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**Development Co-operation Directorate
Development Assistance Committee****Cancels & replaces the same document of 3 October 2025****DAC Working Party on Development Finance Statistics****Exploring metrics on locally led development based on the Creditor Reporting System**

WP-STAT open session, "Development Finance Data Forum"
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This document presents possible metrics on locally led development (LLD) based on the Creditor Reporting System (CRS).

Discussions on developing these metrics were initiated in 2024 in the context of two separate work streams, the DAC Peer learning exercise on locally led development [[DCD/DAC\(2023\)5](#)] and the WP-STAT review of the DAC Recommendation on Untying ODA [DCD/DAC/STAT(2024)18]. At its December 2024 meeting, the DAC confirmed its interest in this work and mandated the WP-STAT to establish one or several metrics on locally led development, building on the discussions that already took place within the working group.

At the March 2025 WP-STAT meeting, the Secretariat presented a proposal featuring two LLD metrics. This document updates that proposal based on members' feedback and includes ODA simulations (estimations of ODA volumes of the proposed options).

This document is presented for discussion under panel 1.1 of the WP-STAT open session called "Development Finance Data Forum" [DCD/DAC/STAT(2025)54]. Participants are invited to discuss the two complementary metrics presented in section 2 and share feedback on the questions raised in paragraph 5.

This cancel-replace corrects the reference to document [[DCD/DAC/STAT\(2025\)56](#)].

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Exploring metrics on locally led development based on the Creditor Reporting System

Table of contents

Exploring metrics on locally led development based on the Creditor Reporting System	2
1. Introduction	3
2. Exploring possible metrics on locally led ODA.....	4
2.1. Share of ODA channelled to local entities	5
2.2. Share of ODA for locally owned programmes	13
3. What should be the overall objective and use of the metrics?	22
Annex A. Examples of programme-based approaches not channelled to local entities	25

Tables

Table 1. The CRS channel of delivery taxonomy	8
Table 2. Co-operation modalities in support of locally owned programmes	15
Table 3. PBA-flagged ODA disbursements by parent channel category in 2023	19

Figures

Figure 1. DAC members' and multilateral organisations' ODA disbursements channelled to local entities, total volume (USD million)	12
Figure 2. DAC members' and multilateral organisations' ODA disbursements channelled to local entities, as a share of bilateral ODA (weighted by total flows)	12
Figure 3. DAC members' and multilateral organisations' ODA disbursements channelled to local entities as a share of bilateral ODA (unweighted average)	13
Figure 4. Breakdown of PBA-flagged disbursements in 2023 by co-operation modality	17
Figure 5. Bilateral ODA disbursements to local entities for locally owned programmes, total volume (in USD million)	21
Figure 6. Bilateral ODA disbursements to local entities for locally owned programmes, as a share of total bilateral ODA (weighted by total flows)	21
Figure 7. Bilateral ODA disbursements to local entities for locally owned programmes, as a share of ODA to local entities (weighted by total flows)	22

Boxes

Box 1. Reporting on programme-based approaches in the Creditor Reporting System (CRS)	17
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Broader policy context

Local ownership has been a cornerstone of the effectiveness agenda since the Paris Declaration on Aid Effectiveness. In recent years, it has regained prominence within the DAC's development co-operation framework through the concept of locally led development (LLD). Several DAC members have endorsed various commitments aimed at advancing LLD, recognising its importance in fostering sustainable and inclusive development. In December 2024, the DAC tasked the WP-STAT with developing potential metrics for locally led development, using a proxy based on CRS data.

This work has gained further relevance in light of the outcomes of the Fourth International Conference on Financing for Development.

1. Introduction

1. This document presents possible metrics on locally led development based on the [Creditor Reporting System \(CRS\)](#). It is submitted for discussion at the WP-STAT open session called “Development Finance Data Forum”, organised on 14 October in the margins of the meeting of the Development Assistance Committee (DAC) Working Party on Development Finance Statistics (WP-STAT). The objective is to inform the Secretariat’s work on developing LLD metrics.

2. Discussions on developing these metrics were initiated in 2024 in the context of two separate work streams, the DAC Peer learning exercise on locally led development [DCD/DAC(2023)5]¹ and the WP-STAT review of the DAC Recommendation on Untying ODA [DCD/DAC/STAT(2024)18]. At its December 2024 meeting, **the DAC agreed**, as part of follow-up actions to the locally led development (LLD) peer learning, **to mandate the WP-STAT to establish one or several metrics on locally led development**, building on the discussions that already took place within the working group [see DCD/DAC/M(2024)12].

3. At the March 2025 WP-STAT meeting, the Secretariat presented **a proposal featuring two LLD metrics**: (i) the share of ODA channelled to local entities, and (ii) the share of ODA supporting locally owned programmes. This **updated document** reflects members’² feedback, proposes a phased approval approach – starting with the more widely supported metrics and continuing to refine others with interested members – and includes simulations to estimate the ODA levels for each metric. This work also contributes to the broader efforts to enhance the relevance of ODA data from the perspective of partner countries, and supports follow-up actions from the **Fourth International Conference on Financing for Development (FFD4)**, which places strong emphasis on locally led development.

4. The remainder of this document is organised as follows:

¹ See the synthesis report: OECD (2024), *Pathways Towards Effective Locally Led Development Co-operation: Learning by Example*, OECD Publishing, Paris, <https://doi.org/10.1787/51079bba-en>.

² In this document the term “members” is used to refer to members of the Development Assistance Committee (DAC).

- In section 2, two possible and complementary metrics on locally led ODA are proposed. The metrics build on those discussed at the March 2025 WP-STAT meeting, with some adjustments to address members’ comments and to reflect further analysis by the Secretariat.
 - Section 3 discusses the overall objective and use of these metrics.
5. **As part of discussions under Panel 1.1 “What metrics for measuring LLD”, participants to the Development Finance Data Forum are invited to share comments and provide feedback on the following questions:**
- i. Metric(s) on the share of ODA channelled to local entities (see section 2.1):**
 - a) Does the revised metric focused on bilateral aid serve as a good proxy for locally led ODA? Is the definition of “local entities” appropriate?
 - b) Would it be valuable to replicate the metric for total ODA, including multilateral aid?
 - c) Would there be value in piloting an annual survey of donors to assess the share of ODA extended to local entities through their lead partners, i.e., non-local intermediaries (this topic will also be discussed separately under panel 1.2)³?
 - ii. Metric(s) on the share of ODA for locally owned programmes (see section 2.2):**
 - d) Does the revised core metric – based solely on co-operation modalities such as budget support and core support – adequately capture locally led ODA across donors?
 - e) Would it be useful to test, with interested members, a sub-metric that captures:
 - Local ownership beyond co-operation modalities, using the CRS PBA flag and potentially a new voluntary LLD thematic keyword?
 - Local ownership via non-local intermediaries, using the CRS PBA flag and potentially a new voluntary LLD thematic keyword?
 - f) Would there be value in piloting an annual survey of donors to assess the share of ODA for locally owned programmes delivered through their lead partners, i.e. non-local intermediaries?
 - iii. Participants are invited to share comments on the overall objective and use for the metrics (see section 3).**

