



TOWARDS MORE INCLUSIVE
MEASUREMENT AND MONITORING OF
BROADER DEVELOPMENT FINANCE

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Presentation

1. The OECD and the DAC
2. Our work on development finance statistics
3. Measuring broader development finance:
Total Official Support for Sustainable
Development (TOSSD)



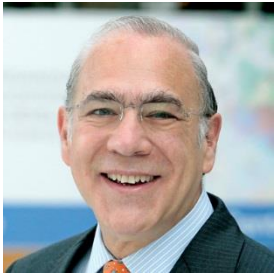


1. THE ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT (OECD) AND THE DEVELOPMENT ASSISTANCE COMMITTEE (DAC)



The OECD and the Development Assistance Committee (DAC)

- The OECD: 35 members



- The DAC: 29 members
- Subsidiary bodies





The mandate of the DAC

“... promote development co-operation and other policies so as to contribute to sustainable development, including pro-poor economic growth, poverty reduction, improvement of living standards in developing countries, and a future in which no country will depend on aid.”

DAC Subsidiary Bodies

- **DAC Working Party on Development Finance Statistics (WP-STAT).**
- DAC Network on Development Evaluation (EVALNET).
- DAC Network on Gender Equality (GENDERNET).
- DAC Network on Environment and Development Co-operation (ENVIRONET).
- DAC Network on Governance (GOVNET).
- DAC International Network on Conflict and Fragility (INCAF).
- Advisory Group on Investment and Development (AGID).





DAC “engagement”: the DAC’s relations with countries that are not members.

1. DAC Participants: the UAE and Qatar
2. Members of the OECD (e.g. Turkey)
3. OECD accession countries
4. Key partners: Brazil, China, India, Indonesia and South Africa
5. Other countries



Engagement with regional and international organisations.

- Multilateral financial institutions: the Arab Fund, BADEA, the Islamic Development Bank and the OPEC Fund.
- The Arab Co-ordination Group Institutions.
- The Organisation of Islamic Cooperation?



2. OUR WORK ON DEVELOPMENT FINANCE STATISTICS





SDG target 17.2

17.2 Developed countries to implement fully their official development assistance commitments, including the commitment by many developed countries to **achieve the target of 0.7 per cent of ODA/GNI to developing countries and 0.15 to 0.20 per cent of ODA/GNI to least developed countries;**



Our work on development finance statistics.

- The concept of Official Development Assistance.
- Our work on development finance statistics.



The ODA definition

Official development assistance flows are defined as those **flows to countries and territories on the DAC List of ODA Recipients** and to multilateral development institutions which are:

- i. **provided by official agencies**, including state and local governments, or by their executive agencies; and
- ii. each transaction of which:
 - a) is administered with **the promotion of the economic development and welfare of developing countries as its main objective**; and
 - b) is **concessional** in character.

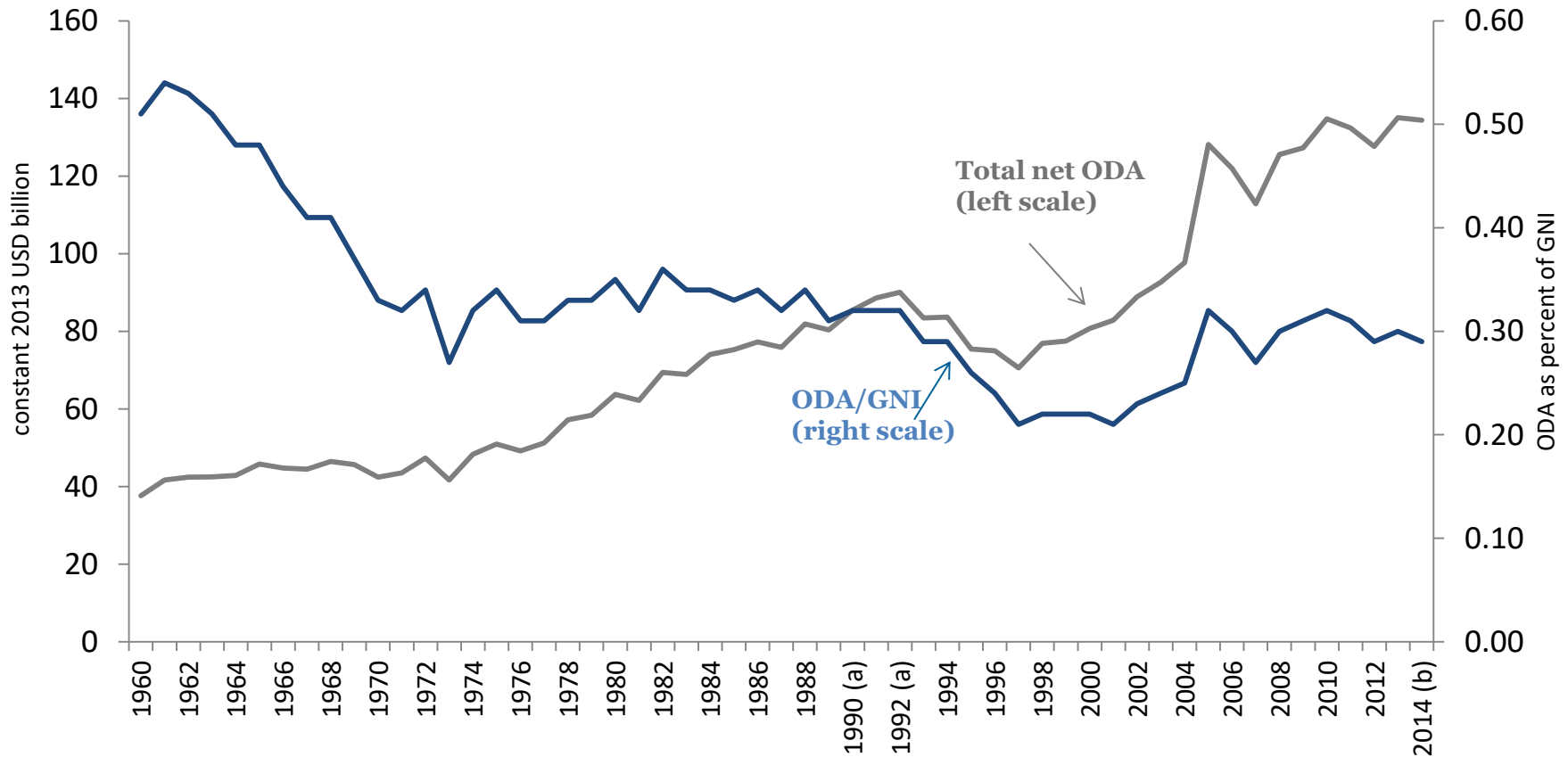


The concept of Official Development Assistance (ODA).

