEVANCE  
OF RIO AND POLICY MARKERS**

**Conclusions and recommendations**

Working Party on Development Finance Statistics  
Virtual meeting – 22-25 June 2020.

This note is circulated for DISCUSSION under item 9 of the draft annotated agenda [DCD/DAC/STAT/A(2020)2].

The note presents the conclusions of the comprehensive review on the reporting status, use and relevance of the Rio and policy markers, arising from the individual chapters of the review produced in 2019-20 [DCD/DAC/STAT(2019)2, DCD/DAC/STAT(2019)23, DCD/DAC/STAT(2019)31, DCD/DAC/STAT(2019)33, DCD/DAC/STAT(2020)5, DCD/DAC/STAT(2020)6, DCD/DAC/STAT(2020)25 and DCD/DAC/STAT(2020)26].

Comments are invited in particular on the recommendations in Part 4.

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# Highlights

1. This note concludes the comprehensive review of Rio and policy markers. The review is composed of a methodological note, nine chapters covering the individual markers (published in a series of documents in 2019-20 and discussed in various WP-STAT meetings), and this concluding piece. The review looked at the reporting status, use and relevance of the Rio and policy markers, taking into consideration all development finance reported in the Creditor Reporting System (CRS), by any data provider, available to the public.
2. Rio and policy markers are a cornerstone of the CRS statistical system. Markers are widely reported, the data have high visibility with the public and high relevance for development stakeholders and policy makers. Markers provide data to identify support to policy areas covered by international agreements and high-profile topics and are a key transparency tool for ODA and broader development finance. Markers are also complex to report, each with its own definition and eligibility criteria, and a qualitative scoring system. Introduced for the first time in 1997, with the latest additions the system of policy and Rio markers has reached twelve markers in 2018.
3. The review found that most markers work well, but showed also areas of improvement both at the systemic and marker-specific levels. These include increasing the data coverage, enhancing the data quality, and updating both the definitions of the markers and the general rules of the system to make them more responsive to the current realities of development finance, which today is more plural than at the time of development of the first markers. Finally, the review highlighted that while most markers are widely used and relevant, for some there is less attention from development stakeholders and data users.
4. The review suggests five approaches to improve the Rio and policy marker system. These are user centrality, systemic approach to all markers, a universal approach to all data providers, efficiency and data quality, and a flexible approach for future developments. Possible next steps are also identified for each of these areas.

# Introduction

1. The Secretariat performed in 2019-20 a comprehensive review of the reporting status, use and relevance of the Rio and policy markers. The WP-STAT had requested the review to discuss in detail the status of each marker as well as the marker system as a whole. The Secretariat was tasked to analyse nine markers for which data were available for several years, and to produce a note summarising the conclusions and recommendations.

2. Following a first methodological note, the Secretariat undertook nine independent reviews, the findings of which were issued in a series of documents in 2019-20 and discussed in a number of WP-STAT meetings (Table 1). The reviews were also discussed in other DAC subsidiary bodies, such as Environet, Govnet and Gendernet, where relevant. The last markers integrated in the CRS (disaster risk reduction, disability and nutrition) were reported on for the first time in 2019 on 2018 flows and were not included in the review. They are discussed briefly in this document where relevant.

**Table 1 - Comprehensive review: documents and discussions at WP-STAT and other subsidiary bodies**

Markers	Documents presented	Discussed at	Meeting outcomes
Methodology / Overview	DCD/DAC/STAT(2019)2	WP-STAT, 13-15 February 2019	DCD/DAC/STAT/M(2019)1, para.15
PD / GG	DCD/DAC/STAT(2019)2	WP-STAT, 13-15 February 2019 Govnet, 24 April 2019	DCD/DAC/STAT/M(2019)1, para.15 DCD/DAC/GOVNET/M(2019)1, para.32
Biodiversity	DCD/DAC/STAT(2019)2	WP-STAT, 13-15 February 2019	DCD/DAC/STAT/M(2019)1, para. 15
Gender Equality	DCD/DAC/STAT(2019)23	WP-STAT, 1-3 July 2019 Gendernet workshop, 3 July 2019	DCD/DAC/STAT/M(2019)2/FINAL, para. 56 <a href="https://one.oecd.org/event/92926">https://one.oecd.org/event/92926</a>
Environment	DCD/DAC/STAT(2019)33	WP-STAT, 16 December 2019 (Webex) Environet, 24 October 2019	DCD/DAC/STAT/M(2019)4, para.16 DCD/DAC/ENV/M(2019)2, para.16
Trade Development	DCD/DAC/STAT(2019)31	WP-STAT, 16 December 2019 (Webex)	DCD/DAC/STAT/M(2019)4, para. 14
Climate Change Adaptation	DCD/DAC/STAT(2020)6	WP-STAT, 24-26 February 2020	

RMNCH	DCD/DAC/STAT(2020)5	WP-STAT, 24-26 February 2020	DCD/DAC/STAT/M(2020)1/FINAL*
Climate change mitigation	DCD/DAC/STAT(2020)25	WP-STAT, 22-25 June 2020	DCD/DAC/STAT/M(2020)2/FINAL*
Desertification	DCD/DAC/STAT(2020)26	WP-STAT 22-25 June 2020	
Conclusions and recommendations	DCD/DAC/STAT(2020)24	WP-STAT 22-25 June 2020	

\* to be issued upon approval

3. This note draws on the reviews of the individual markers and on the first data collection of the three latest markers. It follows the same structure as the reports on the reviews of individual markers. Chapter 1 analyses the reporting rules, chapter 2 the reporting status and chapter 3 the use and relevance of the markers, and chapter 4 draws recommendations from the comprehensive review.

# 1. Reporting rules

4. This section comments on the objectives and the definition of the Rio and policy marker system, data perimeter and the scoring system.