2. Exploring possible metrics on locally led ODA

6. In order to minimise any extra reporting burden for members, the objective is to explore possible LLD metrics that are entirely based on already existing CRS fields. At the March 2025 WP-STAT meeting, two metrics were proposed, building on earlier discussions held during the DAC peer learning exercise on LLD and the untying review:
- i)** the share of ODA channelled to local entities, and
 - ii)** the share of ODA for locally owned programmes.
7. Most members welcomed the first metric, citing its simplicity and ease of implementation. In contrast, the second metric raised concerns among many members due

³ See [DCD/DAC/STAT(2025)56].

to issues related to data quality, in particular concerning programme-based approaches (PBAs), although some indicated interest in exploring it further. Furthermore, some members stressed the importance of capturing LLD via non-local intermediaries.⁴

8. Based on these discussions, a possible way forward could be as follows (see sections 2.1 and 2.2 for more details):

- **Metric (i):**
 - The WP-STAT could consider agreeing on this metric first as a comparative proxy for LLD across all DAC donors.
 - Revised parameters have been proposed, reflecting member feedback and focusing on bilateral ODA.
 - Once consensus is reached on the parameters, the metric could be extended to include multilateral ODA.
 - The WP-STAT could consider piloting a complementary survey to be completed by interested members on the share of ODA channelled to local entities through their non-local intermediaries (see the separate document⁵ presented under panel 1.2).
- **Metric (ii):**
 - A possible way forward could be to adopt a differentiated approach as follows:
 - **Main metric:** Exclude PBA data from the core metric on ODA for locally owned programmes. This metric could be tested broadly for all DAC members, as it relies on co-operation modalities that are widely reported and generally of good quality.
 - **Voluntary sub-metric:** Interested members could pilot a sub-metric to capture support for locally owned programmes beyond co-operation modalities, and including through non-local intermediaries, using either the PBA flag and/or a new LLD thematic keyword.
 - The WP-STAT could consider piloting a complementary survey to be completed by interested members on the share of ODA for locally owned programmes through their non-local intermediaries (see the separate document⁶ presented under panel 1.2).

2.1. Share of ODA channelled to local entities

9. The following metric could be considered:

ODA channelled to local entities
[incl. public, private, NGOs, Univ; IOs; third dev. countries]
Bilateral ODA
 [excl. in donor costs]

10. The objective under this metric is to capture financial flows directly transferred to local entities, irrespective of the co-operation modality or the level of discretion granted to

⁴ See the summary record of the meeting [DCD/DAC/STAT/M(2025)1/FINAL].

⁵ See [DCD/DAC/STAT(2025)56].

⁶ See [DCD/DAC/STAT(2025)56].

these actors in the use of funds. Most members expressed broad support for the proposed metric, acknowledging its value in promoting locally led development in a simple and comparable way and based on already available data. One member found the metric too broad and not sufficiently focussed on local ownership. The following subsections analyse the parameters that should be included in the metric, building on member feedback.

2.1.1. How to identify ODA channelled to local entities (numerator)?

Definition and tracking of local entities

11. The definition of “local entities” is central to any LLD metric. In the CRS, the first recipient of funds is captured through the channel of delivery field, which allows to identify the first implementing partner, i.e. the entity that has implementing responsibility over the funds and is normally linked to the donor by a contract or other binding agreement.

12. **Based on members’ previous discussion, the following elements should be reflected in the definition of “local entities”:**

- **Organisations in the recipient country:** The metric should include funding to all types of partner country organisations – including, governmental, non-governmental, and private sector entities – based and operating in the recipient country. This reflects better diverse co-operation models, with some placing a larger focus on government-to-government co-operation, and others engaging primarily with non-governmental entities. It also aligns with the DAC peer learning exercise.
- **Organisations in third developing countries:** Members expressed differing views on whether “local entities” should be defined strictly as entities based in the ODA recipient country, or whether the definition should also encompass organisations from other developing countries. To address this, the Secretariat proposes adopting a broader definition, for the following reasons:
 - **Policy rationale:** Including organisations from other developing countries would support South-South Co-operation, which aligns with the objectives of the LLD agenda.
 - **Statistical rationale:** Expanding the definition to include third-country actors would accommodate existing member-level LLD practices, without significantly impacting overall volumes. In most cases, when the implementer is considered “local,” it is indeed based in the recipient country.
- **Regional organisations:** Regional institutions primarily owned by developing countries should be included.

13. **To better capture the financing of local entities, it is proposed to expand the channel of delivery taxonomy.** The channel of delivery field identifies the first implementing partner – the entity that has implementing responsibility over the funds, typically linked to the donor through a contract or formal agreement. While most parent channel categories (e.g. public sector institutions, NGOs, and private sector entities) include sub-categories that identify recipient-country organisations (see Table 1), others – such as public-private partnerships (PPPs), networks, and universities or research institutions – do not currently make this distinction. Members highlighted the need to refine channel codes accordingly to enable more accurate tracking of support to local entities. In response, the Secretariat proposes the following (see Table 1):

- **Introduce new sub-categories under the following parent channels** to capture support to developing-country based organisations:
 - PPPs and networks,
 - University, college or other teaching institution, research institute or think-tank,
 - Private sector.
- **Recognise regional development banks and other developing-country based organisations** as “local entities” within the channel coding system.

Table 1. The CRS channel of delivery taxonomy

Channel Parent Category	Channel ID	Full Name (English)	Included as "local"
10000	10000	PUBLIC SECTOR INSTITUTIONS	
10000	11000	Donor Government	No
10000	12000	Recipient Government	Yes
10000	13000	Third Country Government (Delegated co-operation)	No
20000	20000	NON-GOVERNMENTAL ORGANISATIONS (NGOs) AND CIVIL SOCIETY	
20000	21000	INTERNATIONAL NGO	No
20000	22000	Donor country-based NGO	No
20000	23000	Developing country-based NGO	Yes
30000	30000	PUBLIC-PRIVATE PARTNERSHIPS (PPPs) and NETWORKS	
30000	30018	<i>Africa Finance Corporation</i>	Yes
30000	30014	<i>Regional Micro, Small and Medium Enterprise Investment Fund for Sub-Saharan Africa</i>	Yes
30000	30017	<i>SANAD Fund for Micro, Small and Medium Enterprises</i>	Yes
30000	31000	Public-Private Partnership (PPP)	No
30000	31100 (NEW)	Public-Private Partnership (PPP) in developing countries	Yes
30000	31200 (NEW)	Public-Private Partnership (PPP) in donor countries	No
30000	32000	Network	No
30000	32100 (NEW)	Network in developing countries	Yes
30000	32200 (NEW)	Network in donor countries	No
40000	40000	MULTILATERAL ORGANISATIONS	
40000	41000	United Nations agency, fund or commission (UN)	No
40000	42000	European Union Institution (EU)	No
40000	43000	International Monetary Fund (IMF)	No
40000	44000	World Bank Group (WB)	No
46000	46000	Regional Development Bank	Yes*
40000	47000	Other multilateral institution	No
50000	50000	University, college or other teaching institution, research institute or think-tank	
50000	51000	University, college or other teaching institution, research institute or think-tank	No
50000	51100 (NEW)	Developing country-based university, college or other teaching institution, research institute or think-tank	Yes
50000	51200 (NEW)	Donor country-based university, college or other teaching institution, research institute or think-tank	No
51000	21004	<i>Council for the Development of Economic and Social Research in Africa</i>	Yes
51000	21009	<i>Forum for Agricultural Research in Africa</i>	Yes
51000	47047	<i>International African Institute</i>	Yes
51000	47099	<i>University of the South Pacific</i>	Yes
60000	60000	Private sector institutions	
60000	61000	Private sector in provider country	No
60000	62000	Private sector in recipient country	Yes
60000	63000	Private sector in third country	No
60000	64000 (NEW)	Private sector in third developing countries	Yes
90000	90000	Other	
90000	90000	Other	No