- ODA, since 1969
- A 1970 United Nations resolution urges developed countries to dedicate 0.7% of their GDP to ODA.
- In reality, the average ODA/GDP ratio of DAC members was 0.3% in 2015.
- Only 6 countries reached the 0.7% target in 2015.



ODA has increased steadily for the past 15 years

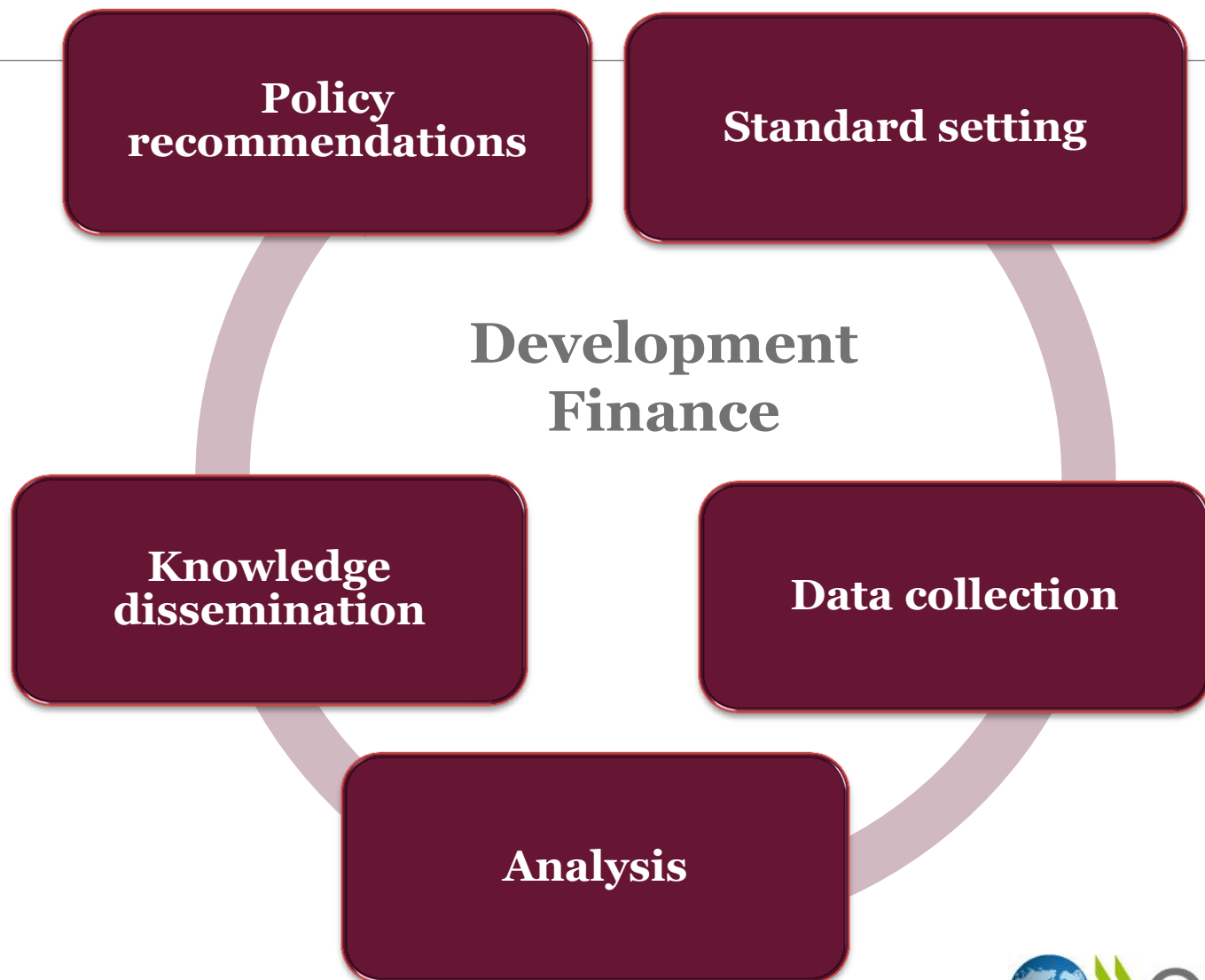


(a) Total DAC excludes debt forgiveness of non-ODA claims in 1990, 1991 and 1992.

