

Development Co-operation Directorate
 Development Assistance Committee

DAC Working Party on Development Finance Statistics

IMPLEMENTATION OF THE DAC HLM CONCESSIONALITY AGREEMENT AND IMPLICATIONS OF THE GRANT EQUIVALENT SYSTEM

Revision of the Statistical Reporting Directives

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This document is submitted for DISCUSSION under Item 2a of the draft agenda DCD/DAC/STAT/A(2015)2/PROV. Members are invited to provide their WRITTEN COMMENTS to the Secretariat by 16 March 2015 at the latest.

The December 2014 DAC HLM agreed to modernise the reporting of loans by assessing concessionality based on discount rates differentiated by income group and introducing a grant equivalent system for the purpose of calculating ODA figures. The WP-STAT was tasked to revise the Reporting Directives in accordance with the agreement for endorsement by the DAC by the end of 2015. As a first step to fulfil this mandate, this note identifies the sections and paragraphs of the Directives that need to be revised to reflect the new discount rates and the grant equivalent method. A number of concrete drafting proposals are also made.

Members are invited to review the list of changes needed and the draft proposed revisions, and to signal any additional issues to take into account when preparing the revised instructions. On this basis, a full-fledged proposal for revised Directives will be prepared for consideration by the WP-STAT at its May meeting. Members are also invited to comment on a plan for updating instructions on reporting on debt relief in the grant equivalent system.

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IMPLEMENTATION OF THE DAC HLM CONCESSIONALITY AGREEMENT AND IMPLICATIONS OF THE GRANT EQUIVALENT SYSTEM

Revision of the Statistical Reporting Directives

1. The December 2014 DAC HLM agreed to modernise the reporting of loans by assessing concessionality based on discount rates differentiated by income group and introducing a grant equivalent system for the purpose of calculating ODA figures. The WP-STAT was tasked to revise the Reporting Directives in accordance with the agreement for endorsement by the DAC by the end of 2015. As a first step to fulfil this mandate, **this note identifies the sections and paragraphs of the Directives that need to be revised to reflect the new discount rates and the grant equivalent method.** The general approach has been to introduce as few changes as possible in the Reporting Directives, including in the terminology, pending finalisation of the overall reform of the DAC statistical framework. In particular, forthcoming decisions by the DAC on the new measure of Total Official support for Sustainable Development (TOSD), the concept of Resource Inflows and the inclusion in ODA of the effort by the official sector in using private-sector instruments will imply more profound changes to the Directives. These will be dealt with in a second stage, in 2016.

2. The document follows the structure of the Converged Statistical Reporting Directives [DCD/DAC(2013)15/FINAL], hereafter referred to as the Directives. It indicates, chapter by chapter, the types of changes required to reflect the HLM agreement, and highlights the possible issues that arise and that need to be settled by the WP-STAT. It also makes a number of concrete drafting proposals for revised texts. **At the WP-STAT informal meeting on 2-3 March 2015, members are invited to review the list of changes needed and to signal any additional issues to take into account when preparing the revised instructions.** Feedback on the drafting proposals (see boxes with “**draft revised paragraphs**”) is requested **in writing by 16 March 2015 at the latest.** On this basis, a full-fledged proposal for revised Directives will be prepared for consideration by the WP-STAT at its May meeting.

3. The table below summarises the changes needed and main questions for discussion.

4. As regards debt relief, the HLM agreed that changing the measurement system from net flows to risk-adjusted grant equivalents will also change the basis on which debt relief of ODA loans is reported. More generally, it concluded that the existing regulations for reporting debt relief should expire with the reporting of 2017 flows, and be replaced by new regulations, in time for the reporting of 2018 data when the new system becomes the standard. These decisions imply updates to:

- Chapter 1. Section II.4 Debt relief
- Chapter 2. Section II.2 Debt relief and ODA
- Chapter 3. Section VII. Specificities for debt reporting
- Chapter 5. A few paragraphs on debt reporting
- Annex 7. Reporting on debt relief

5. Members are also invited to comment on the proposed plan for updating instructions on reporting on debt relief in paragraphs 43-44 of this note.