## 1.1. Objectives and definitions

5. The policy marker system started to take shape in the second half of the 90's. In 1997 the Secretariat proposed to start tracking policy objectives of aid, and WP-STAT approved the introduction of four markers – gender equality, aid to environment, participatory democracy/good governance and direct assistance to poverty reduction<sup>1</sup>. The basic elements of the marker system were already present at that time: the three-value scoring system, the applicability to all bilateral aid (allocable and non-allocable) excluding administrative costs, and the implementation of the markers in the CRS at the activity level.

6. Following the introduction of the first four policy markers, other three markers were introduced to monitor aid targeting the so-called Rio Conventions: the United Nations Framework Convention on Climate Change (UNFCCC), the Convention on Biological Diversity (CBD) and the United Nations Convention to Combat Desertification (UNCCD). These new markers, called “Rio markers” were first implemented in the form of data surveys, starting from 1999-2000<sup>2</sup> covering biodiversity, climate change (mitigation) and desertification. Subsequently, in 2004, the Rio markers were added to the regular CRS data collection for a trial period of three years<sup>3</sup>. In 2008, they were included as permanent items of the data collection<sup>4</sup>. A specific marker to cover climate change adaptation was introduced in 2009<sup>5</sup>. Rio markers functioned in the same way as the policy markers, the main exception being the different eligibility criteria (see section 1.2 below).

7. The system of policy markers further expanded in the 2000's. While in 2004 the marker on direct assistance to poverty reduction was discontinued<sup>6</sup>, other markers were introduced in the following years. In 2007 the WP-STAT approved the introduction of the “Trade Development” marker, developed in concertation with the World Trade Organisation (WTO)<sup>7</sup>. In 2012, it was the turn of the marker on “Reproductive, Maternal and Neonatal Health” (RMNCH)<sup>8</sup>. In 2017, the marker on “Disaster Risk Reduction

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<sup>1</sup> See: DCD/DAC/STAT(96)5

<sup>2</sup> See: DCD/DAC/STAT(2000)8.

<sup>3</sup> See: DCD/DAC/STAT(2004)8.

<sup>4</sup> See: DCD/DAC/STAT(2008)20 and DCD/DAC/STAT/M(2008)2/FINAL.

<sup>5</sup> See: DCD/DAC(2007)39/FINAL/ADD3

<sup>6</sup> See: DCD/DAC/STAT/M(2004)1/FINAL

<sup>7</sup> See: DCD/DAC/STAT(2007)12/REV2

<sup>8</sup> See: DCD/DAC/STAT/M(2012)2/REV2

(DRR)” was introduced, linked to the Sendai Framework<sup>9</sup>. Finally, in 2018 two markers were introduced, namely “Inclusion and empowerment of persons with disabilities”<sup>10</sup>, linked to the Convention on the Rights of Persons with Disabilities, and “Nutrition”<sup>11</sup>.

8. Some markers underwent revisions of their definitions and eligibility criteria. This was the case of the gender marker, updated in 2006<sup>12</sup>, of PD/GG in 2010<sup>13</sup>, of the two climate change markers in 2015<sup>14</sup> and, finally, the Rio markers on biodiversity<sup>15</sup> and desertification in 2018<sup>16</sup> (see Table 2).

**Table 2 - Overview of the markers: year of introduction and revision of definitions, if any**

	<b>Introduction</b>	<b>Major Revisions</b>
Gender Equality	<b>1997</b> - DCD/DAC/STAT(96)5	<b>2006</b> - DCD/DAC/STAT(2006)18
Aid to Environment	<b>1997</b> - DCD/DAC/STAT(96)5	--
Participatory Democracy / Good Governance	<b>1997</b> - DCD/DAC/STAT(96)5	<b>2010</b> - DCD/DAC/STAT(2010)6 (revision of default codes only)
Direct assistance to poverty reduction	<b>1997</b> - DCD/DAC/STAT(96)5	<b>2004</b> (Discontinued) DCD/DAC/STAT/M(2004)1/FINAL
Biodiversity	<b>2000</b> - DCD/DAC/STAT(2000)8	<b>2018</b> - DCD/DAC/STAT(2018)25
Desertification	<b>2000</b> - DCD/DAC/STAT(2000)8	<b>2018</b> - DCD/DAC/STAT(2018)24
Climate change mitigation	<b>2000</b> - DCD/DAC/STAT(2000)8	<b>2015</b> - DCD/DAC/STAT(2015)25
Trade Development	<b>2007</b> - DCD/DAC/STAT(2007)12/REV2	--
Climate Change adaptation	<b>2009</b> - DCD/DAC(2007)39/FINAL/ADD3	<b>2015</b> - DCD/DAC/STAT(2015)25
Reproductive, Maternal and Neonatal Health (RMNCH)	<b>2012</b> - DCD/DAC/STAT/M(2012)2/REV2	<b>2017</b> - DCD/DAC/STAT/M(2017)2, para. 50 (scoring)
Disaster Risk Reduction	<b>2017</b> - DCD/DAC/STAT(2017)26	--

<sup>9</sup> See: DCD/DAC/STAT(2017)26

<sup>10</sup> See: DCD/DAC/STAT(2018)39/REV1

<sup>11</sup> See: DCD/DAC/STAT(2018)38/REV1

<sup>12</sup> See: DCD/DAC/STAT(2006)18

<sup>13</sup> See: DCD/DAC/STAT(2010)6

<sup>14</sup> See: DCD/DAC/STAT(2015)25

<sup>15</sup> See: DCD/DAC/STAT(2018)25

<sup>16</sup> See: DCD/DAC/STAT(2018)24

Inclusion and empowerment of people with disabilities	2018 - DCD/DAC/STAT(2018)39/REV1	--
Nutrition	2018 - DCD/DAC/STAT(2018)38/REV1	--

9. As of 2018, the system of Rio and policy markers reached a considerable level of complexity, with twelve active policy markers. Some members expressed concerns over the reporting burden, and the two latest markers (disability and nutrition) were approved as voluntary fields<sup>17</sup>. The same year, another policy objective field was approved as a voluntary reporting item, the SDG focus field, allowing up to ten goals or targets being recorded for each activity. The WP-STAT asked the Secretariat to perform comprehensive review of the Rio and policy markers and agreed on a moratorium on the inclusion of any new marker until its completion.