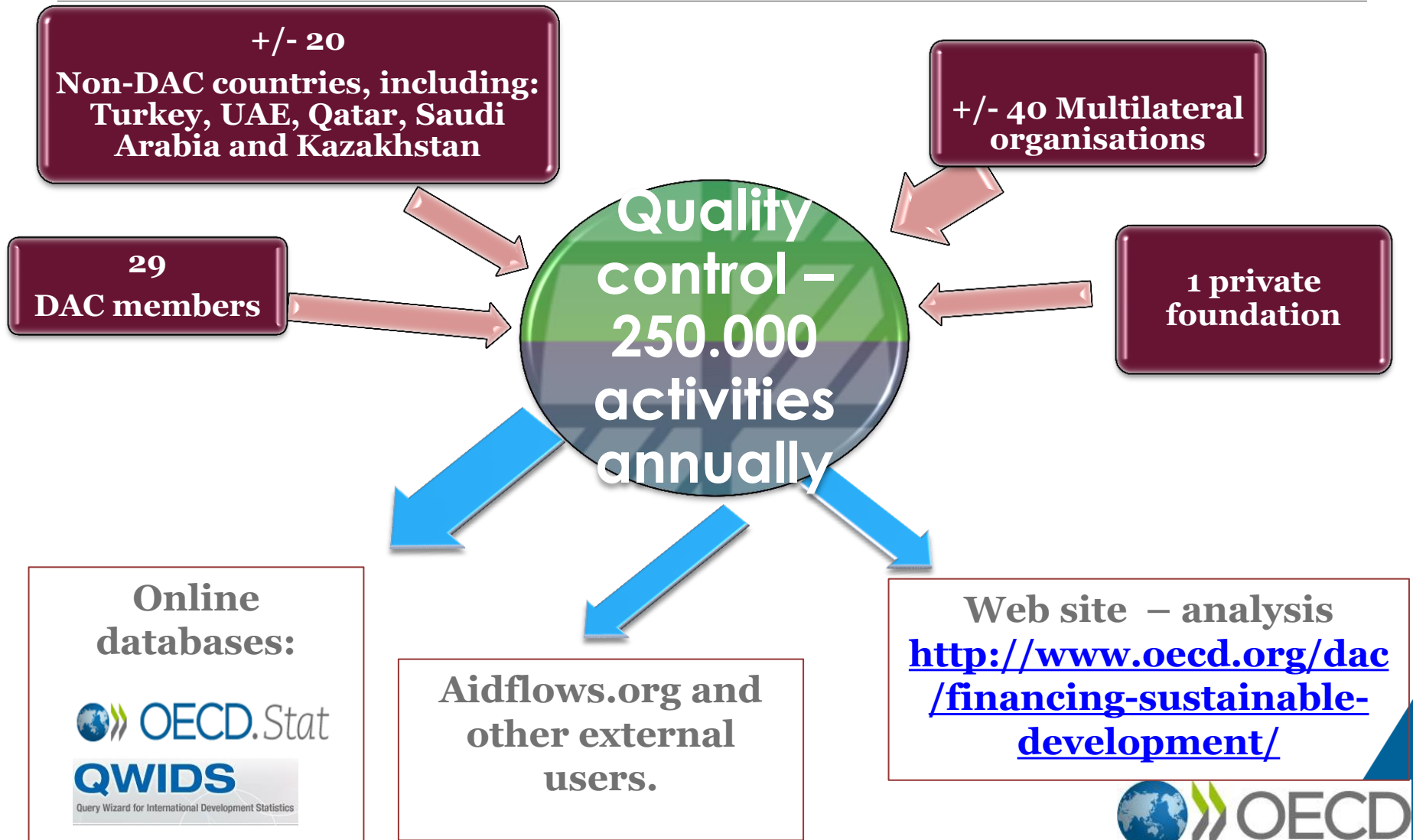
(b) 2014 preliminary estimate



Our work on development finance statistics.



Data collection and dissemination





Example of analytical work - 1

http://www.oecd.org/dac/dac-global-relations/ISDB%20brief.pdf - Windows Internet Explorer

http://www.oecd.org/dac/dac-global-relations/ISDB%20brief.pdf

Islamic Development Bank stats... oecd.org

MARCH 2014

ISLAMIC DEVELOPMENT BANK STATISTICAL REPORTING TO THE OECD DEVELOPMENT ASSISTANCE COMMITTEE (DAC)

This note has been prepared by the Statistics and Development Finance Division of the Development Co-operation Directorate. The authors would like to thank the Islamic Development Bank for its collaboration.

Introduction

The Islamic Development Bank (IsDB) was established in 1975 and data on its concessional financing have been available in DAC statistics since 1977. In 2011, the IsDB expanded its reporting to cover non-concessional project financing to developing countries. This resulted in a major increase in reporting coverage, as concessional financing represents only about 10 per cent of IsDB's total project financing in developing countries. In that same year, IsDB started to report details on individual projects (activity level

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Example of analytical work - 2

and design, mainly in the form of grants.

Table 1. IsDB financing (core resources) by instrument, in USD million

Instrument	2011	2012	2011-2012 average % per instrument
Concessional			
Loan	347.8	391.0	10.8%
Grant (Technical Assistance)	31.0	11.5	0.6%
Non-concessional			
Istisna'a	1,591.3	1,559.9	46.3%
Leasing	1,024.2	520.0	22.7%
Instalment Sale	127.6	933.5	15.6%
Profit Sharing	100.0	50.0	2.2%
Equity	10.0	111.3	1.8%
Total	3,231.9	3,577.1	

The other modes of financing of the IsDB are non-concessional as the Bank makes a profit (mark-up) on the operations.

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Statistical engagement and capacity building

- 20 emerging providers report to OECD on development co-operation (including south-south co-operation).
- Support to set up data collection system, in-country co-ordination, a methodology/guidelines etc.
- Statistical workshops (Kazakhstan 2015, Qatar 2014).
- Also dialogue on statistics and reporting (Turkey 2016, UAE 2015).
- Participation in WP-STAT.
- Offer support, possibly together with SESRIC?



3. INCLUSIVE MEASUREMENT OF BROADER DEVELOPMENT FINANCE: **TOTAL OFFICIAL SUPPORT FOR SUSTAINABLE DEVELOPMENT (TOSSD)**





Points to discuss

1. Why do we need a more inclusive measure of broader development finance?
2. What is TOSSD?
3. What is the way forward for establishing this measure?
4. How can the measure be implemented?



1. Why do we need a more inclusive measure of broader development finance?

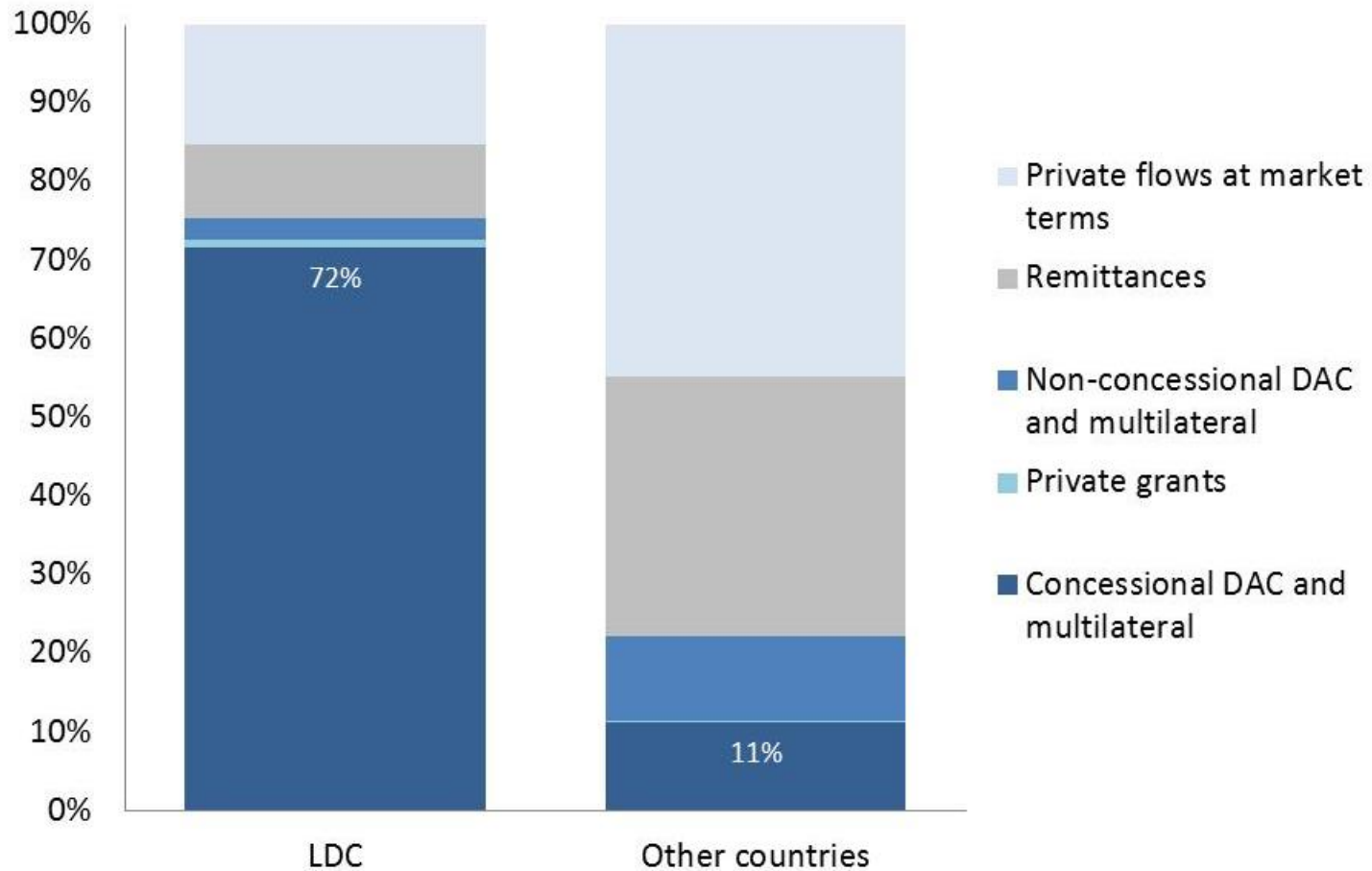
Greater diversity amongst developing countries.

