



Institutional Landscape of Development Assistance

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ODA still dominates ...

Rekordhoch bei Entwicklungshilfe

11. April 2017, 17:33

   136 POSTINGS

Noch nie haben Industrieländer so viel Geld für Entwicklungszusammenarbeit ausgegeben wie 2016. Das liegt an den stark gestiegenen Ausgaben für die Versorgung von Flüchtlingen

Wien/Paris – Die Industriestaatenorganisation OECD hat am Dienstag in Paris die neuesten Zahlen über die weltweiten Ausgaben für Entwicklungszusammenarbeit (EZA) präsentiert. Die 29 Geberländer der OECD haben im

UK among six countries to hit 0.7% UN aid spending target

Amid criticism of UK aid spending, OECD data shows only Denmark, Norway, the Netherlands, Luxembourg and Sweden exceeded British aid spend in 2015

New OECD figures

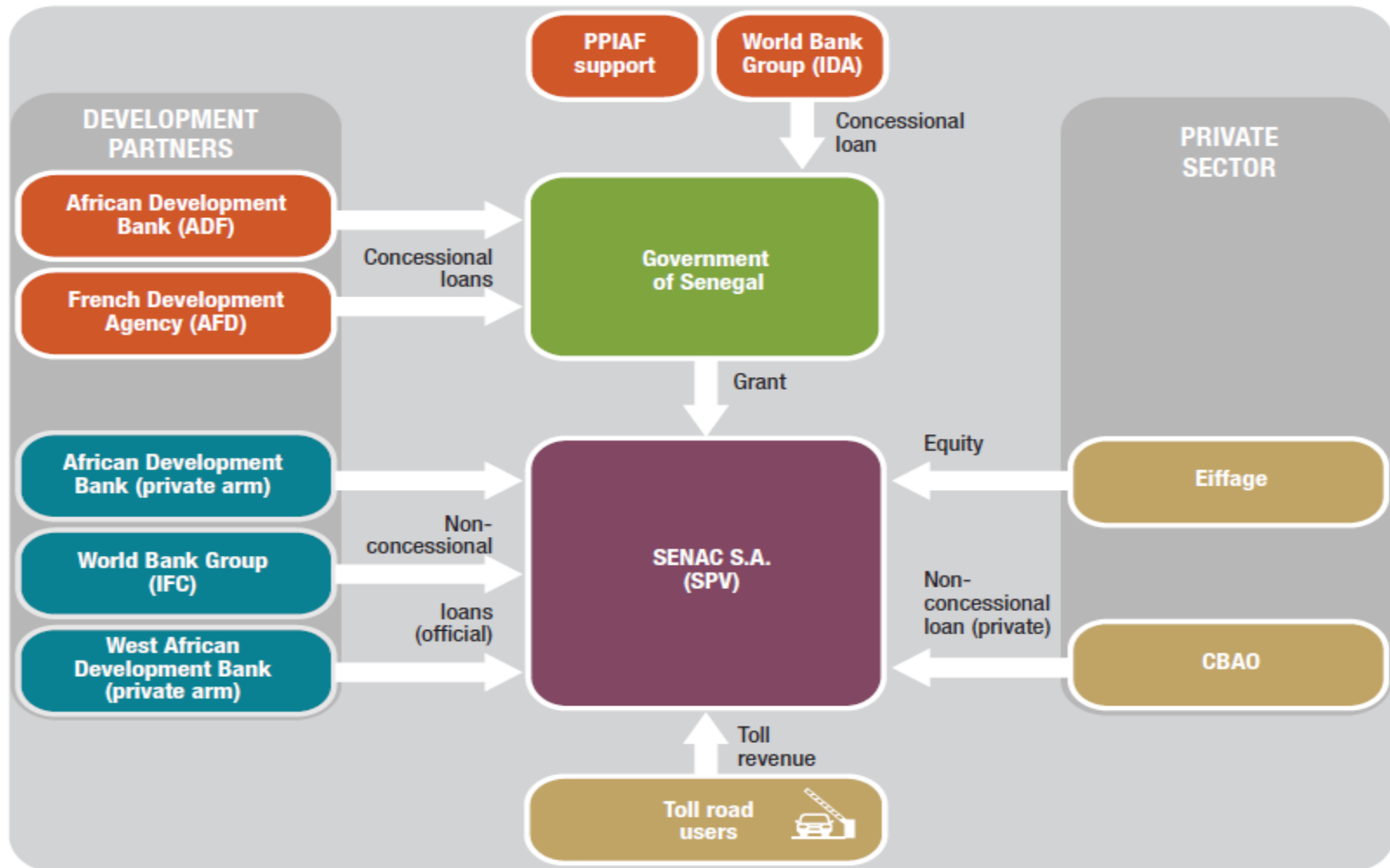
German ODA ratio rises to 0.7 per cent for the first time due to domestic spending on refugees