#### FOR CONSIDERATION

The comprehensive reviews highlighted that for some markers, the definition and/or the eligibility criteria could be improved to increase data quality, homogeneity and usefulness. This is particularly the case for PD/GG, trade development and, to a lesser extent, climate change mitigation.

## 1.2. Perimeter

10. The Rio markers and the policy markers have different perimeters of application. The Reporting Directives<sup>18</sup> establish the following rules:

*94. Policy objective markers except Rio markers should be applied to all bilateral aid excluding administrative costs. In other words, they will cover both sector-allocable and non sector-allocable aid. Similarly, they cover all forms of aid (e.g. investment projects, technical co-operation).*

*95. Rio markers should be applied to all bilateral ODA excluding general budget support (type of aid A01), imputed student costs (E02), debt relief (F01) except debt swaps, administrative costs (G01), development awareness (H01) and refugees in donor countries (H02).*

11. Despite the different perimeters, the Secretariat accepts and publishes marker values regardless of the type of aid, for both Rio and policy markers. In its own publications and analysis the Secretariat consistently uses only allocable aid (e.g. in the publications on aid in support of gender equality<sup>19</sup> or environment<sup>20</sup>).

<sup>17</sup> See: DCD/DAC/STAT/M(2018)2 para. 78-81.

<sup>18</sup> See: DCD/DAC/STAT(2018)9/ADD2/FINAL\_ para. 94-95.

<sup>19</sup> See: <http://www.oecd.org/dac/financing-sustainable-development/development-finance-topics/Aid-to-gender-equality-donor-charts-2019.pdf>

<sup>20</sup> See: <http://www.oecd.org/environment/environment-development/Aid-in-Support-of-Environment.pdf>

Table 3 - Rio and policy markers perimeter

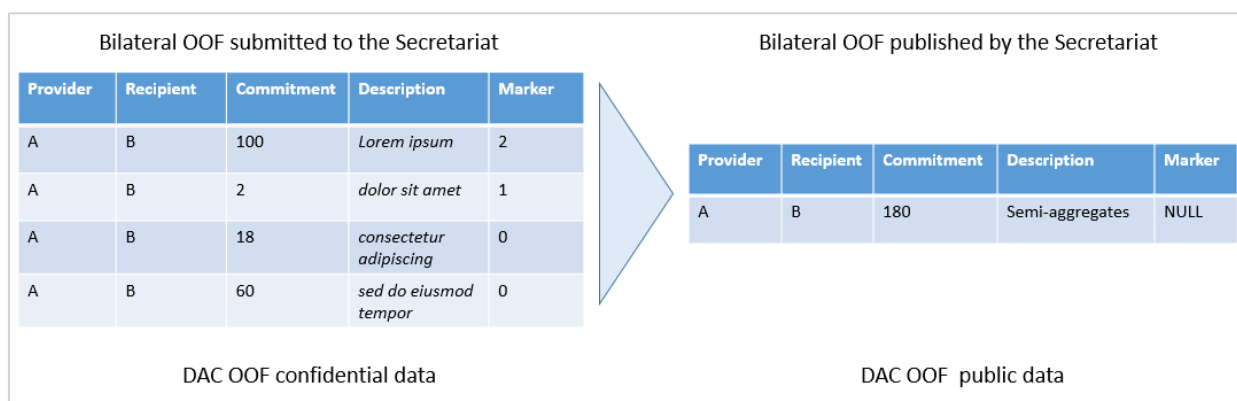
		Rio Markers	Policy Markers	Allocable
A01	General budget support			
A02	Sector budget support			
B01	Core support to NGOs, other private bodies, PPPs and research institutes			
B02	Core contributions to multilateral institutions			
B03	Contributions to specific-purpose programmes and funds managed by implementing partners			
B04	Basket funds/pooled funding			
C01	Project-type interventions			
D01	Donor country personnel			
D02	Other technical assistance			
E01	Scholarships/training in donor country			
E02	Imputed student costs			
F01	Debt relief	only debt swaps included		
G01	Administrative costs not included elsewhere			
H01	Development awareness			
H02	Refugees/asylum seekers in donor countries			
H03	Asylum-seekers ultimately accepted			
H04	Asylum-seekers ultimately rejected			
H05	Recognised refugees			

12. Another issue is the applicability of the marker to Other Official Flows (OOF). The statistical directives allow marking of OOF on a voluntary basis for the Rio Markers (but seems to limit the applicability of the policy markers to *all bilateral aid* only). In practice the Secretariat collects marker values on OOF for both policy and Rio markers, but the coverage of this reporting is limited and OOF information is not published.

13. Moreover, Rio and policy markers for bilateral OOF are lost during the data aggregation process. Bilateral OOF data are confidential at the activity level, and the Secretariat can share the data only in aggregated form. The process of aggregation consists in merging several individual records for each donor, so that information on each individual activity is not recognisable anymore<sup>21</sup>. When several confidential records are aggregated into one public record, the policy marker data cannot be retained and it is discarded (Figure 1).

<sup>21</sup> Each OOF record disclosed in the CRS comprises at least three confidential OOF activities. In this aggregation, some of the information specific to each underlying activity is necessarily removed. For example, if three activities from a provider country X to a recipient country Y are aggregated, and activity 1 is principal for climate change mitigation, while activity 2 and 3 do not target it, then the climate change mitigation marker information is discarded from the resulting aggregated OOF.

Figure 1 - DAC OOF aggregation workflow



## FOR CONSIDERATION

The statistical directives treat Rio and policy markers differently, in particular for the perimeter of application, without explicitly discussing the reasons for this distinction. Members should reflect if the rules that govern the reporting of Rio and policy markers should be harmonised, also considering the practice of publishing markers only for allocable aid.

Information on the marking of bilateral OOF can be very valuable, but it is either non-submitted to the Secretariat, or discarded by the Secretariat when aggregating data to allow public disclosure. Members could improve the coverage of OOF and allow the Secretariat to disclose activity-level data to increase transparency on non-concessional development finance.