Table 1. Summary of proposed revisions and main questions for discussion

Chapter	Types of changes required	Main questions for discussion
1. Coverage and key financial definitions	Updates to the definitions of concessional vs. non concessional and of categories of flows to reflect the quantitative definition of concessionality.	<i>Does the proposed updated description of concessional vs. non-concessional capture the HLM agreement?</i>
2. Official development assistance	Update to the definition of ODA to reflect both the quantitative definition of concessionality and the switch from a cash-flow measurement to a grant equivalent methodology; update to the description of the grant element (new discount rates) and to the instructions on loans with variable interest rates.	<i>Does the proposed updated definition of ODA capture the HLM agreement?</i>
3. Basis of measurement	Restructuring of the chapter around the concepts of “grant equivalent”, “volume of resources” and “amounts mobilised” to reflect the modernisation of the DAC statistical framework for the post-2015 era.	<i>Is the proposed new structure suitable?</i>
4. DAC statistical concepts describing flows	No change required.	
5. Instructions for reporting	Proposed revised reporting forms are circulated under separate cover in DCD/DAC/STAT(2015)6.	<i>Starting with 2018 data, the headline ODA figure will be based on the new grant equivalent measure. What aggregates would need to be collected to validate members’ reporting on ODA on grant equivalent basis?</i>
6. Correspondences between activity-level reporting and aggregates	These correspondences will depend on the final format of reporting forms. See DCD/DAC/STAT(2015)6.	
Throughout most chapters – debt reporting		<i>Are there any comments on the proposed plan for updating reporting instructions for debt relief?</i>
Annexes	Apart from reporting forms in Module B, no major changes are foreseen at this stage but the DAC will discuss possible implications of the concessionality agreement on the Terms Recommendation (Annex 15) and the Untying Recommendation (Annex 16). The WP-STAT may be tasked with additional work in this regard.	

STATISTICAL REPORTING DIRECTIVES

Introduction

6. The text needs updates to:
- Place DAC statistics in the context of the post-2015 framework for measuring and monitoring development finance.
 - Introduce the different perspectives in the data collected through DAC statistics: the notion that ODA measures provider effort, while data on flows will continue to be collected for transparency purposes and for compiling statistics on broader development finance, including the statistics on developing countries' resource receipts.

CHAPTER 1. COVERAGE AND KEY FINANCIAL DEFINITIONS

7. This chapter currently outlines the DAC's collection of data on resource flows from donors to developing countries and provides definitions of main categories of flows. The text needs to be updated to reflect the grant equivalent methodology for measuring concessional loans in ODA.

I. Scope of resource flows covered

8. The flow of resources covered in DAC statistics is summarised in Figure 1 of the Directives. These flows will still be collected in the modernised reporting system and will continue to form the raw data of DAC statistics. However, the HLM agreed that ODA would no longer record the cash flows of concessional loans but their grant equivalents. In future, the term “**ODA**” will therefore refer to a headline measure of donor effort comprising grants and grant equivalents of loans.¹ For the sake of simplicity, and pending finalisation of the overall reform of the DAC statistical framework (see paragraph 1), the term “**ODA flows**” will be used throughout the Revised Directives to refer to flows the grant equivalent of which is counted in ODA; the term “ODA flows” will replace the term “ODA” in Figure 1. Similarly, the term “ODA loans” will refer to loans the grant equivalent of which is counted in ODA.

1.1 Main concepts used in defining flow categories

Bilateral and multilateral

9. No change required for the definition of bilateral *versus* multilateral contributions.

Concessional and non-concessional

10. Paragraph 12 is no longer valid and needs to be corrected to reflect revised discount rates and thresholds for concessionality. See draft revised text in track changes below:

1. Discussions on the inclusion in ODA of donor effort involved in using private-sector instruments are ongoing [see DCD/DAC/STAT(2015)3]. Depending on the approach agreed (institutional, instrument-specific or another approach), ODA will record this effort as grants or grant equivalents.

