



G7 FSWG Chair's Report: **Financial Reporting Methodology on Food Security and Nutrition**

28 December 2016

1. Background

- At the Elmau Summit in 2015, as part of a broad effort involving our partner countries and international actors and as a significant contribution to the 2030 Agenda for Sustainable Development, the G7 committed to aim to lift 500 million people out of hunger and malnutrition in developing countries by 2030 (hereinafter referred to as the “Elmau Commitment”).
- Since then, the G7 Food Security Working Group had intensive discussions on how to report the G7's progress regarding this commitment. Ise-Shima Progress Report, issued in May 2016, includes some selected indicators (Commitment 27: Indicator 1, Indicator 2-1~2-6) which were already agreed under the German Presidency based on the Broad Food Security and Nutrition Development Approach, and the main focus of the FSWG's follow-up efforts this year has been the reporting methodology on financial contribution towards food security and nutrition (Indicator 3).

2. Objective of developing a financial reporting methodology

- The new financial reporting methodology should be established to better capture the financial contributions made by each G7 member in support of lifting 500 million people in developing countries out of hunger and malnutrition by 2030, through G7's wide range of continuous interventions, with particular attention to, but not limited to, the four pillars of the Broad Approach.
- Unlike the L'Aquila Food Security Initiative (AFSI), the Elmau Commitment does not include specific financial pledges. The new methodology should capture the reality of the amount of contributions disbursed by the G7 in a more comprehensive and transparent manner.
- However, there are differences and limitations in each G7 member's ODA system. Recognizing the importance of greater transparency and reproducibility and reflecting upon the recommendations by the civil society, the FSWG tried to be as constructive as possible, while adjusting the balance between practicality and improved accountability.

3. Methodology: improvements and limitations

The G7 FSWG has agreed on the attached reporting table and the following methodology.

Overall framing:

- The G7 members will report their financial contributions in two categories, one for multilateral contributions and the other for bilateral contributions, and on a calendar year basis to increase **comparability**.



- Also, the G7 members will unpack the black box of the category of “Others” in the AFSI table as much as possible. Although the category of “Others” will be kept to allow flexibility and reflect diversity in approach, the G7 members must attach the list of the sub-sets or explanatory notes under the category of “Others”, which are to enable external readers to go back to the source of publicly available information/data, thereby improving **transparency** and **reproducibility**.
- As for the reporting cycle, the G7 members agreed that a solid report with detailed examinations and narratives will be published every three years as formally committed (triennial *G7 Progress Report*) and additional reports may be initiated by a Presidency as appropriate, while a financial reporting table will be published annually to keep track and increase **transparency** and **comparability**, following the AFSI’s precedents. Also, the G7 FSWG will review the selection of Multilateral Organizations, the CRS codes and the keywords, if agreed as necessary.

Multilateral contributions:

- The G7 FSWG selected the relevant multilateral organizations, as shown in the attached table, to which the G7 members have been making significant financial contributions, and set imputed percentages on core contributions (unearmarked, general annual contributions), following the precedent of the *G8 Muskoka Methodology for Calculating Baselines and Commitments: G8 Member Spending on Maternal, Newborn and Child Health*¹, in order to improve **transparency** and **homogeneity of the collected data**, while reporting earmarked disbursements/trust funds as contributing 100%.
- The FSWG Chair Japan asked the selected organization to provide the imputed percentages². These imputed percentages will be reviewed at least once in every three years along with the G7 triennial progress report, and also according to each organization’s budget cycle to capture the reality of the amount of contributions.
- Also, the G7 FSWG agreed to further disaggregate their contributions via the World Bank Group, such as the Global Agriculture and Food Security Program (GAFSP) and the International Finance Cooperation (IFC)³.

Bilateral contributions:

- The G7 FSWG agreed to use publicly available data (OECD/DAC) to improve **transparency** and **reproducibility**.

¹ <http://www.g8.utoronto.ca/summit/2010muskoka/methodology.html>

² WB and other regional development banks' imputed percentages are now being calculated. As soon as these figures are provided, they will be included in the attached table.

³ Contributions via IFC include GAFSP’s Private Sector Window and Agribusiness investments.