Notes: For PPPs, regional development banks, and regional institutes, those that are defined as "local" are those that are institutions in which regional countries are the primary shareholders, governance structures are regionally controlled, and resources are directed toward development within the region.

* For regional development banks the following organisations are not considered from developing countries at this stage: the European Bank for Reconstruction and Development and the Council of Europe Development Bank.

Treatment of multilateral flows

14. Donors provide both bilateral and multilateral ODA, the latter through core contributions to multilateral organisations. To reflect total ODA, members may consider imputing multilateral outflows to local entities back to donor countries (see paragraph 21) 22). While including these flows in the metric's numerator could add complexity, it would offer a more complete picture of locally led development – particularly for donors that channel a significant share of their aid through multilateral institutions.

15. Members expressed different views regarding the inclusion of multilateral flows in the metric:

- Support for inclusion: Some members argued that including multilateral ODA would provide a more comprehensive picture of resource flows. One member noted that excluding multilateral aid could lead to volatility and misrepresentation, as in the case of this member the bilateral/multilateral split can vary significantly year to year based on donor allocations.
- Support for exclusion: Other members preferred to exclude multilateral ODA, citing the lack of donor discretion over multilateral outflows and the added complexity of incorporating imputed flows.
- Proposed compromise: One member suggested developing two separate metrics – one limited to bilateral ODA and another that includes both bilateral and multilateral flows.

16. **A possible way forward** could be to first reach agreement on the parameters to be included in an LLD metric focused on bilateral ODA. Once these parameters are defined, the Secretariat could conduct simulations to assess the impact of incorporating imputed multilateral ODA into a similar metric. Based on these results, members could then consider whether it would be appropriate to establish a supplementary metric specifically for multilateral aid. In any case, the ODA simulations presented in Section 2.1.3 offer valuable insights into the volume and share of multilateral outflows directed to local entities.

Role of intermediaries in supporting local entities

17. **The CRS captures only the first resource flow and therefore the first implementing partner to whom donors transfer funds.** It is not able to track the full implementation chain and will therefore not provide a comprehensive view on all ODA funds that are eventually transferred to local entities. For example, contributions to UN humanitarian trust funds can support projects implemented by local entities but would not be captured in the CRS-based proxies. The same applies to indirect management agreements where donors delegate the management of their funds to third party organisations, including multilateral organisations.

18. **Several members emphasised the importance of capturing funding channelled through intermediaries, noting that legal or operational constraints often prevent direct support to local civil society organisations.** Significant resources flow via NGOs, multilaterals, or managing contractors, who are often tasked to redistribute and focusing only on lead partner spending risks underestimating support to local entities. One member highlighted that its consultations with local organisations revealed that they appreciate the role of intermediaries who provide them with valued services such as reporting, monitoring and evaluation (M&E), and capacity-building.

19. **To help address these gaps, one member suggested piloting annual donor surveys to track financial flows from their managing contractors, and potentially from multilateral organisations as well.** These surveys would complement CRS reporting and help capture downstream flows more accurately, enhancing visibility of local entities in the aid delivery chain. Insights from the parallel pilot on tracking aid subcontracts,⁷ which will be presented at item 1.2 of the Development Finance Data Forum , will further inform this approach.

2.1.2. What should be the scope of ODA covered (denominator)?

20. **Most WP-STAT members supported excluding in-donor costs from the denominator to ensure the metric reflects a share of resources available for development co-operation.** Some ODA categories are not allocable at country level and often do not come from the core ODA envelope. These include in-donor refugee costs, imputed student costs, scholarships, development awareness and administrative costs. All of these costs will be excluded from the denominator, based on the rationale that they are not part of the ODA envelope that the donor can use to support locally led development.

21. **Members were split on whether to include multilateral ODA in the metric.** Some supported it for completeness and stability, while others preferred limiting the scope to bilateral flows to reduce complexity and to focus on the ODA segment where donors have control over fund allocations. As mentioned in paragraph 16 16, a possible way forward could be to first agree on the parameters of the metric, focussing on bilateral aid, before considering whether to replicate it with the inclusion of multilateral aid.

⁷ See [DCD/DAC/STAT(2025)56].

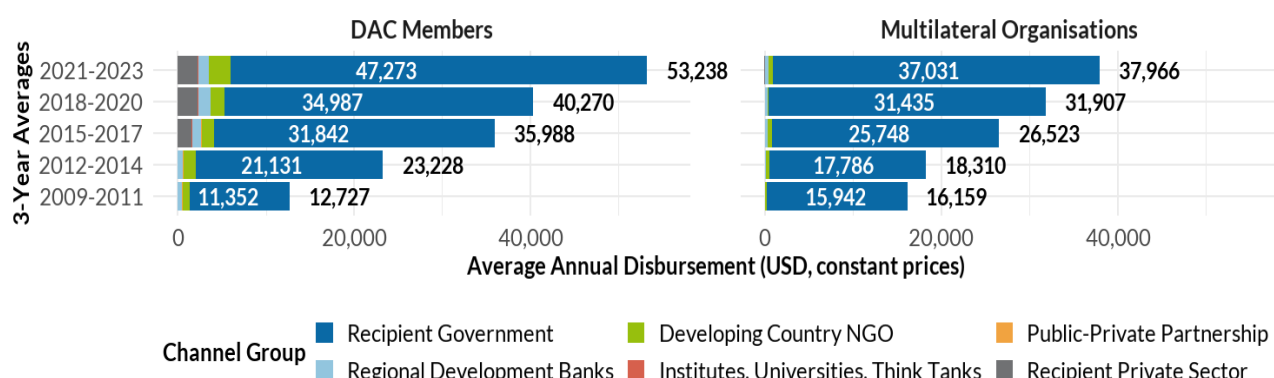
Summary of the Proposed Metric (s) on the Share of ODA Channelled to Local Entities