In response to these figures, German Development Minister Gerd Müller said: "The OECD's figures show that Germany is meeting its growing international commitments. Having met the target of 0.7 per cent of gross national income we

Why do we need a reform ?

- ▶ **Need to address criticism by experts and CSOs that ODA measures too much and at the same time too little:**
- ▶ **TOO MUCH:** Expenses in donor country should not count as ODA (e.g. in-donor refugee costs, imputed students' costs, administrative costs, development awareness and similar expenses)
- ▶ **TOO LITTLE:** Relevant innovative instruments for development finance are not captured because they do not meet current ODA requirements (e.g. guarantees because they do not constitute a cash flow or perverse incentives for equity)
- ▶ **Need to modernise ODA and DAC Statistics more generally:**
- ▶ Adjust statistical system to cater to new forms/instruments of financing and to new development framework/agenda (SDGs – Sustainable Development Goals)
- ▶ Broader and more inclusive approach to capturing development finance
- ▶ DAC Statistics needs to open up (leave its „donor club“ position) and include non-DAC partners (emerging donors, South-South cooperation)

Dakar-Diamniadio toll highway



OECD Reform Package:



1. Revise ODA:

- Sovereign Loans
- Peace & Security Expenditures
- In Donor Refugee Costs
- Private Sector Instruments

2. Create a new measure

TOSSD Total Support for Sustainable Development
to track resources invested to achieve SDGs

DAC High Level Meetings (HLM) of 2012, 2014 and 2016 provide the framework, mandates, and reasoning for reforms of DAC statistical data collection

Financial Instruments to be covered in TOSSD cross-border flows

TYPE OF SUPPORT COVERED

Concessional grants and loans

Non-concessional loans

Private sector instruments (equity, guarantees...)