Draft revised paragraph 12

Grants are wholly concessional by definition. ~~Non-concessional loans are those provided at, or near to, market terms. Concessional loans are those provided at softer terms conveying grant elements above agreed thresholds. To help distinguish ODA from OOF, a minimum grant element has also been specified. The grant element is defined as the difference between the face value of the loan and the discounted future debt service payments to be made by the borrower. The discount rates used in the ODA calculation is constant over time and across currencies, and fixed at 10 per cent~~ are differentiated by income group to recognise that lending to poorer countries involves greater donor effort than lending to richer countries. The rates consist of a base factor, which is the IMF discount rate (currently 5%), and an adjustment factor of 1% for UMICs, 2% for LMICs and 4% for LDCs and other LICs¹. For their grant equivalents to be counted as ODA, loans to LDCs and other LICs need to have a grant element of at least 45%, loans to LMICs a grant element of at least 15%, and loans to UMICs a grant element of at least 10%. Loans below these thresholds are referred to as non-concessional loans.

1. The DAC will regularly assess the need for adjusting those factors, in particular following any change to the IMF rate.

Official and private

11. No change required for the definition of official *versus* private.

1.2 Main categories of flows used in reporting (types of flows)

12. Categories of flows used in reporting are not impacted by the introduction of the grant equivalent methodology, but their descriptions need to be adjusted to reflect the new definition of concessionality. The integration of the modernised taxonomy of financial instruments in the Directives will necessitate changes to the categories of flows [see DCD/DAC/STAT(2015)7].

Official Development Assistance (ODA)

13. The term “flows” should be added to the title of the category. (For the sake of simplicity, the term “ODA flows”, will be used to refer to flows the grant equivalents of which enter the calculation of ODA, see paragraph 8.)² The flows themselves can be described as in the current version of the Directives with an adjustment to criterion b) to reflect the new quantitative definition of concessionality, see draft revised text in track changes below. The footnote will be reviewed as part of the updating of instructions on reporting on debt relief.

2. The term “ODA” is used in several instances in the current Directives to name the category of flows. This paper does not list them all. Paragraphs 27 or 34, or the terms “DAC List of ODA Recipients” or “List of ODA-eligible International Organisations”, are good examples.

Draft revised paragraph 16

Official Development Assistance (ODA) flows

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

1. provided by official agencies, including state and local governments, or by their executive agencies; and
2. 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 and~~ i.e. conveys a grant element of at least ~~25~~ 45 per cent ~~in the case of loans to LDCs and other LICs (calculated at a rate of discount of 40 9 per cent), 15% in the case of loans to LMICs (calculated at a rate of discount of 7 per cent), 10% in the case of loans to UMICs (calculated at a rate of discount of 40 6 per cent)~~¹. Loans whose terms are not consistent with the IMF Debt Limits Policy and/or the World Bank's Non-Concessional Borrowing Policy are not reportable as ODA.

1. Except that capitalised interest included in reschedulings of ODA loans is recorded as ODA, regardless of the grant element of the rescheduling.

Other Official Flows (OOF)

14. Other official flows are defined as transactions by the official sector which do not meet the conditions for eligibility as ODA, either because they are not primarily aimed at development, or because they are not sufficiently concessional. This definition remains valid although it is necessary to revise paragraph 17 ii. to reflect the agreement on concessionality. If the concepts “concessional” and “non-concessional” are defined as suggested in draft revised paragraph 12, paragraph 17.ii can be revised as shown in the box below.

Proposed revised paragraph 17.ii.

Official bilateral transactions intended to promote development which are not concessional ~~in character or have a grant element of less than 25 per cent.~~

15. Other changes to paragraph 17 are required with the introduction of the new taxonomy of financial instruments [see DCD/DAC/STAT(2015)7]. Ultimately, with the development of the concept of Total Official support for Sustainable Development (TOSD), it will also become necessary to reconsider the OOF categories to distinguish between those that qualify as TOSD and those that do not.