- a) **Metric on bilateral ODA channelled to local entities**, defined as follows:
- Numerator: ODA channelled to “local entities”
 - Local entities include entities based in the recipient country or in other developing countries. These entities comprise public sector institutions, NGOs, public-private partnerships (PPPs), networks, universities, private sector, and international organisations of developing countries.
 - Denominator: Bilateral ODA, excluding in-donor costs
 - In-donor costs refer to in-donor refugee costs, imputed student costs, scholarships, development awareness activities, and administrative expenses.
- b) **Potential Expansion to include multilateral flows:** Once members reach agreement on the parameters of the LLD metric for bilateral ODA, they may ask the Secretariat to test the metric with the inclusion of multilateral flows. Based on the results, members could then decide whether to retain an additional metric based total ODA flows, including bilateral and multilateral.
- c) **Complementary Survey on Non-Local Intermediaries:** The WP-STAT could consider a complementary survey to be piloted by interested members on the share of ODA channelled to local entities through their non-local intermediaries (see the separate document presented under panel 1.2)

2.1.3. Illustration of the metric based on CRS data

22. Figure 1 shows the volume of ODA disbursements to local entities broken down by DAC members and multilateral organisations. The data suggest an upward trend in the volume of ODA funding channelled to local entities, both in absolute and relative terms. When averaged over three years, the amount of ODA disbursed to local entities by DAC members increased from USD 40.3 billion in 2018-2020 to USD 53.2 billion in 2021-2023. The vast majority of ODA channelled to local entities is provided to recipient governments. Meanwhile, for multilateral organisations, the flows increase from USD 31.9 billion to USD 38 billion.

Figure 1. DAC members' and multilateral organisations' ODA disbursements channelled to local entities, total volume (USD million)

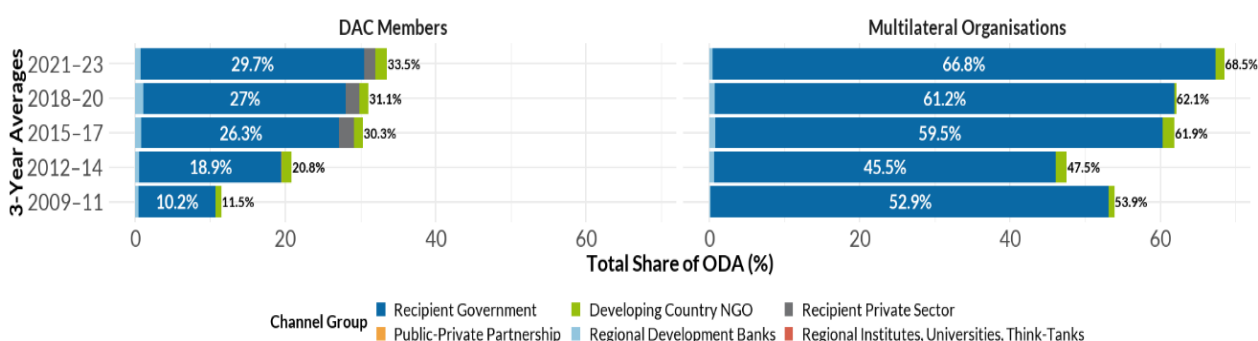


Note: Figures exclude in-donor costs (support to refugees, student costs, development awareness and administrative costs).

Source: Creditor Reporting System (CRS).

23. Figure 2 shows the percentage of ODA that goes to local entities as a share of total ODA disbursements, where each donor's disbursements are weighted by the size of their flows. To get these shares, disbursements to each channel are totalled across donors and divided by the total ODA disbursements across all donors combined. This flow-weighted approach shows how the percent shares are gradually increasing across the averaged time periods, with the largest change in trend taking place after 2014.

Figure 2. DAC members' and multilateral organisations' ODA disbursements channelled to local entities, as a share of bilateral ODA (weighted by total flows)

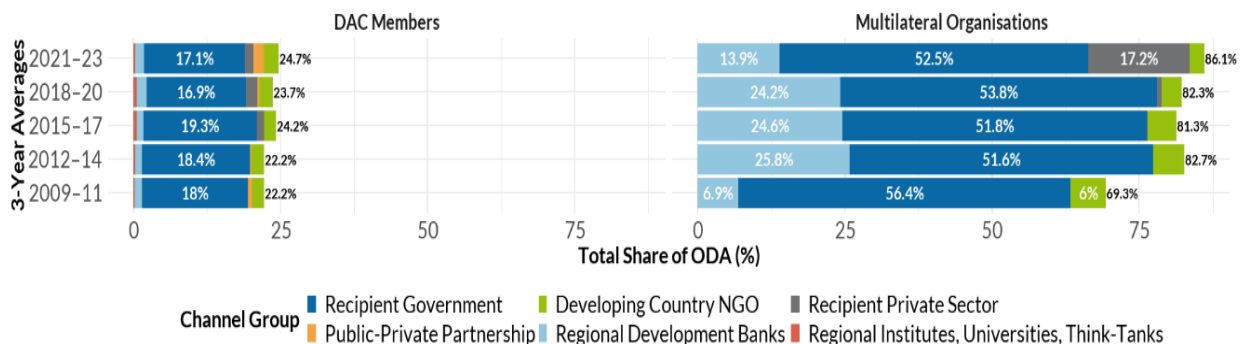


Note: Figures exclude in-donor costs (support to refugees, student costs, development awareness and administrative costs).

Source: Creditor Reporting System (CRS).

24. Figure 3 also shows the percentage of ODA that goes to local entities as a share of total ODA disbursements, but instead, each donor is given equal weight regardless of the size of their disbursements. In this approach, each donor's individual share of ODA going to each channel is calculated and then averaged. In the flow-weighted approach in Figure 2, shares are influenced most by large donors' contributions. In contrast, under the unweighted approach below, small and large donors contribute equally to the overall average which then represents the typical donor's behaviour.

Figure 3. DAC members' and multilateral organisations' ODA disbursements channelled to local entities as a share of bilateral ODA (unweighted average)



Note: Figures exclude in-donor costs (support to refugees, student costs, development awareness and administrative costs).

Source: Creditor Reporting System (CRS).

25. When applying the unweighted approach (Figure 3) instead of the flow-weighted approach (Figure 2), the overall share of ODA directed to local entities is lower, particularly after 2014. This trend highlights how giving equal weight to all donors reduces the influence of large donors, resulting in a flatter trend over time. In contrast, the flow-weighted approach captures the role of larger donors, showing a stronger upward trend in support to local entities.

26. In both approaches, multilateral organisations allocate a significantly higher share of their funding to local entities. Under the unweighted method, regional development banks account for an even larger share than under the flow-weighted approach. In both approaches, multilateral contributions remain consistently high over time.