The coverage of OOF in the statistical directives could be encouraged for both Rio and policy markers.

## 1.3. Scoring

14. Currently, all Rio and policy markers share the same 0-1-2 scoring system. The latest revision of the statistical directives approved in 2018 clearly state that “data collection on all policy objectives of aid is based on a marking system with three values”<sup>22</sup>.

15. Two markers had a different scoring system in the past.

- The desertification marker initially allowed scoring also with the additional value “3”, used to identify activities with the “principal objective and in support of an action programme”<sup>23</sup>. The score “3” was seldom used and it was discontinued.
- The RMNCH marker was introduced with a distinct quantitative scoring system of five values, associated with financing percentages (4=100%, 3=75%, 2=50%, 1=25%, 0=0%).<sup>24</sup> The system also included a “crosswalk” to transform data produced in the traditional 0-1-2 scoring system to the five values 0-1-2-3-4. The adoption of the new system was uneven and with a series of

<sup>22</sup> See: DCD/DAC/STAT(2018)9/ADD2/FINAL paragraph 87.

<sup>23</sup> See: DCD/DAC(2007)39/FINAL/ADD3.

<sup>24</sup> See: DCD/DAC/STAT/M(2012)2/REV2 paragraphs 19-20.

decisions since 2017 the WP-STAT agreed to revert back to the standard 0-1-2 system<sup>25</sup> and to revert all the data previously submitted with the 5 values to this standard system.<sup>26</sup>

16. The directives clearly indicate that both policy and Rio markers are not intended to be quantitative tools. They affirm that *policy marker data are descriptive rather than quantitative, that the system allows for the identification of activities targeted to a policy objective*<sup>27</sup> and that *the Rio markers were originally intended to track the mainstreaming of environmental considerations into development co-operation rather than providing a quantification of finance*<sup>28</sup>.

17. The directives however also promote the use of the markers in quantitative way by introducing the concepts of “upper bound” and “lower bound”<sup>29</sup>:

- Lower bound – sum of activities marked principal
- Upper bound – sum of activities marked principal or significant.

The categories of upper and lower bound are used extensively in publishing data for some markers (such as gender equality, or Rio markers), but less for others.

18. The WP-STAT agreed in 2018 to undertake a biennial survey on the coefficients that members apply to Rio marker data in their reporting to the UN Conventions on Climate Change and on Biodiversity<sup>30</sup>. The first survey was launched in 2018 and is being repeated in 2020<sup>31</sup>. The first survey showed both homogeneity and differences between members. While the coefficient for the activities marked principal is generally 100%, the coefficients used for the activities marked significant vary between 40% and 100% depending on members.

19. Some markers are associated by default with purpose codes. For example, when an activity is coded with the purpose code 41030 (Bio-diversity) it is also marked by default as principal for the biodiversity marker. This is reasonable and practical if limited to few specific codes but in at least one case (PD/GG) a larger number of codes is associated by default, blurring the distinction between the sector classification and the cross-cutting policy objectives of aid.

20. A default linkage exists also between the Rio markers and the environment marker. The Secretariat suggests reporters to mark the environment marker with the same values as the Rio markers, although this is not strictly enforced<sup>32</sup>.

## FOR CONSIDERATION

The 0-1-2 qualitative scoring system is a cornerstone of the marker methodology from the very beginning. At the same time, marker data are often used in quantitative ways beyond their original meaning and, in some cases, are transformed by members in quantitative data through the use of coefficients. There is

<sup>25</sup> See: DCD/DAC/STAT/M(2017)2

<sup>26</sup> See DCD/DAC/STAT/M(2020)1/FINAL (forthcoming)

<sup>27</sup> See: DCD/DAC/STAT(2018)9/ADD2/FINAL para.86

<sup>28</sup> See: id. para. 113

<sup>29</sup> See: DCD/DAC/STAT(2018)9/FINAL (box. 7) and DCD/DAC/STAT(2018)9/ADD2/FINAL (para.112).

<sup>30</sup> See: DCD/DAC/STAT/M(2018)2 para. 87

<sup>31</sup> See: <https://oe.cd/RioSurvey2018>

<sup>32</sup> See: DCD/DAC/STAT(2019)27

clearly a demand for quantitative data in some areas, but attempts to introduce a quantitative approach with the RMNCH marker failed.

Members might reflect on whether the 0-1-2 system is still the adequate solution in the long run for all markers, or if there are policy areas where a true quantitative measure, or hybrid approaches, could better serve the transparency needs.

Members might also wish to reflect on the “default” marking rules and on their enforcement.

#### 1.4. Availability of guidance documentation

21. The Secretariat has produced several guidance documents to support both data reporters and analysts in using the Rio and policy markers. These are:

1. Handbook on the OECD-DAC gender equality policy marker<sup>33</sup>
2. OECD DAC Rio markers on Climate - Handbook<sup>34</sup>
3. Indicative table for scoring the biodiversity marker<sup>35</sup>
4. Handbook for data reporters and users – disability (forthcoming)
5. Handbook for data reporters and users – nutrition (forthcoming).

#### FOR CONSIDERATION

Guidance documents – such as the ones on climate and gender equality – have proved successful with data analysts and policy communities. There is a clear need of communicating in an accessible way how to report and analyse marker data. Members and the Secretariat could discuss priority areas to improve the communication of the methodologies for data reporters and analysts.