Increased importance of:

- Non-traditional instruments to provide development co-operation.
- Emerging providers of development co-operation.
- Global public goods: the environment.

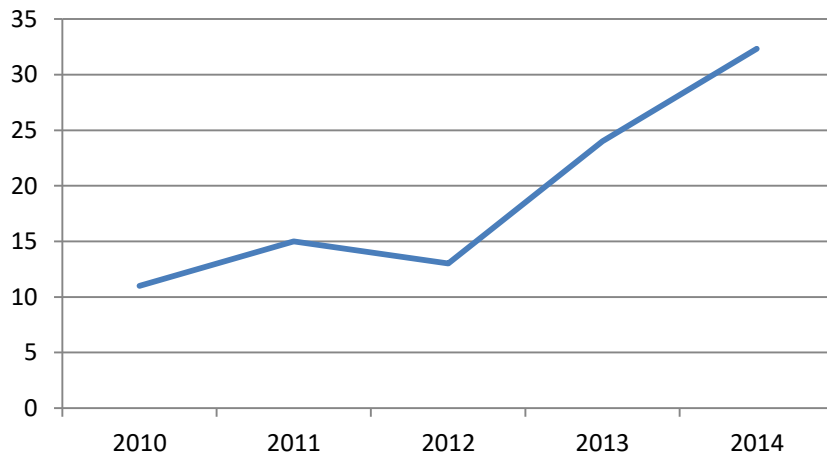


Different countries, different instruments



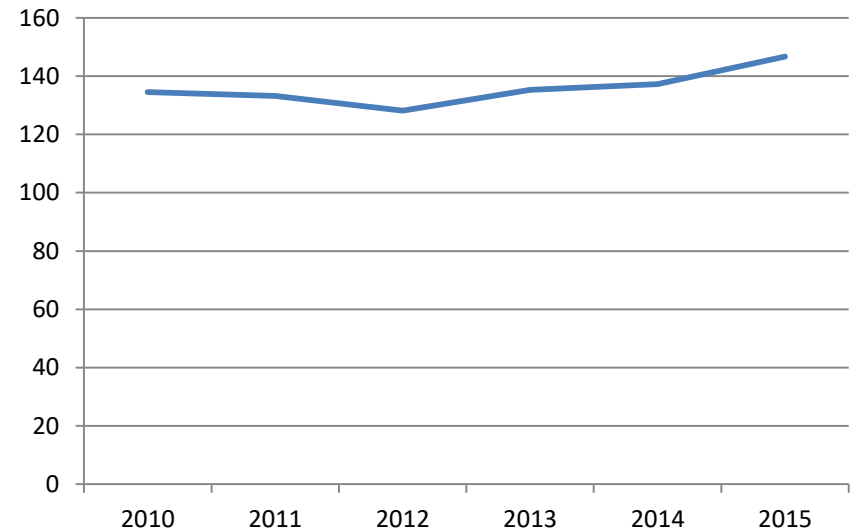
Emerging economies are increasing their development co-operation...

Estimated development co-operation by 29 countries beyond the DAC (of which 19 report data to the DAC)



18% of total global ODA

Net ODA by 28 DAC member countries (constant prices)



...as well as their international co-operation beyond ODA.

International co-operation beyond ODA, by 30 emerging providers could reach:

USD 300 billion

Source: upcoming OECD working paper on emerging providers' international co-operation.



Addis Ababa Action Agenda

- Domestic public resources
- Domestic and international private business and finance
- International development cooperation
- International trade as an engine for development
- Debt and Debt Sustainability
- Addressing systemic issues
- Science, technology, innovation and capacity building



2. What is TOSSSD?

More than just a bad acronym...





Some principles

Access to comprehensive statistics on development finance is essential for the Agenda 2030 financing framework. To be fit for purpose it should:

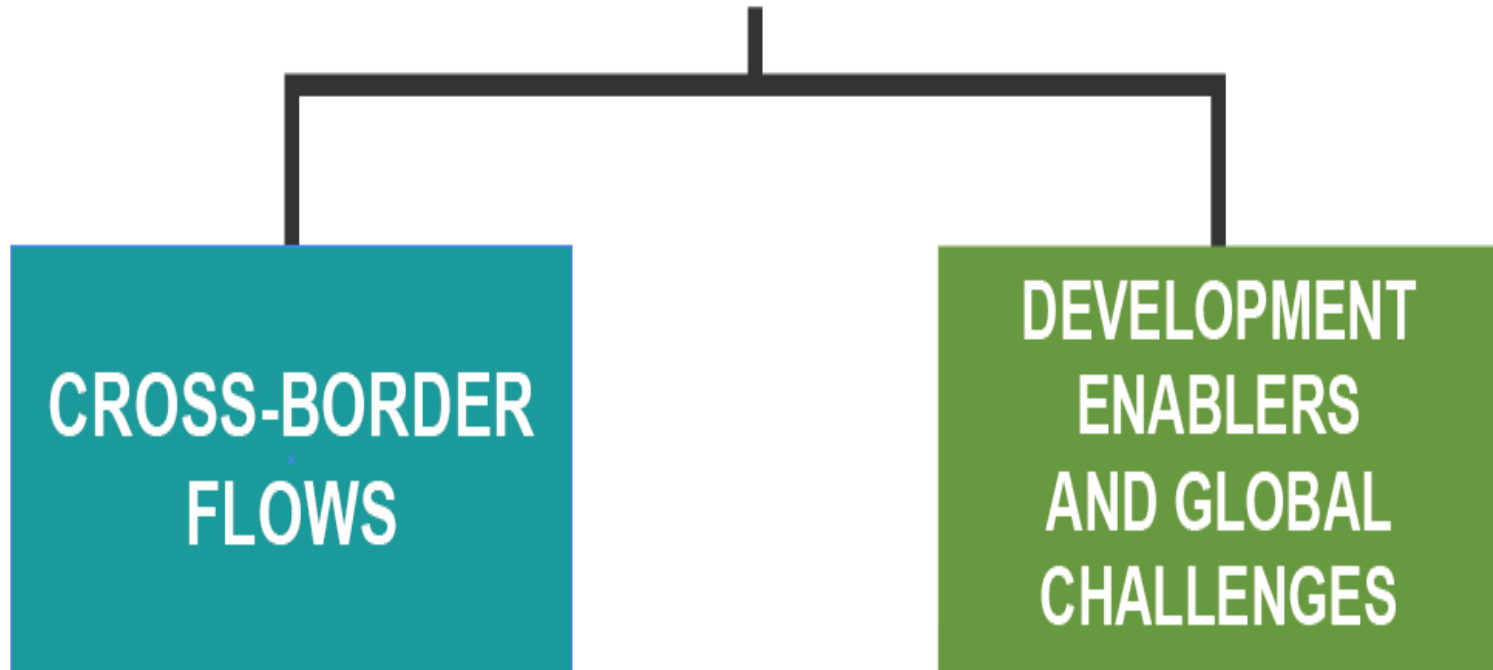
promote transparency and facilitate monitoring of international public finance.

carry the right incentives to maximise resources mobilisation, their smart allocation and catalytic use.

be based on international standards for measuring and monitoring international public finance.

STATISTICAL COMPONENTS

THE TOSSD MEASUREMENT FRAMEWORK



I. THE CROSS-BORDER FLOW COMPONENT

**ALL SDGs SECTORS COVERED (WITHIN ELIGIBILITY)
ALL PROVIDERS & MOST INSTRUMENTS**

Type of support covered:

Concessional grants and loans

Non-concessional loans

Private sector instruments (equity, mezz...)

PPPs, Private finance mobilised

Humanitarian aid

? Export credits ?

Unclear whether support covered

? Debt relief ?

? In-donor costs ?



What's the difference between ODA and TOSSD?

ODA

- **Members of the OECD DAC** and other providers who report on their development co-operation
- Eligibility criteria based on promotion of “**economic development and welfare**” and the **level of concessionality**
- Accountability of DAC members to **longstanding commitments**

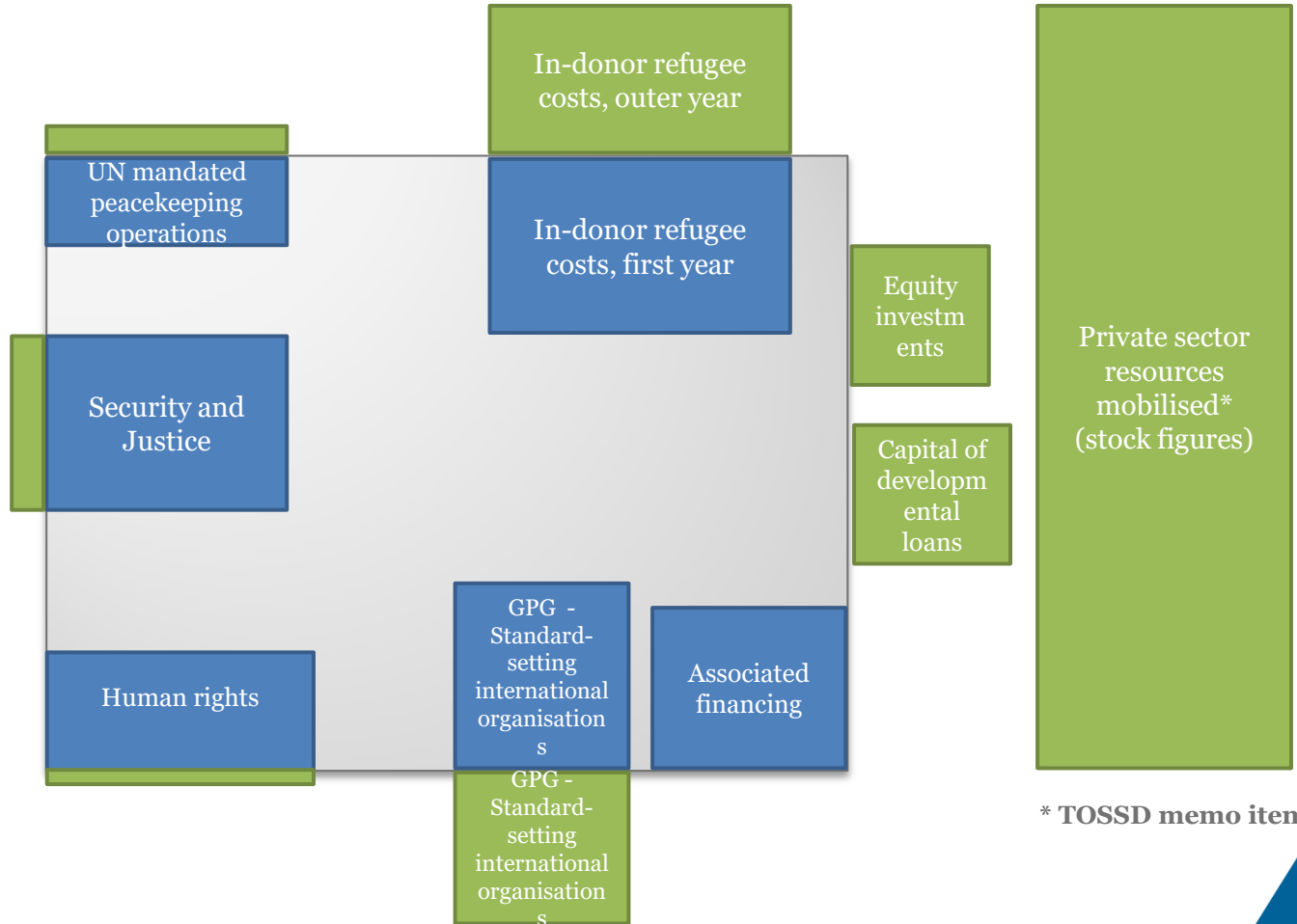
TOSSD

- **All providers** of public international finance
- Eligibility criteria based on **supporting the Agenda 2030 (addressing GPGs or finance aligned with country priorities)**.
- **No targets** or associated commitments so as not to dilute ODA promises