2.2. Share of ODA for locally owned programmes

27. The following metric could be considered:

ODA channelled to local entities for locally owned programmes
[incl. budget/core support, basket/pooled funds, programmes managed by partners]
ODA channelled to local entities or Bilateral ODA

28. **This metric is designed to capture financial flows not only directed to local entities, but also where these actors exercise control or “agency” over the use of funds.** ODA is channelled to local entities through a variety of methods, reflecting different degrees of control (or “agency”⁸) of local entities. On the one hand, there are project-type interventions that are implemented by local entities but where the donor keeps a significant degree of control on project design and expenditures. On the other hand, there are more flexible development co-operation modalities that promote greater ownership through alignment with local policies and/or use of local systems and by supporting projects and programmes designed by local entities. Examples include budget support to partner country governments or core support to local NGOs. The broader metric presented in section 2.1

⁸ See the discussion paper on Framing DAC member approaches to enabling locally led development [DCD(2023)47] which analyses the concept of local agency in development co-operation.

includes the two types of locally led ODA (i.e., all ODA spent through local entities). It may be useful to have a complementary metric, that places a greater focus on the ownership of local entities in the implementation of ODA funds

29. **Actors in developing countries strongly advocate for increasing the volume of flexible funding to partner country organisations.** For example, the outcome document of the Fourth International Conference on Financing for Development (FFD4) calls for increasing budget support and promoting flexible programming modalities.⁹ Local NGOs also call for more core support.¹⁰ The DAC also made commitments in this regard, for example in the DAC Recommendation on Enabling Civil Society in Development Co-operation and Humanitarian Assistance [[OECD/LEGAL/5021](#)].

30. **While several members expressed concerns about this metric, primarily regarding its practicality and data reliability, a few others supported the concept and requested the Secretariat to work on an updated proposal.** The Secretariat has responded to the feedback by presenting an updated version of the metric, to be tested initially with interested members before potentially being considered more broadly by other members.

2.2.1. How to identify ODA for locally owned programmes?

Co-operation modalities that promote local ownership

31. **Several co-operation modalities reflect the leadership of local entities and/or the use of their systems and can serve as indicators for identifying ODA directed toward locally owned programmes.** The CRS co-operation modalities describe the arrangements through which funds are transferred from the donor to the initial recipient. When ODA is channelled to local entities, certain modalities offer a greater degree of agency. These include (see also Table 2):

- Budget support (A01, A02): contributions from the provider to the government budget of a recipient country. The funds thus transferred are managed in accordance with the recipient’s budgetary procedures. By definition, budget support is aligned with national priorities and uses country systems. This would include general and sector budget support. Increasing the volume of budget support is a key ask from recipient country governments, as emphasised in the outcome document of FFD4.
- Core support to NGOs, other private bodies, PPPs and research institutes (B01): Funds are paid over to NGOs for use at the latter’s discretion and contribute to programmes and activities which NGOs have developed themselves, and which they implement on their own authority and responsibility. By definition, core support uses the recipient organisation’s own systems. Increasing the volume of core support is a key ask from recipient country NGOs.
- Basket funds/pooled funding (B04): The donor contributes funds to an autonomous account, managed jointly with other donors and/or the recipient. When managed

⁹ The [outcome document](#) of the Fourth International Conference on Financing for Development (FFD4) includes the following “We urge developed countries to increase official development assistance programmed at the country level and aligned with the sustainable development priorities of recipient countries, including by potentially increasing budget support in official development assistance. We also recognize the value of using flexible programming modalities, where appropriate, that enhance country ownership, effectiveness and transparency”.

¹⁰ See the report [Too Southern to be Funded](#).

with the recipient country, this type of modality indicates a high degree of involvement of local entities.

- Contributions to specific-purpose programmes and funds managed by implementing partners (B03): Donors contribute to programmes with defined sectoral, thematic, or geographic objectives, managed by implementing partners. When these partners are “local entities” (e.g., international organisations of developing countries), this modality reflects enhanced local ownership. This category has been added to acknowledge the inclusion of developing countries’ international organisations in the definition of “local entities”.

Table 2. Co-operation modalities in support of locally owned programmes

Code	Name
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 and global funds
B03	Contributions to specific-purpose programmes and funds managed by implementing partners (IPs)
B04	Basket funds/pooled funding
C01	Project-type interventions
D01	Donor country personnel
D02	Other technical assistance
F01	Debt relief

Note: Co-operation modalities that reflect in-donor costs (student costs, development awareness, administrative costs, in-donor refugee costs) are not reflected in this table as members supported their exclusion from LLD metrics.

Capturing local ownership beyond co-operation modalities

32. **The Programme-Based Approach (PBA) flag in the CRS is designed to identify support for locally owned programmes (see Box 1) and could serve as a cross-cutting indicator beyond co-operation modalities.** In 2023, 24 DAC donors have used the PBA flag in their CRS reporting. Figure 4 shows the breakdown of PBA-flagged disbursements in 2023 by co-operation modality. While 60% was related to budget support, which is already covered through the above modalities, 31% related to project-type interventions and would not have been identified as locally owned otherwise. In the previous proposal [DCD/DAC/STAT(2024)18/REV1], **the Secretariat recommended including PBA-flagged disbursements in the numerator of the LLD metric to better reflect support for locally owned programmes.**

33. **However, a consultation carried by the Secretariat revealed that the PBA flag is not consistently used across reporting members.** As the PBA field is not reviewed during data collection, a consultation in January 2025¹¹ assessed member reporting practices. Key findings:

- **Reliable reporting:** Some members apply the PBA flag consistently and in line with the established definition, especially within their development agencies.

¹¹ See the WP-STAT community space here: [https://one-communities.oecd.org/community/wpstat-collab/SitePages/\[for-comments-by-31-January\]-Consultation-on-the-use-of-the-PBA-flag.aspx](https://one-communities.oecd.org/community/wpstat-collab/SitePages/[for-comments-by-31-January]-Consultation-on-the-use-of-the-PBA-flag.aspx).

- Partial or inconsistent reporting: Others report selectively due to limited awareness, verification capacity, or prioritisation of other fields (e.g. Rio markers), raising concerns about the reliability of their PBA data.
- Non-reporting due to system limitations: One member does not report on the PBA flag because it is not tracked within their internal systems.
- Non-reporting due to programme structure: Another member does not use PBAs in its co-operation model.
- Definition misalignment: Some members noted that the current PBA definition excludes many locally led activities, despite their alignment with LLD principles.

34. **As a result, members expressed mixed views on the proposed second metric, raising concerns about its feasibility, reliability, and comparability due to inconsistent reporting of the PBA flag.** Specifically:

- Many members questioned the inclusion of the PBA flag, noting that they are not currently in a position to improve reporting due to resource constraints. Others indicated no immediate interest in pursuing this work.
- Some members called for updates to the PBA flag definition and reporting guidance to better report on PBA.
- A third group found the current PBA definition too complex and supported developing a separate LLD flag – similar to DAC policy markers – for simpler and more comprehensive tracking.