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<sup>33</sup> See: <http://www.oecd.org/dac/gender-development/Handbook-OECD-DAC-Gender-Equality-Policy-Marker.pdf>

<sup>34</sup> See: [http://www.oecd.org/dac/environment-development/Revised%20climate%20marker%20handbook\\_FINAL.pdf](http://www.oecd.org/dac/environment-development/Revised%20climate%20marker%20handbook_FINAL.pdf)

<sup>35</sup> See: DCD/DAC/STAT(2018)26/FINAL

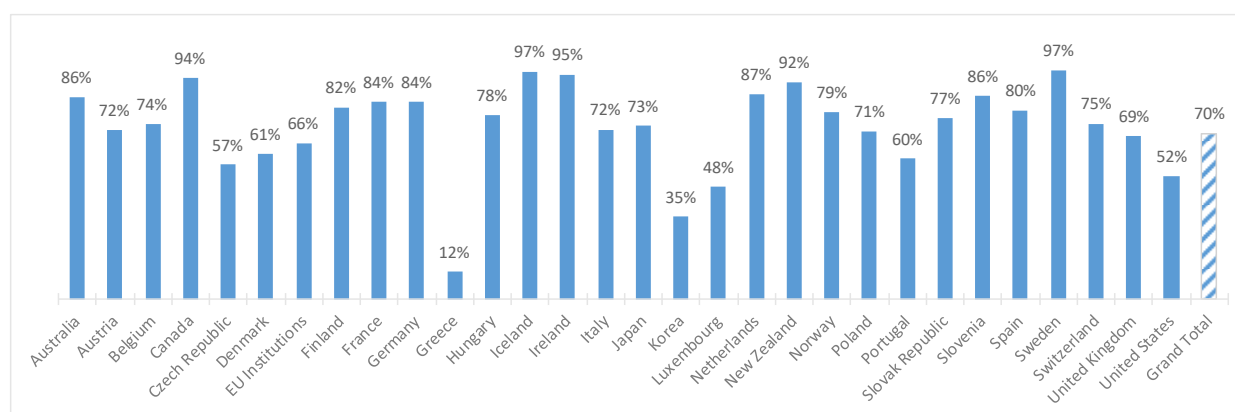
## 2. Reporting status

22. This part covers the overall reporting status by type of provider and marker, and reflections on the quality of microdata for each marker.

### 2.1. Reporting by type of provider and category

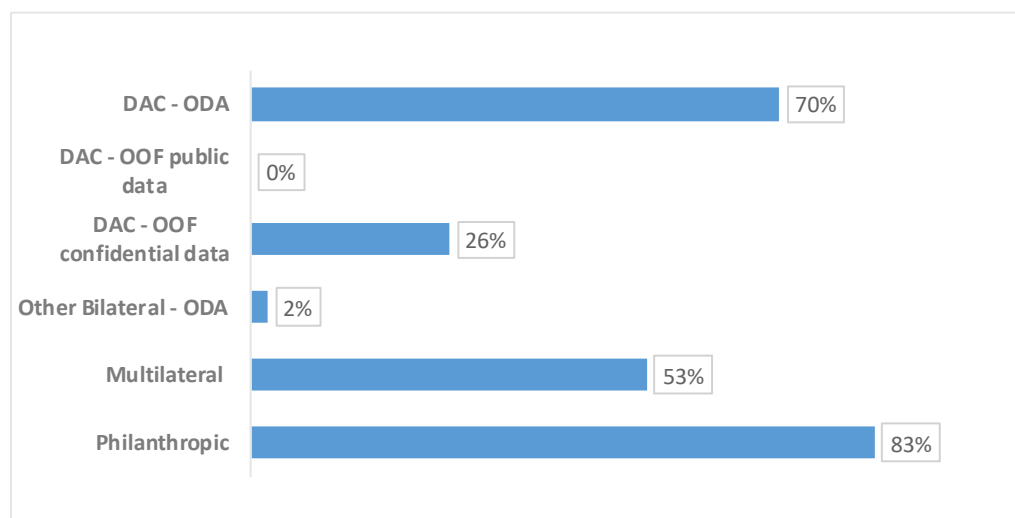
23. The Rio and policy markers are a key transparency tool for ODA from DAC donors. The large majority of bilateral allocable ODA from DAC donors, over 70%, is marked with at least one marker. Most DAC members make an intensive use of the marker system, with Canada, Iceland, Ireland, New Zealand and Sweden marking over 90% of their bilateral allocable ODA with one or more markers (Figure 2).

**Figure 2 - Shares of bilateral allocable ODA from DAC members with at least one marker (significant or principal), 2018.**



24. Despite being originally designed to cover ODA from DAC members, Rio and policy markers are widely used also in other cases (Figure 3). Over half of the multilateral development finance (53%) and the large majority of philanthropic finance (83%) are also flagged with at least one marker. DAC members make use of the marker system also for OOF: over one-quarter of bilateral OOF (26%) reported to the CRS is flagged with at least one marker, but this information is lost in the aggregation process, so publicly available OOF data did not include any marker values (0%) in 2018 (see paragraph 13 above).

**Figure 3 - Shares of ODA and other development finance with at least one marker (significant or principal), DAC members, multilateral and philanthropic institutions, 2018.**



#### FOR CONSIDERATION

The role of the markers expanded from being an instrument specific to ODA from DAC members to a widely used tool to increase the transparency of development finance from all providers and for all categories of finance. Yet, the statistical directives do not clearly spell out the application of the markers for OOF. More efforts could also be made to popularise the use of the markers with non-DAC provider countries.

The handling of marker information for bilateral OOF does not encourage reporting. If the submitted data are inaccessible to the public, there is little motivation to submit the data.