Pilot study Denmark

Gross ODA	2,819
Net ODA	2,693
TOSSD	3,075
memo item	625





Pilot study United Arab Emirates

United Arab Emirates' instruments beyond ODA:

- Support to development enablers and global public goods
- Financial instruments beyond ODA
- Private financed mobilised by public sector interventions: raising private charity, accompany private investment with technical co-operation etc.

Conclusion: TOSSD measure works for UAE.



Pilot Exercise on Broader Development Finance from the UAE

The **United Arab Emirates (UAE)** has significantly stepped up its development co-operation efforts in recent years. Its Official Development Assistance (ODA) measured as a share of Gross National Income reached 1.34% and 1.17% in 2013 and 2014 respectively, well above the UN target of 0.7% and higher than all members of the Development Assistance Committee (DAC). However, many other policies beyond the scope of ODA but with an impact on development are carried out by the UAE. To get a better overview of all its official support for development, the UAE has completed a pilot exercise with the OECD. This pilot will also contribute to the current discussion on how a broader measure of international development finance should look like. Such a measure should incentivise public financing in support of the SDGs and mobilise private resources for that purpose¹.

UAE Instruments beyond ODA

Initial results of the pilot show that many policies of the UAE, beyond ODA, support development. Three main areas of official support for development were identified:

A. Support to Global Public Goods

The UAE supports global public goods both directly and through multilateral organisations. This includes [1] peacekeeping and support for security and justice, [2] human rights and [3] contributions to norm-setting multilateral organisations [which partially work on global public goods, and not exclusively in developing countries]. Their contributions to and hosting of the International Renewable Energy Agency (IRENA) are examples of the latter.

IRENA is an intergovernmental organisation that supports countries in their transition to a sustainable energy future, and serves as the principal platform for research, international cooperation, and a repository resource and financial knowledge on renewable energy.

At the First Session of the IRENA Assembly in April 2011, the UAE capital Abu Dhabi was announced as the permanent seat of IRENA, making it the first intergovernmental organisation to be headquartered in the Middle East. Since then, UAE has been supporting the programmes of IRENA, with over 20 percent of the total funding provided by UAE Government to multilateral organizations in 2013.

B. Financial Instruments

The Abu Dhabi Fund for Development (ADFD), one of the UAE's main agencies for delivering development finance, has several non-concessional loans and equity investments in its portfolio. These equity investments enable private sector companies in developing countries in Africa and Asia to evolve, covering vital infrastructure sectors such as agriculture and fishery (in Mauritania), telecommunications (in Morocco), housing and real estate (in Sudan), and financial and social development (in Bangladesh).

C. Private Finance Mobilised by Official Sector Interventions

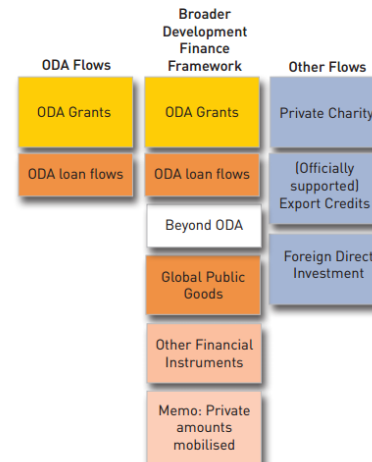
Many public sector interventions by the UAE leverage financing from the private domain, including both market-like financing and private charity.

a. The UAE wants to encourage the private sector to work in developing countries, for example by helping companies to work in a developing country context supporting the creation of the enabling environment within such a country (legal framework, democratic participation, public sector administration etc.). This could include promoting private sector engagement in specific industrial sectors by capacity building in those sectors in the developing country. From the side of the company it would be expected that they comply with Corporate Social Responsibility guidelines and hire people locally.

b. Private charitable funding could be raised by the public sector through two main instruments: the Zakat Fund and fundraising campaigns for developmental purposes.

- Zakat is an annual contribution Muslims are required to make for charitable purposes. In the UAE, these contributions are pooled in the Zakat Fund, managed by the official sector and used for charitable purposes both domestically and in developing countries. Zakat contributions are also disbursed, or implemented as social welfare projects by many of the UAE donor organisations.
- Fundraising is carried out by the UAE NGOs in order to address specific, urgent needs, for example water scarcity in a certain country in the region (the UAE Water Aid Initiative), or the campaign for the education of girls.

