

Ongoing process to modernise the DAC statistical framework

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Outline of the presentation

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WHY MODERNISE THE DAC STATISTICAL FRAMEWORK?

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TREATMENT OF CONCESSIONAL LOANS

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PRIVATE SECTOR INSTRUMENTS

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OTHER RELATED WORK

Ultimate goal of modernisation: maximise resources available for development

The DAC statistical system should promote:

- Maximisation of resources for development, their smart allocation and catalytic use.
- International standards for measuring & monitoring of development finance.
- Transparency and accountability of development finance.

OVERVIEW OF THE MODERNISATION

ODA MODERNISATION

- Concessional loans
- Private sector instruments
- Peace and security
- In-donor costs (refugees)

TOSSD
TOTAL OFFICIAL SUPPORT
FOR SUSTAINABLE
DEVELOPMENT

CROSS-CUTTING
ISSUES

TAXONOMY OF FINANCIAL INSTRUMENTS

AMOUNTS MOBILISED FROM THE PRIVATE SECTOR

BLENDED FINANCE

CONCESSIONAL LOANS – Agreement at the 2014 HLM

New measurement system where **only the grant equivalent of loans** is counted in ODA :

- Allows for better comparison of loans and grants, and incentivises concessionality.
- **Quantitative definition of concessionality** (public loans):
 - **Discount rates:** recognises differentiation among developing countries.
From 10% currently to 9% for LDCs and other LICs; 7% for LMICs; 6% for UMICs.
 - **Concessionality thresholds:** high threshold for LDCs & other LICs to ensure debt sustainability.
From 25% currently to 45% for LDCs & other LICs; 15% for LMICs; 10% for UMICs.
- ODA flows will still be collected and published.

PRIVATE SECTOR INSTRUMENTS – Principles agreed at the 2016 HLM

- reflect in ODA the **effort of the official sector in providing private sector instruments** and record the flows in TOSSD
 - in a credible and transparent way
 - offering the right incentives (and removing disincentives) for the use of these instruments.
- to **incentivise the use of PSIs** and **encourage** providers' support to the private sector in developing countries
- implementation details still under discussion, in close collaboration with the OECD Export Credit Group.

Private sector instruments

- Measurement in ODA based on **grant equivalents**:
 - Grants, Loans, Equity investment, Guarantee
- **Flows** will continue to be collected and published
- **Transparency** provisions and rules on data disclosure, **safeguards** and **disciplines**
- Collaboration with the **OECD Export Credit Group**.

Other work: new taxonomy of financial instruments

Categories of instruments

- Grants
- Debt Instruments
- Mezzanine Finance
- Equity and Share in CIV
- Guarantees and other unfunded contingent liabilities

- Key element in the modernisation of the monitoring of development finance
- Better reflect DFIs' portfolios in support of private sector development
- Better track instruments with the potential to mobilise private investment
- For implementation in 2017 for reporting on 2016 flows

Other work: measuring mobilisation

OBJECTIVE

- to develop an international standard for measuring the amounts mobilised from the private sector by official development finance interventions. (2014 HLM mandate).

SCOPE

- So far, the work was limited to measure direct mobilisation, as opposed to indirect mobilisation (i.e. catalytic effect) considered more difficult to track statistically. Further work needed in this area (e.g. through impact indicators).



USD 100 billion
goal for climate

- Data collection implemented in 2017, starting with three instruments (guarantees, syndicated loans and shares in CIVs).
- Ongoing work to cover a broader range of instruments (e.g. credit lines).

Thank you!

Website: [Modernisation of the DAC statistical system](#)