## 2.2. Coverage by marker

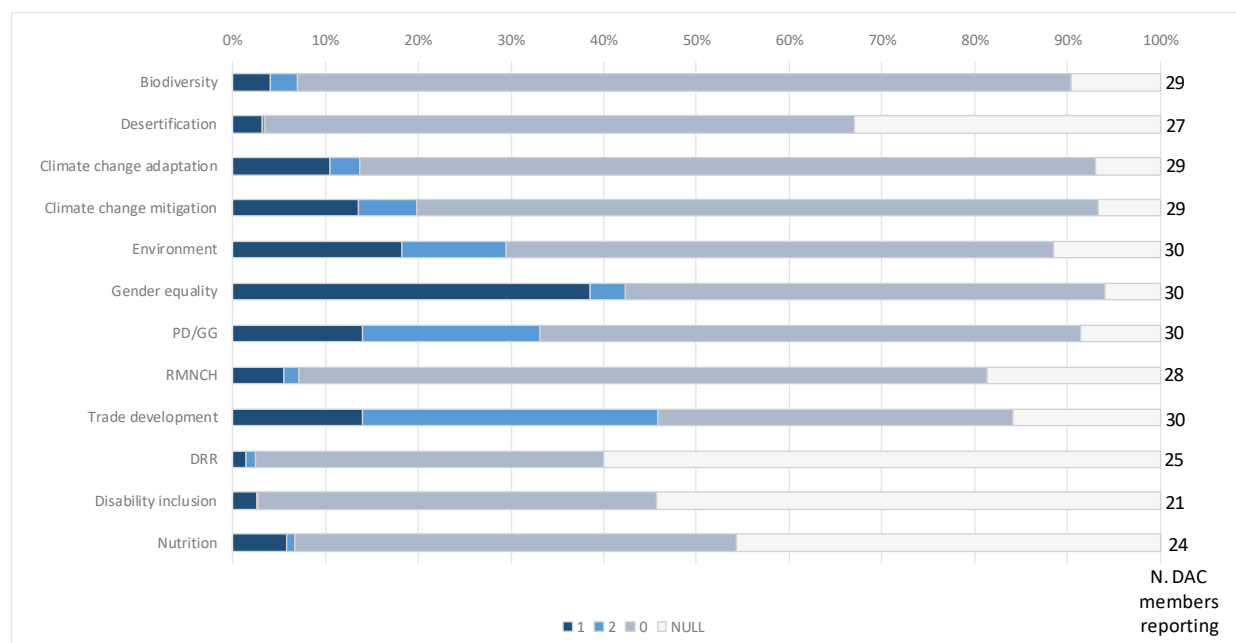
25. For DAC members, the reporting coverage is comprehensive for most, but not all, markers (Figure 4). The coverage is calculated here as the share of bilateral allocable ODA that is marked either 0, 1 or 2<sup>36</sup>. Five markers have coverage shares higher than 90% (biodiversity, mitigation, adaptation, gender equality and PD/GG), followed by environment, trade development<sup>37</sup> and RMNCH (with shares above 80%), and desertification (67%). The three markers with lower coverage are the most recent ones, for which data were collected for the first time in 2019 (on 2018 flows). The low coverage in the first year of reporting is to be expected, as the implementation of the markers in national systems take a few years. Interestingly, the DRR marker, for which reporting is mandatory, had a lower coverage (40%) than disability and nutrition

<sup>36</sup> The reviews of the single markers calculated the coverage on the basis of total bilateral ODA (allocable and non allocable).

<sup>37</sup> Calculated on the basis of eligible purpose codes only.

(46% and 54% respectively) for which reporting is voluntary. Not all DAC members report all mandatory markers. In 2018 only four markers were reported by all members (Figure 5).

**Figure 4 - Reporting on the policy markers by DAC members, by marker and score, shares over bilateral allocable ODA and number of DAC members reporting, 2018.**



### 2.3. Microdata review

26. Assessing the quality of the reporting is both important and challenging. There is not a unique metric to assess “data quality” and the review of the markers looked principally at two aspects: the coherence between the available information and the scoring of the activities, and coherence across reporters. The main challenge in assessing data quality is information asymmetry. Data providers mark their projects on the basis of their internal project documentation, which specifies objectives and activities in detail, but this information is not part of the CRS. Consequently, the review could only take into consideration the information contained in text fields “title” and “description”, and in other data fields such as purpose codes and types of aid. Therefore “data quality” in the context of the review could only be assessed comparing the information reported in the CRS, rather than taking into account the original project documentation.

27. The statistical directives clearly invite data providers to ensure that markers are coherent information in the descriptive fields. The directives on the Rio markers state as follows:

*To facilitate transparency and in light of public scrutiny of the Rio marker data, it is important that, in activity descriptions reported to the CRS, the relation between the activity and the objective (e.g. climate change mitigation, climate change adaptation, other) is clearly communicated and made explicit, especially for principal score and largest activities (recognising the administrative constraint when numerous small activities are concerned) <sup>38</sup>.*

<sup>38</sup> See: DCD/DAC/STAT(2018)9/ADD2/FINAL, paragraphs 102 and 106.

28. The review analysed in detail a subset of the projects marked principal, which represented in most cases 60%-80% of the projects scored principal for each marker. Two or three reviewers were asked if the score principal seemed correct according to the information available in the CRS database (sector code, project title, long description), or if a score significant or not targeted was more appropriate. The reviewers conducted the test independently. Reviewers also looked at the largest projects for each type of aid (both principal and significant) to have a broader picture of the reported data. Reviewers took into account all development finance by all data providers. In most (but not all) cases limiting the review to ODA from DAC members improved the results of the review.

29. Reviewers found data quality good for some markers, while for others improvements were found desirable. Importantly, data quality does not only depend on the practices of the data providers, but also on how the markers are defined. Some markers have a quite broad definition while for others very specific criteria are set. Markers with very strict definitions and eligibility criteria may be more difficult to report correctly. Conversely, for some markers a broad definition is difficult to confute, and data passed more easily the reviewers' analysis. In general:

- Reviewers found that markers with overall good reporting included environment, climate change mitigation, desertification, trade development and, to a lesser extent, RMNCH.
- Reviewers found that data quality for the following markers could be improved: biodiversity, gender equality, PD/GG and, less prominently, climate change adaptation.

30. The results of the review of the individual markers reflect various issues. Some markers are more complex to apply (and to evaluate) than others. For example, climate change adaptation activities could be more heterogeneous than climate change mitigation, and therefore more difficult to report and to assess. In some other cases, the definition of the marker is very broad (e.g. trade development) and therefore difficult to confute. In yet other cases (e.g. gender equality), the marker is more focused on identifying mainstreaming and data are overwhelmingly coded with the score significant, the accuracy of which is more difficult to assess. Finally, the results of the review depend on the quality of the descriptive fields, which is heterogeneous.