A Broader Framework of Development Finance from the UAE



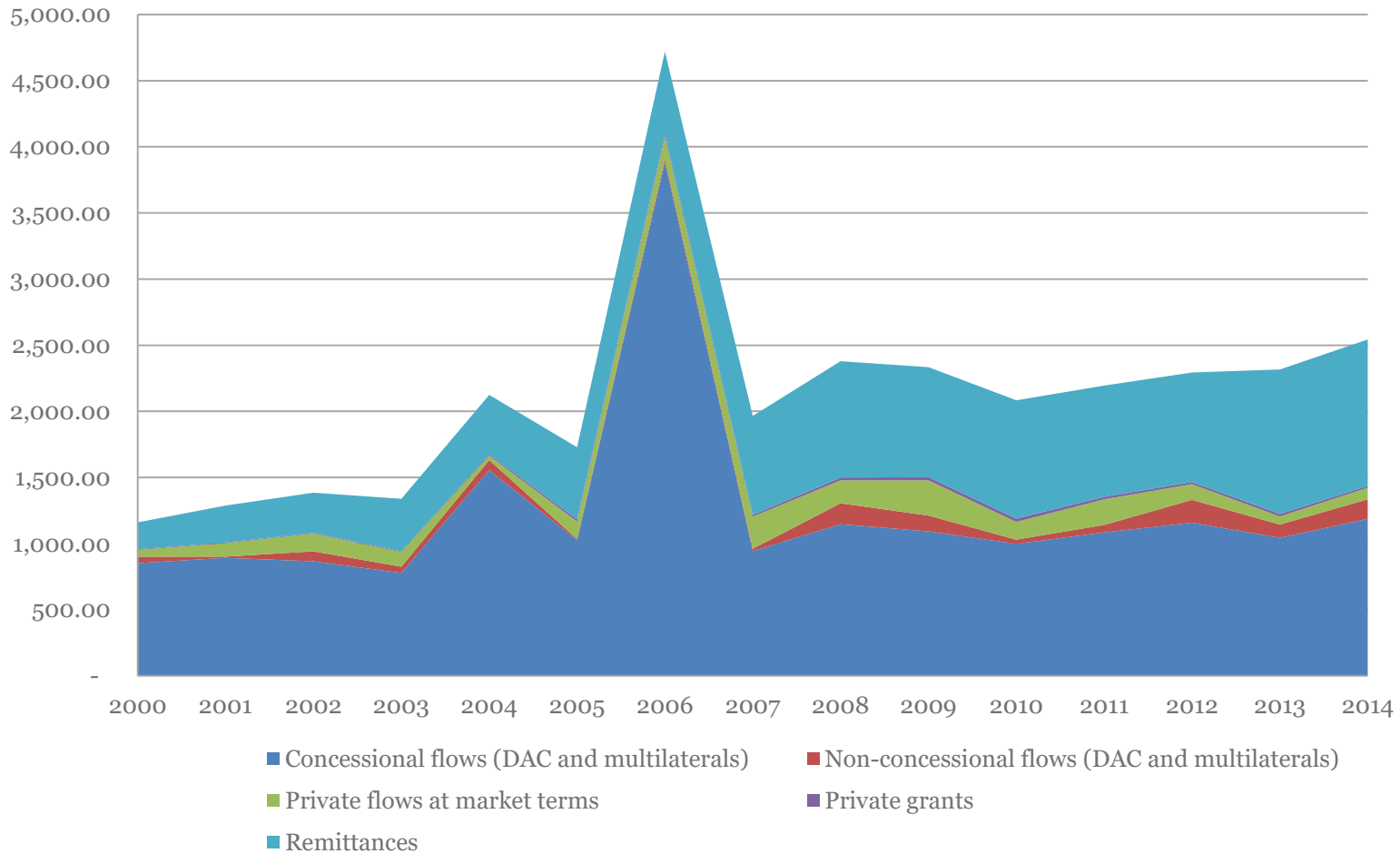
Conclusion

A broader measure of development finance would give a much better overview of UAE's development-related policies. It could be used for analytical purposes and gives visibility of the UAE's efforts in this area. Moreover, if this broader set of activities is reported on in a detailed and transparent way, it would give partner countries a more comprehensive picture of what activities the UAE is carrying out in their countries.

¹ "Total Official Support for Sustainable Development" (TOSSD) has been used as a working title for the future measure.



Senegal pilot





TOSSD Compendium

Part I

Overview: origins, purpose, components, structure and implementation

Part II

Conceptual underpinnings and statistical features

A. Coverage: 2030 Agenda

B. Core architecture: provider and recipient perspectives

C. TOSSD-eligible activities, countries and instruments

D. Measurement issues and features



TOSSD compendium requests feedback on:

1. List of TOSSD-eligible countries and providers
2. Boundaries of projects that support development enablers and address global challenges
3. Governance arrangement including providers and stakeholders beyond the DAC (see next steps)



3. Way forward

- **GPEDC High-Level event** – heighten political awareness (November)
- **Landmark global TOSSD première** (early 2017)
- **High-Level Policy Dialogue** – secure broader endorsement of governance arrangements (2017 – during UN event, tbc)
- **Drafting of international directives** (throughout 2017)



4. Implementation

- Securing broad-based international support for TOSSD.
- Developing a network of TOSSD data co-ordination and aggregation entities.
- Developing tools and processes to enhance the quality and consistency of data (peer review learning events, linkages and support to statistical capacity building, measuring results/impact at country level, etc.).
- Developing and agreeing an inclusive TOSSD measurement framework governance/management arrangement.



THANK YOU FOR YOUR ATTENTION!



Q & A session

- The why: one single measure for all providers and all instruments in support of the SDGs?
- The what: does it measure the right things?
- The how: how should TOSSD be implemented? How should the concept be governed?



Q & A session – on the purpose

- Are the objectives of the TOSSD measurement framework clear?
- A single measure for all providers?
- A measure covering support to the SDGs?
- A measure covering all financial instruments?
- More transparency on amounts mobilised from the private sector?



Q & A session – on the measure itself

- Can activities motivated by the provider's self-interest be included if they have an equally important developmental purpose or are expected to have a developmental impact?
- What further insights and proposals could be considered for defining the TOSSD-eligibility of activities addressing development enablers and global challenges at regional and global level in the areas of: • Climate change? • Migration? • Peace and security? • Human rights?



Q & A – on TOSSD-eligibility

- Should TOSSD to all countries be counted?
- Which multilateral organisations should be TOSSD-eligible and how can they be identified?



Q & A session – on the implementation

- How might an inclusive, representative, technically competent governance arrangement for TOSSD be structured?
- What institutions might be associated?
- Should we have TOSSD data collection institutions?



Back-up slides



II. THE DEVELOPMENT ENABLERS/CHALLENGES COMPONENT



ALL PROVIDER COUNTRIES & MOST INSTRUMENTS



Clasificaciones

- **Oficial vs. privado**
- **Concesional vs. non-concesional**
- **Bilateral vs. multilateral**
- **Histórico vs. futuro**
- **Compromisos vs. desembolsos**



Puntos fuertes de la estadísticas del DAC sobre financiación para el desarrollo

- **Global picture**
- **Comparable y fiable**
- **Rendición de cuentas**
- **Transparencia**
- **Coordinación de la cooperación**



Público y privado

	Concessional	Non-concessional
Official	Official development assistance (ODA) --grants --concessional loans --technical assistance	Other official flows (OOF) --non-concessional loans (e.g. by DFIs) --investment-related transactions --export-related transactions
Private	NGO, foundation and other charitable flows	Private flows at market terms --FDI and portfolio investment --export credits --bonds



Instrumentos de la cooperación al desarrollo

- Cooperación técnica
- Apoyo presupuestaria
- Contribuciones a organismos multilaterales, ONG etc. que trabajan en desarrollo
- Ayuda humanitaria
- Cancelación o reestructuración de deuda
- Gastos en el país proveedor (administrativos, para refugiados, becas y sensibilización)
- Proyectos



Difusión de la información

Page views:
**Financing sustainable
development topics**
570 000 page views a year
+1 560 a day
235 000 visitors a year
+640a day

Very high demand for statistics
Development co-operation statistics =
top 4th of all OECD.stat exports

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Latest Documents

Focus

- » Detailed final 2014 aid figures released by OECD/DAC
- » Climate-related development finance

The detailed final aid figures for 2014 are now available (since 22 December 2015) and shed new light on overall aid spending, confirming that rather than declining, ODA reached an all-time high in 2014. [» Read more](#)

Through its strong data, measurement frameworks and comprehensive analytical base, the OECD advances key issues on development finance while supporting the implementation of the 2030 Agenda for Sustainable Development.