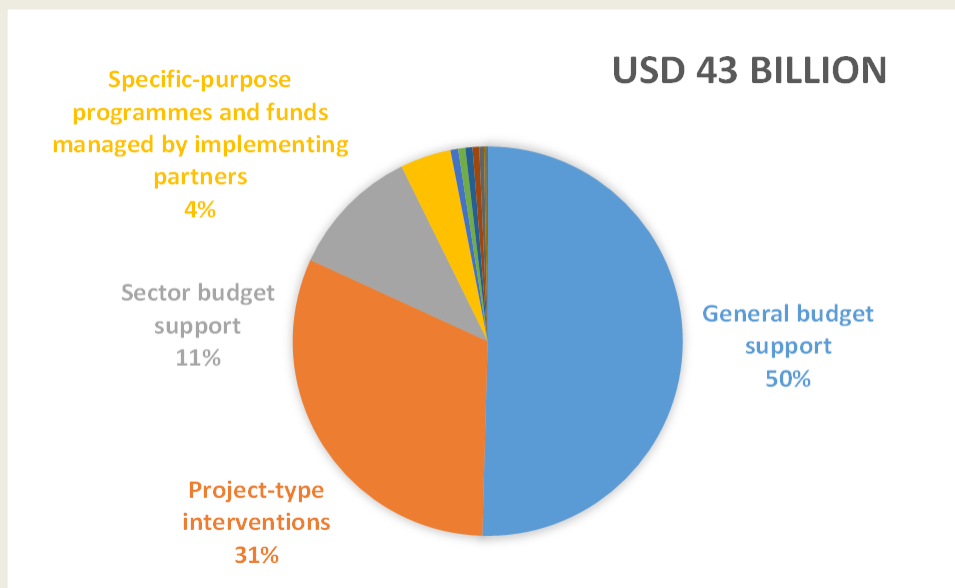
Box 1. Reporting on programme-based approaches in the Creditor Reporting System (CRS)

The PBA concept originates from the Paris Declaration Survey and refers to coordinated support for locally owned development programmes, such as national strategies, sector or thematic programmes, or programmes those led by specific organisations. Donors can implement PBAs through various modalities, including budget support, pooled funds, and project aid.

For an activity to qualify as a PBA, all four criteria must be met:

- The host country or organisation is exercising leadership over the programme supported by donors;
- A single comprehensive programme and budget framework is used;
- There is a formal process for donor co-ordination and harmonisation of donor procedures for at least two of the following systems: (i) reporting, (ii) budgeting, (iii) financial management and (iv) procurement; and
- Support to the programme uses at least two of the following local systems: (i) programme design, (ii) programme implementation, (iii) financial management and (iv) monitoring and evaluation

Figure 4. Breakdown of PBA-flagged disbursements in 2023 by co-operation modality



Note: Other modalities less visible in the chart represent all together around 3% and include Basket funds/pooled funding, Multi-donor/single-entity funding mechanisms, Other technical assistance, Multi-donor/multi-entity funding mechanisms, Core support to NGOs, Single-donor funding mechanisms and contributions earmarked for a specific funding window or geographical location and Donor country personnel

Source: Paragraphs 200-202 of the DAC Statistical Reporting Directives [DCD/DAC(2024)40/FINAL]; Creditor Reporting System (CRS).

35. **In view of the above, the following differentiated approach may be considered as possible way forward:**

- **Main metric:** Exclude PBA data from the core metric on ODA for locally owned programmes. This metric could be tested broadly, as it relies on co-operation modalities that are widely reported and generally of good quality.
- **Voluntary sub-metric:** Interested members could pilot a sub-metric to capture support for locally owned programmes beyond co-operation modalities, using either:
 - **PBA flag:** Where data quality is strong, the existing PBA flag could be used. Given the robustness of the existing definition and its accurate use by several members, the Secretariat proposes to keep the current PBA definition unchanged while testing a new LLD thematic keyword.
 - **LLD thematic keyword:** CRS reporting allows for thematic keywords to be reported in the keywords field. Before introducing a new CRS field, members could test an LLD keyword to assess usability. The Secretariat will collaborate with the members that expressed interest to develop a definition, and invites inputs from participants in the Development Finance Data Forum.

Capturing local ownership via non-local intermediaries

36. **Some members highlighted the importance of not limiting the metric to ODA that is directly channelled to local entities.** They highlighted that while they place a strong focus on “local ownership” – by promoting programmes designed and implemented by local entities – they are legally obliged to pass through their national NGOs as they are not authorised to directly finance organisations in a third country. Restricting the metric to direct funding could exclude substantial volumes of ODA that support locally led initiatives delivered via non-local intermediaries.

37. **To better reflect “local ownership” in cases where support is channelled through non-local entities, the following options may be considered:**

- **Voluntary use of indicators that could be included in a sub-metric:** Reporters could voluntarily apply the PBA flag and/or the proposed LLD thematic keyword (see paragraph 35) in their CRS reporting to identify support for locally owned programmes delivered via non-local intermediaries. These data could then be incorporated into the sub-metric discussed in paragraph 35. As shown in Table 3 15% of PBA-flagged ODA disbursements reported in 2023 were not channelled through local entities, although the accuracy of this reporting cannot be confirmed. Examples of such cases are provided in Annex A.
- **Complementary survey on non-local intermediaries:** Interested members that have data available, could pilot an annual survey on the share of ODA for locally owned programme provided by their lead partners.

Table 3. PBA-flagged ODA disbursements by parent channel category in 2023

USD million	Recipient government (12000)	Developing country-based NGO (23000)	Private sector in recipient country (62000)	Donor government (11000)	Donor-based NGO (22000)	Private sector in provider country (61000)	International NGO (21000)	Multilateral (40000)	Other	Share local entities
PBA	33 887.6	183.8	106.2	419.0	581.6	109.0	534.9	4 224.0	492.5	84.3%

Source: Creditor Reporting System (CRS).

2.2.2. What should be the scope of ODA covered (denominator)?

38. **Should the metric be assessed as the share of funding channelled to local entities (i.e. the numerator of the previous metric) or rather as a share of members' overall bilateral ODA (i.e. the same denominator than the previous metric)?** In the Secretariat's initial proposal [DCD/DAC/STAT(2024)18], the same denominator – bilateral ODA – was proposed for the two metrics. However, it could be argued that the extent to which ODA supports locally owned programmes should be assessed within the context of members' bilateral relations with local entities, i.e. in relation to the volume of funding transferred to them.

39. **WP-STAT members expressed mixed views.** Some preferred to retain the same denominator as in metric (i) to ensure consistency and enable comparisons, while others favoured focusing specifically on ODA channelled to local entities. To support further discussion, section 2.2.3 provides ODA simulations for the two options.