31. The Secretariat's ability to check the marking submissions is limited. Twelve markers, each with three possible scoring values, result in over half a million possible combinations of marker values for each record. There is simply not enough information in the text fields to meaningfully verify the score of all markers. Even if all information was available, checking the marker values for over 250 000 records submitted each year is unfeasible resource-wise, as the Secretariat's main focus is to verify the ODA eligibility of the submitted data. Some checks are however performed, in particular for default values and if the data are for some reason flagged for revision.

#### **FOR CONSIDERATION**

Policy and Rio markers are complex statistical tools. The data quality, intended as the conformity with the reporting directives, and their homogenous interpretation, depends both on the reporting practices and on how the rules are designed and communicated.

An equilibrium has to be found between too generic rules (that are difficult to confute and therefore are valid in most cases) and very detailed rules (that are difficult to apply and verify). The applicability of the rules is of crucial importance in obtaining quality data and uniform reporting among members, and should be carefully considered when designing or revising the markers.

## 3. Use and relevance

32. The use and relevance of each marker has been analysed through qualitative assessments of the end uses of the markers and their impact. The reviews checked for mentions of the marker and utilisation of the data in institutional reports and academic papers. Relevance was assessed looking at examples of the utilisation of the marker in target settings and monitoring processes.

### 3.1. Use

33. Rio and policy markers are among the most high-profile, visible elements of the CRS statistical system. Markers feed data to the monitoring processes of international agreements, they are used for internal target settings by development finance providers, provide the baseline data for publications from international organisations, governments and independent scholars, and are key transparency tools used by civil society organisations. However, not all markers are widely used. In some cases the topic has received less attention in recent years, in some other cases the data resulting from the marker are unclear. Accessibility also plays a role. While environment and gender related data are easily accessible through online platforms and data visualisation tools, the data for other markers are hidden in the CRS bulk download files which are difficult to access and to handle.

34. Markers that are widely used include the gender marker, the Rio markers and the environment marker (the latter slightly less than the others). All these six markers are related to international agreements and high-profile policy areas. Statistical figures for environment-related aid and for gender-related aid are published yearly by the OECD in the form of independent publications<sup>39</sup>. Data for gender equality related aid and for environment-related aid are easily accessible through the statistical platforms OECD.stat and dedicated pages as well as visualisation tools on the OECD website. The Rio markers are used by DAC members as a starting point for their submissions to the Rio conventions on climate change, biodiversity and desertification, while the gender equality marker has become a major tool in the monitoring of gender mainstreaming in development co-operations activities. Both the gender marker and the environment-related markers have guidance tools available that also support both the use and interpretation of the data.

35. The other markers are less used. The PD/GG marker has not been updated since its inception in 1997, while the governance concepts have evolved substantially. The trade development marker is linked to the pledges of the “aid for trade” initiative, and the data have received less international attention than other policy areas. Both PD/GG and Trade development marker data are closely interlinked with the sector classification, either through a large number of default codes (PD/GG) or through a limited number of eligible codes (trade development). As regards the RMNCH marker, its limited adoption seems more linked to issues related to coverage and scoring, than with the definition in itself or the public interest (which is actually quite high). The PD/GG, Trade or RMNCH marker data are not easily accessible by the public. These markers have not dedicated OECD.stat tables or specific pages with visualisation tools, and there is no additional guidance documentation available. These three markers are only accessible through the

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<sup>39</sup> See notes 19 and 20.

CRS bulk files, and the only guidance available is the text contained in the statistical directives. In other words, PD/GG, RMNCH and trade development markers are less used, but also less easy to use.

36. As regards the most recent markers (DRR, disability and nutrition), it is not yet possible to evaluate their use. Guidance documentation is being developed for both the disability and nutrition markers and will be released in 2020.

### 3.2. Relevance

37. The relevance of the markers for development co-operation activities closely follows the use patterns discussed above. All the environment-related markers and the gender marker are very relevant tools for target settings and monitoring. The presence of these markers, and the necessity to report them, clearly influences the way development co-operation activities are designed.

38. For the other markers relevance is less pronounced. The trade development marker is internally used by some development finance providers for monitoring a specific policy target, but not by all. As regards the RMNCH marker, it is difficult to evaluate its relevance, because of its relatively recent introduction and – so far – limited use. Institutional use and the relevance of the PD/GG marker has been evaluated through a questionnaire that was circulated to the members of the DAC Network on Governance (GovNet) at their 25th plenary meeting in September 2018. This highlighted some internal use of the marker but also the necessity to update it. A debate is ongoing within the Govnet community on how to reform the marker to make it more relevant in the current development co-operation landscape. An initial PD/GG reform proposal is presented for discussion at the Govnet meeting of June 2020<sup>40</sup>.

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<sup>40</sup> See: DCD/DAC/GOVNET(2020)6 and DCD/DAC/GOVNET(2020)7

## 4. Conclusions and recommendations

39. Rio and policy markers are a cornerstone of the CRS statistical system. Markers are widely reported, the data have large visibility with the public and relevance for development stakeholders and policy makers. Markers provide data to identify support to policy areas covered by international agreements and high-profile topics and are a key transparency tool for ODA and development finance. Marker data are featured in publications by international organisations, governments, independent scholars and the civil society. Marker data allow the public to debate the type of support that development finance provides to selected high-profile topics and work as a target-setting and monitoring tool.

40. Rio and policy markers have been revised on an ad-hoc basis since their introduction. However, the comprehensive review performed in 2019-20 is the first global look at the state of health of each marker in a structured way, and of the system as a whole. The individual chapters of the review provided conclusions and recommendations for each marker<sup>41</sup>.

41. Most markers work well, but the review showed also areas of improvement both at the systemic or marker-specific levels. As a general rule, markers work better when the policy objective is truly cross-sectorial, when the topic is of high policy interest, eventually linked to an international agreement or a strong stakeholder community. Policy and Rio markers work better when the right equilibrium is found in the definition and eligibility criteria between being too generic and permissive or too strict and detailed. If a definition is too permissive, it is difficult to confute and a large number of projects loosely related with the policy objective can be marked. If a definition is too strict, the marker might be difficult to implement and verify, and there could be incoherencies in the reporting practices between providers that apply the rules more or less rigidly. Assuring data quality is ultimately a continuous process, which includes both adjustments to the reporting rules and to the reporting practices, and continuous monitoring and feedback.