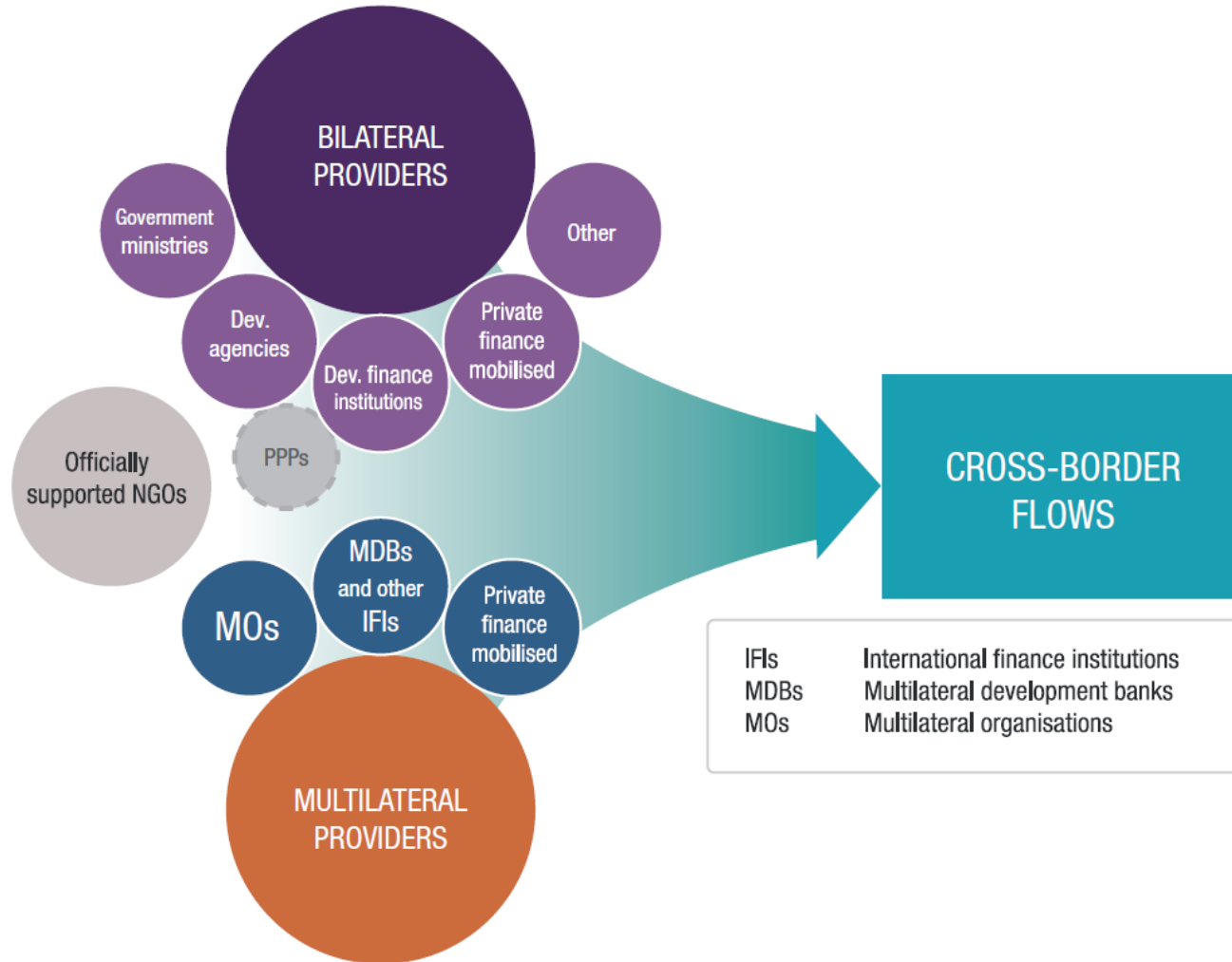
PPPs, private finance mobilised

Humanitarian aid

UNCLEAR WHETHER/TO WHAT EXTENT SUPPORT COVERED

? Export credits ?

Source of cross border flow data



Difference between ODA and TOSSD

ODA

- Members of the OECD DAC and other providers who report on their development co-operation
- Measured by the grant equivalent of the resource flow, registering donor “effort” in making resources available
- Eligibility criteria based on promotion of “economic development and welfare” and the level of concessionality
- Accountability of DAC members to longstanding commitments

TOSSD

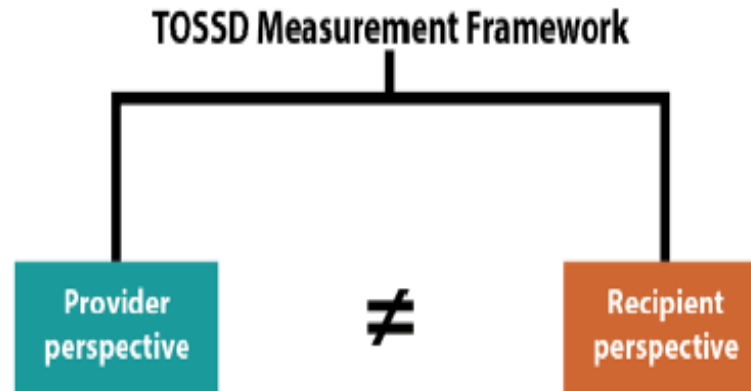
- All providers of public international finance, and the private operators they are collaborating with, in a global statistical reporting framework.
- Measured by the full face value of the flow (gross amounts) – to provide a fuller picture of resources available to developing countries
- Eligibility 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

Why we support TOSSD ?