Private charitable flows

16. No change required.

Private flows at market terms

17. No change required.

Other concepts

18. No change required.

II. Financial instruments (types of finance)

19. Draft Directives for the new taxonomy of financial instruments are presented in DCD/DAC/STAT(2015)7.

II.3 Associated financing

20. References to the grant element need to be corrected in the definition of associated financing in paragraph 34, see suggestion below.

Draft revised paragraph 34

Associated financing associates in law or in fact two or more of the following, at least one of which is in effect tied or partially untied:

- i) official development assistance flows;
- ii) other concessional or non-concessional official flows ~~with a grant element of at least 25 per cent~~;
- iii) officially supported export credits, ~~other official flows or other funds with a grant element of less than 25 per cent with a grant element of less than 25 per cent.~~

II.4 Debt relief

21. See proposed plan for updating instructions on debt relief.

CHAPTER 2. OFFICIAL DEVELOPMENT ASSISTANCE (ODA)

22. This chapter provides the definition of ODA and rules for assessing the ODA-eligibility of certain expenditures. ODA is the headline measure in DAC statistics, hence a full chapter in the Directives dedicated to it. However, ultimately, it may be necessary to consider a similar and equally prominent chapter for TOSD.

I. Definition of Official Development Assistance (ODA)

23. The definition of ODA needs to be adjusted to reflect both the quantitative definition of concessionality now agreed upon, and the switch from a cash-flow measurement to a grant equivalent methodology, see draft below. Note that this definition of ODA as a measure differs from the definition of the category of flows the grant equivalents of which enter the ODA calculation (see paragraph 13). For private-sector instruments, the approach for measuring the donor effort has not been agreed yet; ultimately, ODA will record this effort as grants or grant equivalents. [See DCD/DAC/STAT(2015)3.] The footnote will be reviewed as part of the updating of instructions on reporting on debt relief.

Draft revised paragraph 44

The headline Official development assistance measure comprises grants and grant equivalents of ODA flows, defined as thoseIt is calculated for 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 and~~ i.e. conveys a grant element of at least 25 45 per cent in the case of loans to LDCs and other LICs (calculated at a rate of discount of 40 9 per cent), 15% in the case of loans to LMICs (calculated at a rate of discount of 7 per cent), 10% in the case of loans to UMICs (calculated at a rate of discount of 40 6 per cent)¹. Loans whose terms are not consistent with the IMF Debt Limits Policy and/or the World Bank's Non-Concessional Borrowing Policy are not reportable as ODA.

The grant equivalents recorded as ODA are those of loans meeting the conditions set under i) and ii) and are obtained by multiplying the face value of a loan (annual disbursements) by its grant element as calculated at the time of the commitment.

1. Except that capitalised interest included in reschedulings of ODA loans is recorded as ODA, regardless of the grant element of the rescheduling.

1.1 List of ODA recipients

24. The text should be modified to include a reference to the DAC classification by income group as a key determinant in the calculation of ODA: the discount rates used in the calculation of the ODA grant equivalent of loans are differentiated by DAC income groups and the ODA eligibility thresholds are also specific to each group (LDCs and other LICs, LMICs and UMICs).

1.2 List of ODA-eligible international organisations

25. The instructions will need to be updated once the treatment of loans to multilateral organisations under the grant equivalent system is clarified (forthcoming discussion at the WP-STAT meeting in March).

1.3 Grant element and concessionality in character

26. The HLM agreed upon a quantitative definition of concessionality, so the reference to concessionality “in character” in the title and the descriptive text in paragraph 49 can be removed.

27. The description of the grant element needs to be amended to reflect the updated discount rates to be used in the calculation. The text should also refer to the dual application of the grant element – screening loans that enter the ODA calculation (grant element thresholds) and calculating the ODA grant equivalent. An explicit reference to the grant equivalent concept (to be defined in Chapter 3 “Basis of measurement”) should be added.

28. As for loans extended with variable interest rates, adjustments are needed to reflect the explicit decision on the treatment of such loans by the HLM (footnote 4 in Annex 2 of the Communiqué): “A small proportion of loans are extended with variable interest rates. For these loans, the concessionality test is only applied at the time of the commitment.” The reporting instructions should thus be revised to drop the requirement for a specific mechanism to ensure that the grant element over the life of the loan is above the concessionality threshold.