42. Marker coverage evolved along the years. While initially developed to cover ODA from DAC members, they are now also implemented by multilateral organisations, philanthropic institutions, and to a lesser extent by other bilateral providers. Marker coverage extends to non-concessional flows by multilateral organisations and – with some limitations – to bilateral OOF. Despite most of the reporting guidance still closely refers to ODA only, while the review took a “whole of development finance” approach. The review was developed from the point of view of the data user, taking into account only the data that the Secretariat makes publicly accessible.

43. The review concludes with five system-wide recommendations for discussion, and possible follow-up actions, complementing the specific recommendations already formulated for each of the nine markers, as follows.

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<sup>41</sup> See Table 1.

### **1. Adopt a user-centered approach.**

The Rio and policy markers are statistical tools that produce data, which are ultimately used by development stakeholders and the public. The markers are as useful as they are able to fulfil relevant information needs of development stakeholders and the public, ensuring transparency to the policy objectives of development co-operation activities. The needs of the data users, and how the policy markers satisfy these needs, should play a central role in the approach of designing and maintaining the policy marker system. A user-centered approach would mean maintaining an open channel of communication between data producers and data users, building dedicated resources pages to train both reporters and analysts, improving the data accessibility and maintaining a system to track the user needs. Some of these elements are already present, particularly for some highly used markers but they could be reinforced and made universal.

#### **Possible next steps could include:**

- Build a dedicated marker resource page for each marker.
- Improve access to marker data through either OECD.stat or other OECD webpages.
- Implement innovative visualisation/extraction tools that could combine data from several policy markers and provide advanced filtering and selection tools.
- Provide clear guidance documentation, to both data reporters and users. Increase the activities of outreach and training for policy communities and users.
- Keep record of the major publications and articles citing markers data.
- Provide a feedback mechanism for the data users.

### **2. Adopt a systemic approach.**

So far markers have been divided in the two categories of Rio and policy markers, with a differentiation that is not clearly justified in the statistical directives. Furthermore, markers are mostly discussed in isolation (with the notable exception of the two climate change markers) and not so much as a part of a coherent system. Adopting a systemic approach would mean making the rules for Rio and policy markers uniform, and explicitly addressing the overlaps between the markers and their relation to the SDGs.

#### **Possible next steps could include:**

- Implement a uniform approach for Rio and policy markers, simplifying the reporting directives and adopting uniform language.
- Address the linkages between some markers, in particular between the environment marker and the Rio markers on mitigation, bio-diversity and desertification, and between adaptation and DRR.
- When introducing, editing or removing a marker, assess the effects that this will have on the reporting practices overall (including on reporting the SDGs).

### **3. Adopt a universal approach.**

Markers have been developed as statistical tools to track policy objectives of ODA from DAC members, but they have become a tool used for all development finance by all providers. Markers are used on a voluntary basis for bilateral OOF, for the development finance provided by multilateral institutions and for philanthropy. The expansion of the use of the markers to other typologies of financing flows and finance providers happened without substantial changes to the language contained in the statistical directives and reporting practices. The utilisation of the markers outside the perimeter of ODA from DAC members is already significant, particularly for

some markers, but could be further reinforced. Furthermore, in the case of OOF, from bilateral donors some data are being reported, but must be kept confidential by the Secretariat, undermining its usefulness to the public and the incentive to increase reporting.

**Possible next steps could include:**

- Explicitly promote the use of the marker in bilateral OOF.
- Allow disclosure of bilateral OOF data on a voluntary basis.
- Build visualisations / data extraction tools that are able to provide to the public marker data of OOF in an aggregated form.
- Support reporting of markers from non-DAC bilateral providers, multilateral and philanthropic institutions.
- Clarify in the reporting directives that while markers remain an important and necessary tool for ODA reporting, they aim to be a universal tool used for any development finance transaction reported, by any data provider.

**4. Adopt an efficient, data quality approach.**

Marker data are expensive to produce and challenging to check. While purpose codes can be in the hundreds, there is only a limited number of policy markers that is implementable in the system due to resource limitations both for data providers and the Secretariat. Markers are difficult to implement in the system and, despite a growing concern over the reporting burden and its effect on data quality, difficult to delete. It is clearly a common interest to maintain a policy marker system that produces high quality data and promote the integration of core development co-operation policy objectives. Members should consider reforming or deleting the markers that are not relevant, or that are not able to produce quality data. The Secretariat should be able to systematically check the marker data, at least for the largest operations marked principal and assure a stricter quality control.

**Possible next steps would include:**

- Start a reflection on the less used markers and their costs and benefits. Reform or delete the markers that do not respond anymore to user information needs or that are no more relevant for target settings and monitoring of core development co-operation objectives.
- Establish a dedicated review mechanism for Rio and policy markers, in particular for the activities marked principal and for large activities. This could include in-depth manual screening, automated checks with a machine learning tool, and quicker feedback mechanisms to reporters.
- Improve the quality of the text descriptions. Development co-operation activities are scrutinised (both internally and externally) through the titles and descriptions of the activities provided in the CRS database. The descriptions do not always provide sufficient justification for the markers and should be made more explicit.

**5 Adopt a flexible approach.**

Markers might not be the only solutions to cover cross-cutting policy objectives. The CRS has implemented an SDG field which has been first reported in 2018 by several DAC members (and non-DAC providers) although without the principal/significant detail. Other options could be feasible to track policy objectives alongside policy markers and SDGs. A keyword system could also be introduced in the CRS to have a fast, flexible tool to cover emerging cross-cutting areas (such as COVID response and recovery) without resorting to implement new policy markers.

**Possible next steps could include:**

- Consider the creation of a structured keywords system in the CRS that could pick-up tracking of emerging policy areas.