- Also, in order to better **capture the multifaceted nature** of food security and nutrition and to improve **homogeneity of the collected data**, the G7 FSWG reviewed the CRS purpose codes to reflect the multi-sectoral reality of sustainable agriculture, food security and nutrition, and decided to abolish their respective weighting systems.
- Instead, the G7 selected a common set of CRS purpose codes on
 - a) direct assistance for agriculture, fishing, food security and nutrition; and
 - b) other assistance with explicit objectives to improve food security and/or nutrition, adding spending of such individual programmes.

While the former category coloured in green in the attached table will be fully counted, the G7 members will take “keyword search” approach on the latter category coloured in yellow in the attached table to identify the relevant individual programmes to be counted, believing this will provide a good enough estimate for the purpose of this reporting. The G7 members will provide the list of such individual programmes with explicit objectives to improve food security and/or nutrition by uploading online the spread sheets together with the financial reporting table, in order to increase **transparency**.

- Since the latter category coloured in yellow has too many CRS codes to track annually, the G7 members will report on all of these codes with the amount spent under each code as well as the percentage of that code’s total amount for the baseline reporting only (= first time only). Then the G7 FSWG will consider eliminating some codes where the average found for the group is too low to add value in reporting.

Limitations:

- Since the reporting involves the publicly available data (OECD/DAC), there will be a 2 year gap in publishing the reporting table. For example, the baseline data on the contributions in year 2015 is expected to be made available on the DAC Database in early 2017.
- Also, international organizations have their own budget allocation/reporting systems and cycle, so the imputed percentage calculation method slightly varies and is adjusted to each situation.
- Each G7 member has their own system of reporting to the DAC. For instance, some members allocate only one CRS code for each project, while other members categorize one project under up to three CRS codes with one main code, and the way of writing project descriptions vary in style. Thus, the degree of accuracy regarding the manual keyword search might well vary as well. Also, the G7 members might face difficulties while going through this methodology for compiling the baseline data, so the G7 members will explain their system’s limitation and difficulties found as an annex or footnotes to the financial reporting, and try to improve their reporting over time.



Other points to consider:

- It is necessary to pay due attention to the private financial flow. The FSWG should go with the Addis Ababa Action Agenda, including both public and private investments, utilising the knowledge partners' existing data and information on the private investments. It is not practical or appropriate to include such data in the G7's reporting table itself, but it could be included as a narrative of the triennial G7 Progress Report.
- Regarding nutrition-specific and nutrition-sensitive interventions, the OECD/DAC's WP-STAT has been discussing the ways to enhance monitoring of such interventions.
 - 1) It is proposed that the OECD members amend the list of nutrition actions within the CRS "Basic Nutrition (12240)" purpose code, and align it with the Lancet definition of nutrition-specific activities recognized by all member states.
 - 2) Regarding the nutrition-sensitive investments, there are 3 options:
 - a) introducing a multiple purpose code system/multiple reporting system and setting up a new purpose code for "nutrition sensitive aid" under the 400 category "multi sector, cross-cutting", which is to allocate the project shares to different codes;
 - b) introducing a nutrition-sensitive marker by agreeing on the criteria for eligibility; or
 - c) applying predefined imputed percentages to the expenditures through nutrition-sensitive related OECD/DAC CRS codes.

The result can be reflected in the Elmau Indicator 2-5, once the DAC's methodology is set up and the data become available. Also, the G7 will continue its engagement on food security and nutrition with the OECD/DAC and other relevant international organizations and research institutions for better monitoring and alignment with efforts to achieve the SDGs.

4. Baseline reporting

- As soon as the data of year 2015 become available, the baseline reporting on the Elmau Commitment will be compiled and published by the G7 FSWG regarding all indicators (Indicator 1, Indicator 2-1~2-6 and Indicator 3).

(End)