- Measuring and understanding development finance
- Statistics and databases on development finance
- Insights and analysis: What do the data tell us?

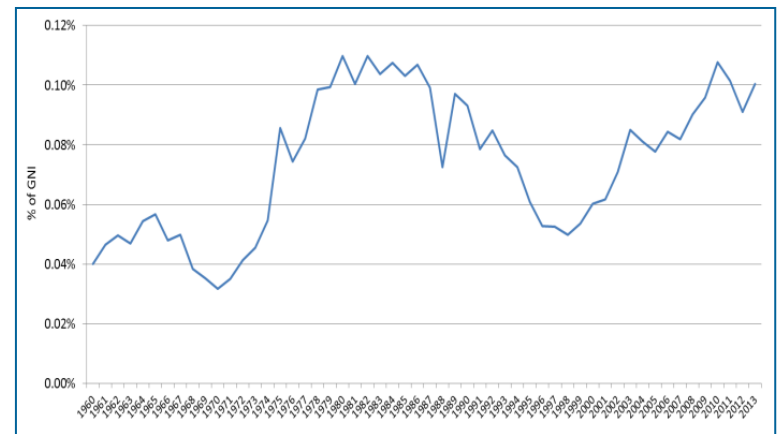
+ **50%**

HLM outcomes: Modernising ODA (cont.)

	BEFORE: FULL FACE VALUE	AFTER: ONLY THE GRANT EQUIVALENT OF A LOAN
Grant Element Thresholds	<ul style="list-style-type: none"> • 25% 	<ul style="list-style-type: none"> • 45% for LDCs and other LICs • 15% for LMICs • 10% for UMICs
Discount Rates	<ul style="list-style-type: none"> • 10% • Used for assessing the concessionality of a loan 	<ul style="list-style-type: none"> • 5% base (current IMF discount rate) + adjustment factors of <ul style="list-style-type: none"> ○ 4% for LDCs and other LICs ○ 2% for LMICs ○ 1% for UMICs • Used for both assessing the concessionality of a loan (does it meet the threshold?) and for calculating its ODA grant equivalent or the concessional portion of the loan.
Measurement System	<ul style="list-style-type: none"> • Positive ODA when disbursed, negative ODA when repaid 	<ul style="list-style-type: none"> • Grant equivalent of loan disbursements (grant element multiplied by amount disbursed). • Repayment of past loans is not subtracted from ODA but will continue to be collected and published.

Reverse declining trends of ODA to LDCs and improve targeting to countries most in need (LDCs, LICs, SIDS, LLDCs and fragile states)

- Enhance monitoring of members' performance – individually through DAC peer reviews and collectively at Senior Level Meetings (compendium of measures).
- Strengthen the empirical and analytical basis for better decision-making about smart ODA allocations.



HLM outcomes: Valorising the use of private-sector instruments

Incentivise official sector use of instruments with a leveraging effect (e.g. equity, guarantees) by:

- **Reflecting in ODA the effort of the official sector** in catalysing private sector investment in effective development in ODA.
- Setting an international standard to **measure the mobilisation effect** of official interventions and **collecting data on amounts mobilised** in DAC statistics (under TOSSD or another category).



Cooperación técnica

- Actividades con el objetivo de aumentar el nivel de conocimiento y capacidades de las poblaciones de países socios.
- Se puede extender de varias formas:
 - Personal del país proveedor (expertos, consultores, profesores etc.)
 - Formación, investigación y otras actividades de capacitación
 - Asistencia técnica enmarcada en proyectos



29 DAC Members	36 Multilateral organisations	21 non-DAC countries
Australia	Adaptation Fund	
Austria	African Development Bank (AfDB)	OECD countries
Belgium	Arab Fund for Economic and Social Development (AFESD)	Estonia
Czech Republic	Asian Development Bank (AsDB)	Hungary
Canada	Arab Bank for Economic Development in Africa (BADEA)	Israel
Denmark	Caribbean Development Bank (CarDB)	Turkey
European Union	Climate Investment Funds (CIFs)	
Finland	Council of Europe Development Bank (CEB)	Other countries
France	European Bank for Reconstruction and Development (EBRD)	Azerbaijan
Germany	Food and Agriculture Organisation (FAO)	Bulgaria
Greece	The Global Alliance for Vaccines and Immunizations (GAVI)	Cyprus
Iceland	Global Environment Facility (GEF) Secretariat	Croatia
Ireland	Global Fund to fight Aids, Tuberculosis and Malaria (GFATM)	Kazakhstan
Italy	Global Green Growth Institute (GGGI)	Kuwait (KFAED)
Japan	Inter-American Development Bank (IaDB)	Latvia
Korea	International Atomic Energy Agency (IAEA)	Liechtenstein
Luxembourg	International Fund for Agricultural Development (IFAD)	Lithuania
The Netherlands	International Finance Corporation (IFC)	Malta
New Zealand	International Labour Organisation (ILO)	Romania
Norway	IMF Concessional Trust Funds	Russia
Poland	Islamic Development Bank (IsDB)	Saudi Arabia
Portugal	Montreal Protocol	Chinese Taipei
Slovak Republic	Nordic Development Fund (NDF)	Thailand
Slovenia	OPEC Fund for International Development (OFID)	Timor Leste
Spain	Organization for Security and Co-operation in Europe (OSCE)	United Arab Emirates
Sweden	UNAIDS	
Switzerland	UN Development Programme (UNDP)	Private Foundation
United Kingdom	UN Economic Commission for Europe (UNECE)	Bill and Melinda
United States	UN Population Fund (UNFPA)	Gates Foundation
	United Nations High Commissioner for Refugees (UNHCR)	
	UNICEF	
	UN Peacebuilding Fund (UNPBF)	
	UN Relief and Works Agency (UNRWA)	
	World Food Programme (WFP)	
	World Health Organization (WHO)	
	World Bank (IDA & IBRD)	



Draft architecture of the framework