Summary of the Proposed Metric (s) on the Share of ODA for Locally Owned Programmes

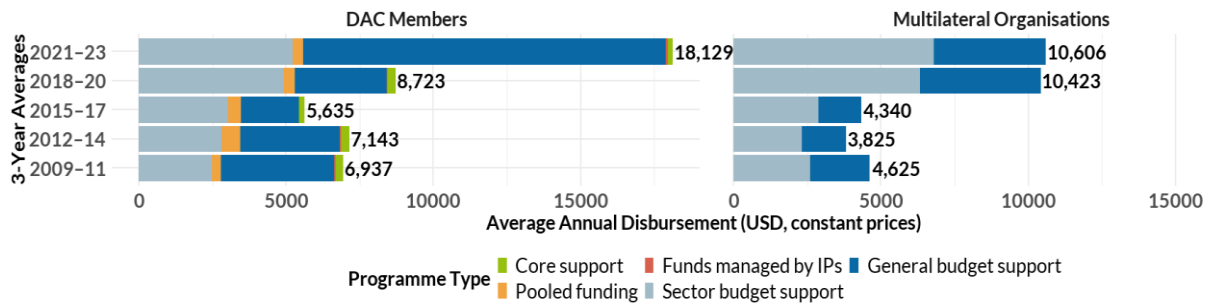
- a) **Core metric on the share of bilateral ODA for locally owned programmes**, defined as follows:
- Numerator: ODA channelled to local entities for locally owned programmes:
 - Local entities are the same as those defined under metric (i)
 - Locally owned programmes include those in the following CRS co-operation modalities: budget support (A01, A02), core support to NGOs (B01), contributions to specific-purpose programmes and funds managed by implementing partners (B03), basket funds/pooled funding (B04).
 - Denominator: Bilateral ODA (excluding in-donor costs) or bilateral ODA channelled to local entities.
- b) **Pilot, with interested members, on a sub-metric on the share of bilateral ODA for locally owned programmes that could capture:**
- Local ownership beyond co-operation modalities, using the CRS PBA flag and potentially a new LLD thematic keyword.
 - Local ownership via non-local intermediaries, using the CRS PBA flag and potentially a new LLD thematic keyword.
- c) **Complementary survey on non-local intermediaries:** The WP-STAT could consider a complementary survey to be piloted with interested members on ODA channelled to locally owned programmes through their non-local intermediaries (see the separate document presented under panel 1.2)?

2.2.3. Illustration of the metric based on CRS data

40. Figure 5 shows the volume of ODA disbursements to local entities in the form of core contributions to NGOs, general or sector budget support to recipient governments, implementing partner funding, or pooled funding to local entities. The volume of locally owned ODA channelled to local entities by DAC members has increased over time, especially in more recent years. There was a notable increase in the average contributions for DAC members from 2018-20 to 2021-23, as disbursements increased from USD 8.7 billion to USD 18.1 billion.¹² The volume channelled by multilateral organisations has also increased in more recent years, with an increase in trend taking place in 2018-20, as funding increased from USD 4.3 billion in 2015-17 to USD 10.4 billion in 2018-20.

¹² At individual donor level, 21 donors noticed an increase (to varying extent) and 11 donors noticed a decrease (to varying extent).

Figure 5. Bilateral ODA disbursements to local entities for locally owned programmes, total volume (in USD million)



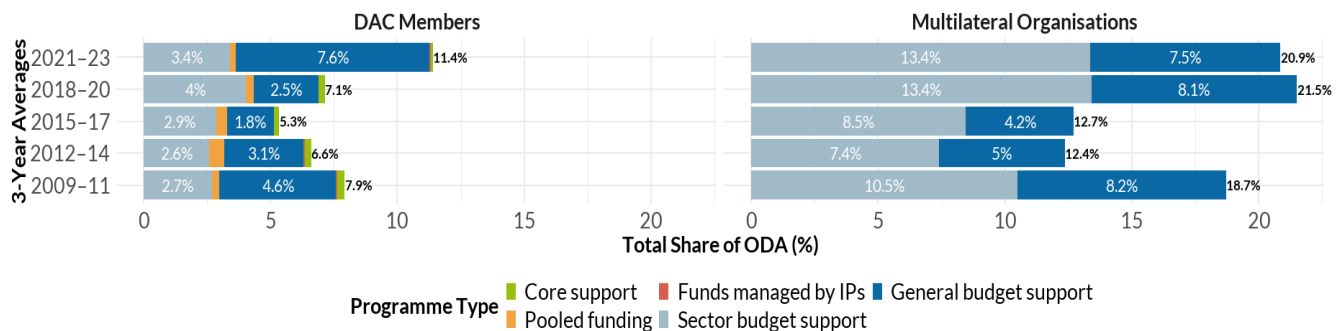
Note: Locally owned programmes are defined as ODA provided in the following co-operation modalities: general budget support (A01), sector budget support (A02), core support to NGOs and other entities (B01), contributions to specific-purpose programmes managed by implementing partners (B03), and basket/pooled funds (B04). Figures exclude in-donor costs (support to refugees, student costs, development awareness and administrative costs).

Source: Creditor Reporting System (CRS).

41. **Figure 6 shows the ODA disbursements to local programmes as a share of total ODA**, where local programmes are defined as either general or sector budget support (A01, A02), core support to NGOs, PPPs, and research institutes (B01), contributions to specific local purpose-programmes and local funds managed by implementing partners (B03), and local basket funds/pooled funding (B04). For the latter three categories, these funds were filtered to ensure ownership by local channels.

42. **As shown in Figure 6 below, the share of total ODA to local programmes has been gradually increasing since 2015-17 for DAC members.** For multilateral organisations, these shares saw an increase in average trend from 2015-17 to 2018-20, where the shares increased on average from 12.7% to 21.5%. DAC members tended to contribute more to general budget support, whereas multilaterals contributed more to sector budget support on average.

Figure 6. Bilateral ODA disbursements to local entities for locally owned programmes, as a share of total bilateral ODA (weighted by total flows)

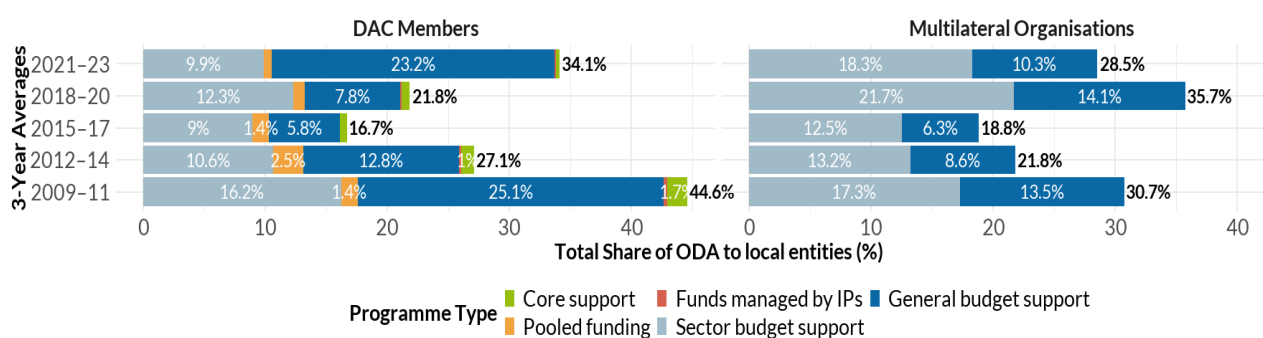


Note: Locally owned programmes are defined as ODA provided in the following co-operation modalities: general budget support (A01), sector budget support (A02), core support to NGOs and other entities (B01), contributions to specific-purpose programmes managed by implementing partners (B03), and basket/pooled funds (B04). Figures exclude in-donor costs (support to refugees, student costs, development awareness and administrative costs).

Source: Creditor Reporting System (CRS).

43. **Figure 7 below shows the ODA disbursements to local programmes as a share of ODA to local entities** (the total flows shown in Figure 1). For DAC members, there is a similar trend as to what is shown in Figure 6 above, despite the shares being larger. On average, the data shows an increasing trend in more recent years since 2015-17, with the shares reaching a peak in 2021-23 at an average share of 34.1%. For multilateral organisations, there was an increasing trend as well since 2012-14, with a slight decrease in trend in 2021-23.