| Breakdown by Channel and Sector | | | CAN | FRA | GER | ITA | JPN | UK | US | EU | Total |
|---|--|---|-----|-----|-----|-----|-----|----|----|----|-------|
| Multi-lateral | FAO | Core (92 %) | | | | | | | | | |
| | | Earmarked voluntary contributions | | | | | | | | | |
| | WFP | Core (91 %) | | | | | | | | | |
| | | Earmarked voluntary contributions | | | | | | | | | |
| | WHO | Core (2 %) | | | | | | | | | |
| | | Earmarked voluntary contributions | | | | | | | | | |
| | UNICEF | Core (11 %) | | | | | | | | | |
| | | Earmarked voluntary contributions | | | | | | | | | |
| | CGIAR | Core (55 %) | | | | | | | | | |
| | | Earmarked voluntary contributions | | | | | | | | | |
| | IFAD | Core (82 %) | | | | | | | | | |
| | | Earmarked voluntary contributions | | | | | | | | | |
| | World Bank Group | WB Core (%) | | | | | | | | | |
| | | Global Agriculture and Food Security Program (Public Sector Window) | | | | | | | | | |
| IFC (Private Sector Window and Agribusiness Investment) | | | | | | | | | | | |
| Other earmarked voluntary contributions | | | | | | | | | | | |
| AfDB | Core (%) | | | | | | | | | | |
| | Earmarked voluntary contributions | | | | | | | | | | |
| ADB | Core (%) | | | | | | | | | | |
| | Earmarked voluntary contributions | | | | | | | | | | |
| IDB | Core (%) | | | | | | | | | | |
| | Earmarked voluntary contributions | | | | | | | | | | |
| EBRD | Core (%) | | | | | | | | | | |
| | Earmarked voluntary contributions | | | | | | | | | | |
| Others* | Earmarked voluntary contributions | | | | | | | | | | |
| Bi-lateral | Direct assistance for agriculture, fishing, food security and nutrition | 311 Agriculture | | | | | | | | | |
| | | 313 Fishing | | | | | | | | | |
| | | 32161 Agro-industries | | | | | | | | | |
| | | 520 Developmental food aid/Food security assistance | | | | | | | | | |
| | | 72040 Emergency food aid | | | | | | | | | |
| | | 12240 Basic nutrition | | | | | | | | | |
| | Other assistance with explicit objectives to improve people's food security and/or nutrition | 112 Basic education | | | | | | | | | |
| | | 12220 Basic health care | | | | | | | | | |
| | | 12261 Health education | | | | | | | | | |
| | | 12281 Health personnel development | | | | | | | | | |
| | | 13020 Reproductive health care | | | | | | | | | |
| | | 140 Water and sanitation | | | | | | | | | |
| | | 16010 Social/ welfare services | | | | | | | | | |
| | | 16050 Multisector aid for basic social services | | | | | | | | | |
| | | 16062 Statistical capacity building | | | | | | | | | |
| | | 210 Transport and storage | | | | | | | | | |
| | | 23040 Electrical transmission/ distribution | | | | | | | | | |
| | | 24030 Formal sector financial intermediaries | | | | | | | | | |
| | | 24040 Informal/semi-formal financial intermediaries | | | | | | | | | |
| | | 25010 Business support services and institutions | | | | | | | | | |
| | | 312 Forestry | | | | | | | | | |
| | | 32165 Fertilizer plants | | | | | | | | | |
| | | 32267 Fertilizer minerals | | | | | | | | | |
| | | 41010 Environment policy and administrative management | | | | | | | | | |
| | | 41030 Bio-diversity | | | | | | | | | |
| | | 43030 Urban development and management | | | | | | | | | |
| | 43040 Rural development | | | | | | | | | | |
| 73010 Reconstruction relief and rehabilitation | | | | | | | | | | | |
| 74010 Disaster prevention and preparedness | | | | | | | | | | | |
| Others* | | | | | | | | | | | |
| Total | | | | | | | | | | | |

keywords for selecting the hunger-sensitive and/or nutrition-sensitive projects

<Hunger-sensitive>
Food security; Food insecurity; Hunger; Access to food; Food availability; Food utilization; Food stability; Food price; Hunger gap; Lean season; Food self-sufficiency; Food poverty; Food trade; Dietary diversity; Food policy; Right to food; Food sovereignty; Food fortification; Food systems; Food stocks; Biofortification; Food Preferences; Food Preparation; Feeding Practices; Food Storage; Food Safety; Wild Foods; Food Reserves; Food consumption; Net consumer household

<Nutrition-sensitive>
aflatoxin; biofortification; breastfeeding; cash transfer; child feeding; CMAM (community management of acute malnutrition); deworming; diarrheal disease; diet; dietary diversification; direct feeding; enteropathy; feeding; feeding program; feeding programme food intake; food intake; food security; food subsidy; food voucher; fortification; GAM (global acute malnutrition); garden; gastrointestinal illness; global nutrition coordination; growth monitoring; growth monitoring and promotion;