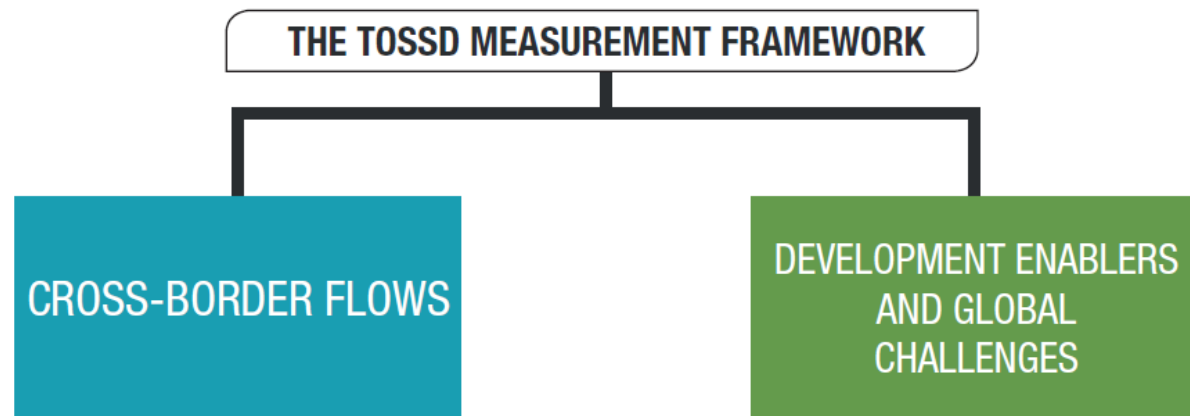
- ▶ Reduces pressure on ODA
- ▶ Gives a wider picture in line with Addis Agenda (ODA alone is not enough !)
- ▶ Recognition of all flows with public support (e.g OeEB loans)
- ▶ Capture development finance from non-DAC providers
- ▶ Capture the mobilising effect of official interventions
- ▶ Developing countries want information on all cross border flows

Two perspectives of TOSSD

Concept June 2016:

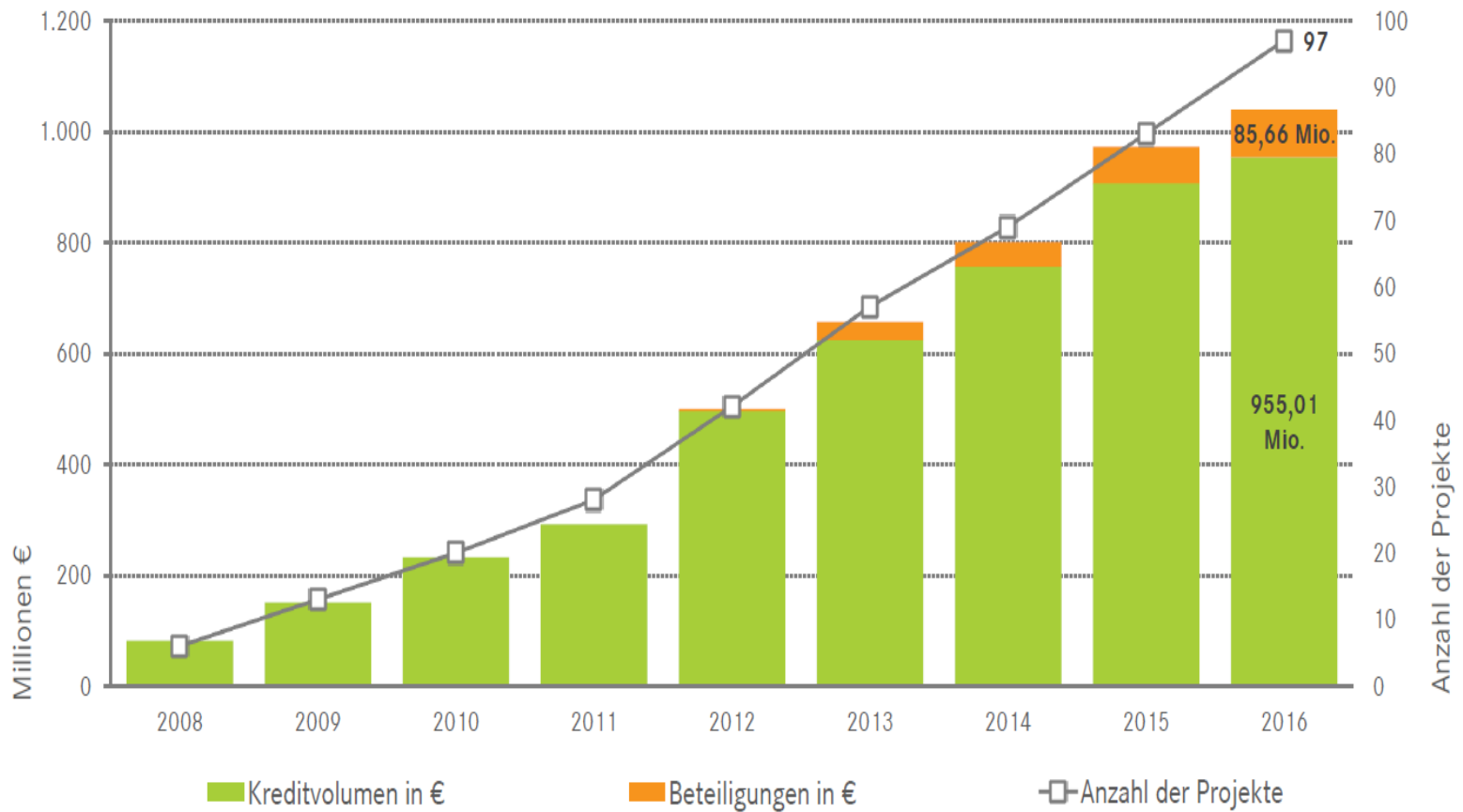


New Proposal October 2016 after public consultation:



OeEB Portfolio

1,04 Mrd. Euro



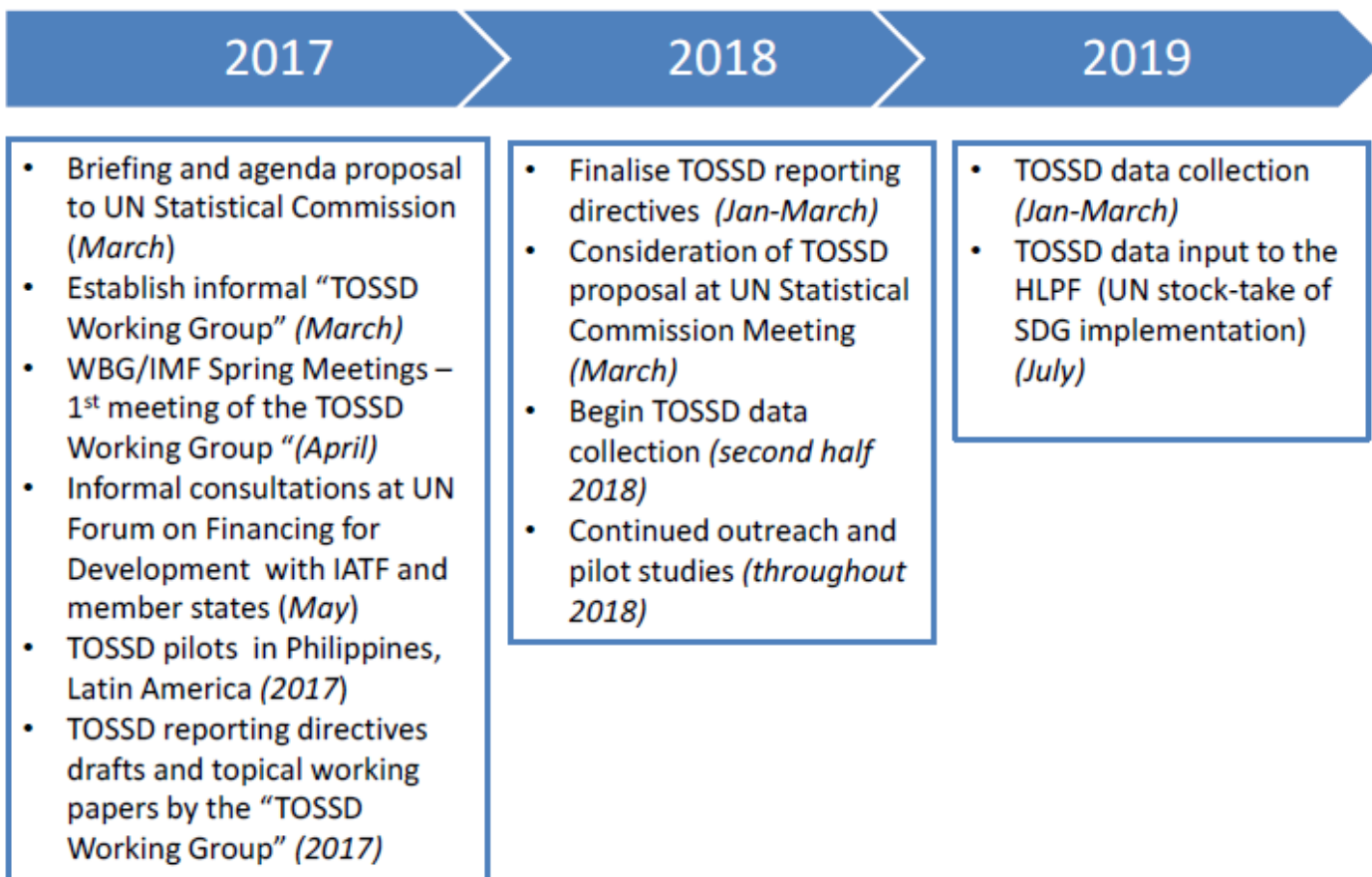
Why is PSI reform so difficult ?

- Decision by consensus
- Complexity and diversity of instruments and institutions involved
- Built-in contradiction to ODA approach:
 - a) ODA demands absolute transparency vs right of private investor to keep information private
 - b) ODA is concessional vs. PSI as close to market terms as possible
- Confusion on what we measure (Donor effort or recipient benefit?)
- Incentive argument over emphasized (aim to measure can be at odds with aim to hand out a reward)
- 0,7% target remained
- Fear of misuse of DFIs for hidden export promotion
- Doubts that TOSSD will become politically relevant (No more donor perspective !!!)

Proposed Parameters for calculating ODA credit for PSI loans (Mai 2017)

	Maturity < 10 years			Maturity ≥ 10 years		
	LDCs & other LICs	LMICs	UMICs	LDCs & other LICs	LMICs	UMICs
Base rate	3%, US bond yield (10-year average) IMF discount rate <i>minus</i> 2 bp, currently 3%			5%, IMF flat rate used in 2014 IMF discount rate, currently 5%		
Country risk premium	4%	2%	1%	4%	2%	1%
Private surcharge RC 2-5	0%					
RC 6-7	2%					
Discount rate RC 2-5	7%	5%	4%	9%	7%	6%
RC 6-7	9%	7%	6%	11%	9%	8%
Threshold	5%					

TOSSD Timeline





Thank you

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