Figure 7. Bilateral ODA disbursements to local entities for locally owned programmes, as a share of ODA to local entities (weighted by total flows)



Note: Locally owned programmes are defined as ODA provided in the following co-operation modalities: general budget support (A01), sector budget support (A02), core support to NGOs and other entities (B01), contributions to specific-purpose programmes managed by implementing partners (B03), and basket/pooled funds (B04). Figures exclude in-donor costs (support to refugees, student costs, development awareness and administrative costs).

Source: Creditor Reporting System (CRS).

3. What should be the overall objective and use of the metrics?

44. **What is the policy context within which the metrics fall?** Locally led development co-operation builds on longstanding efforts to ensure and promote country ownership in development co-operation, which dates back to the Paris Declaration on Aid Effectiveness, the Accra Agenda and the Busan Principles¹³. It has regained prominence in recent years, driven by a renewed focus on whole-of-society ownership that emphasizes the agency of national and local governments, non-governmental organisations (NGOs), the private sector, and communities over development processes. In 2021, the DAC adopted the DAC Recommendation on Enabling Civil Society in Development Co-operation and Humanitarian Assistance [OECD/LEGAL/5021], where members commit to increase direct funding to local NGOs, including through core support. In the same year, signatories to the Grand Bargain committed also “to increase and support multi-year investments in the institutional capacities of local and national responders” in humanitarian aid¹⁴. Since 2022, 21 DAC members joined the donor statement supporting locally led development, including in the margins of the 2022 Effective Development Co-operation

¹³ For more information, see <https://www.effectiveco-operation.org/landing-page/effectiveness-principles>.

¹⁴ Further information about The Grand Bargain commitments can be found here: <https://interagencystandingcommittee.org/grand-bargain>

Summit in Geneva, Switzerland.¹⁵ During 2023-2024 the DAC undertook a peer learning exercise on LLD.¹⁶ At its December 2024 meeting, the DAC agreed to continue this work throughout 2025-26, by (i) developing light guidelines on LLD, and (ii) establishing possible metrics on LLD based on the CRS. The WP-STAT was tasked to work on the latter.

45. **Accelerating locally led development co-operation also responds directly to strong calls from Global South actors to reform the international development system.**¹⁷ It aligns with the 4th International Conference on Financing for Development’s “*Compromiso de Sevilla*” which called for a reinvigorated approach to development co-operation that places country leadership and local ownership at its core.

46. **However, informal consultations with some members and external actors highlight concern that LLD is losing political traction, underscoring the urgency for the DAC to show progress.** While members remain committed to strengthening funding for local actors, shrinking ODA budgets call for a more nuanced, phased approach. Agreeing on a proxy metric can help preserve a common understanding of LLD, reinforce collective commitment, and support members in developing tracking methods that improve transparency and accountability. This would also advance efforts to deliver recipient-focused ODA data.

47. **For the metrics to be useful, clarity is needed on their policy purpose.** Members generally see value in tracking locally led ODA to enhance transparency and monitor commitments, but do not consider it realistic or desirable to set collective numeric targets. Only a few DAC members have set or are considering internal targets. A collective target would be challenging given different starting points, limitations of the CRS proxy, and the need for flexibility in ODA allocations. Members also highlighted the importance of aligning with existing frameworks, such as those under the Grand Bargain for Humanitarian Action and the Principles for Locally Led Adaptation. They expressed an expectation that the DAC should decide on the policy use of the LLD metric, informed by the Secretariat’s ongoing work on developing practical LLD guidance and in view of priority objectives of the DAC Review Process.

48. **Practically, the LLD metric could already serve two main purposes.** First, as a regular input in DCD products (e.g. members’ annual development co-operation profiles, the upcoming five-year assessment report on the DAC-CSO Recommendation and as data points for peer review analysis), complemented by qualitative analysis by the GPEDC monitoring evidence to contextualise trends. Second, as a tool to enhance transparency and support peer learning on LLD co-operation, by benchmarking members’ progress against a shared baseline (this could, for example, take the average of the three years preceding the start of the use of the metrics). Rather than setting collective targets, the focus would be on strengthening comparability, coherence, and accountability in line with the DAC’s commitments on development effectiveness.

¹⁵ Norad (2022), Donor Statement on Supporting Locally Led Development: <https://www.norad.no/aktuelt/nyheter/2022/usaaid-norad-and-partners-to-empower-local-development-partners-to-promote-long-term-sustainability-and-impact-on-community/>

GPEDC (2022), Effective Development Co-operation Summit <https://www.effectiveco-operation.org/hlm3>

¹⁶ See OECD (2024), *Pathways Towards Effective Locally Led Development Co-operation: Learning by Example*, OECD Publishing, Paris, <https://doi.org/10.1787/51079bba-en>

¹⁷ See <https://shiftpower.org/more-than-a-hashtag/manifesto-for-change/>

49. **Do members agree to use the amended LLD metric primarily as a tool for transparency and peer learning, through DCD outputs and benchmarking progress, rather than as a basis for formal targets on LLD co-operation?**

Annex A. Examples of programme-based approaches not channelled to local entities

Below are some examples of programme-based approaches (PBAs) reported in the OECD-DAC Creditor Reporting System (CRS) and not channelled through local entities:

- [Jordan National Action Plan for Women](#) [*modality= B04¹⁸; channel= UN Women; PBA flag=yes*]: The 2018-2021 NAP was developed by the Jordanian National Commission for Women and the National Coalition on UNSCR 1325, which was composed of over 60 representatives from government ministries, civil society organisations, security sector and international partners.
- [Strengthening the Mexico's Regulatory System of Medicines and Vaccines – \(EU4Health\)](#) [*modality:B03¹⁹; Channel=Pan-American Health Organisation; PBA flag=yes*]: The EU4Health programme was adopted as a response to the COVID-19 pandemic and to reinforce crisis preparedness in the EU. The pandemic highlighted the fragility of national health systems. The EU4Health programme will bring a contribution to the long-term health challenges by building stronger, more resilient and more accessible health systems.
- [Women economic empowerment in El Salvador, Guatemala, and Honduras \(MELyT II\)](#) [*modality=B033²⁰, channel= UN Women; PBA flag=yes*]: The Women, Local Economy, and Territories (MELYT) programme implemented by UN Women, the United Nations entity dedicated to promoting gender equality and women's empowerment and funded by the Italian Ministry of Foreign Affairs and International Co-operation (MAECI), through the Italian Agency for Development Co-operation (AICS), promotes the economic empowerment of rural women for the development of strong local economies, more equitable societies, and a better quality of life.

¹⁸ Modality B04 indicates “Basket funds/pooled funding”.

¹⁹ Modality B03 indicates “Contributions to specific-purpose programmes and funds managed by implementing partners”.

²⁰ Modality B033 indicates “Contributions to single-donor funding mechanisms and contributions earmarked for a specific funding window or geographical location”.