29. See draft revised text in track changes below.

Draft revised paragraphs 49-56

1.3 Grant element, ~~and concessionality in character and grant equivalent~~

Paragraph 49. For their grant equivalents to be counted as ODA, loans must be “concessional in character” and i.e. bear a grant element of at least 25 45 per cent in the case of loans to LDCs and other LICs, 15% in the case of loans to LMICs, 10% in the case of loans to UMICs. “Concessional in character” means that the interest rate of the loan must be below the prevailing market rate. Loans below these thresholds extended at interest rates above, at or near the prevailing market rate are classified as OOF and their grant equivalents are not counted in ODA.

Calculation of the grant element

Paragraph 50. The grant element in the ODA definition is a mathematical assessment of the financial terms of a transaction or set of transactions (see Annex 14 for the formula, background and examples). It is the difference between the face value of a loan and the present value (~~calculated at a rate of discount of 10 per cent~~) of the service payments the borrower will make over the lifetime of the loan, expressed as a percentage of the face value. ~~Three~~ Four factors determine the grant element:

- i. interest rate (per cent per annum);
- ii. grace period, i.e. the interval from commitment date to the date of the first payment of amortisation; ~~and~~
- iii. maturity, i.e. the interval from commitment date to the date of the last payment of amortisation; and
- iv. discount rate used to determine the present value of future payments. The discount rates used in the ODA calculation are differentiated by income group to recognise that lending to poorer countries involves greater donor effort than lending to richer countries. The rates consist of a base factor, which is the IMF discount rate (currently 5%), and an adjustment factor of 1% for UMICs, 2% for LMICs and 4% for LDCs and other LICs.¹

The grant element is used for two purposes in DAC statistics:

- assess the ODA eligibility of loans, as only loans meeting certain grant element thresholds will have their grant equivalents recorded as ODA (see above in paragraph 49); and
- determine the amount of ODA recorded as only the grant element portion of ODA loans will be counted as ODA (see paragraph below on the calculation of the grant equivalent).

Calculation of the grant equivalent

The grant equivalent recorded as ODA is obtained by multiplying the face value of the loan by its grant element. The grant element is calculated at the time of loan commitment as described in Annex 14, and is then applied to the subsequent annual disbursements of the loan. The grant equivalent recorded as ODA represents the concessional portion of each loan disbursement. The more concessional a loan is, the higher the grant element and the greater ODA grant equivalent recorded.

Paragraph 51. When a donor extends a loan in local currency, by hedging through a cross-currency swap², the grant element is calculated using the terms of the loan in donor currency, and not the terms in local currency.

Loans with variable interest rates

Paragraph 52. ~~For loans with variable interest rates, the concessionality test is only applied at the time of the commitment. Loans with variable interest rates may only be classified as ODA if concessionality is guaranteed by a specific mechanism. The mechanism needs to ensure that the variable rate is concessional and that it will be capped so that the grant element over the life of the loan is at least 25% above the agreed thresholds for concessionality. If the mechanism offers the borrower an opportunity during the term of the loan of obtaining a fixed interest rate, it must be concessional in character, i.e. more favourable than the prevailing market rate, and convey an overall grant element of at least 25% above the agreed thresholds for concessionality.~~

The mechanism for loans with variable interest rates takes account of the following definitions:

- 1 variable rate = interbank rate, e.g. EURIBOR +/- margin.
- 2 reference fixed rate = fixed rate that the borrower would obtain (a) in accordance with the loan commitment and (b) given market conditions applying at time of commitment for the term of the loan.
- 3 fixed rate applied if the borrower chooses to convert the variable rate into a fixed rate.

The borrower's decision whether to convert the variable rate into a fixed rate will depend on the trend of the variable rate, and is not known at the time the commitment is reported. ~~Therefore, the actual grant element cannot be calculated; it is estimated on the basis of the reference fixed rate.~~

The grant equivalent of the loan will be ~~classified~~ recorded as ODA only if:

- (i) the resulting grant element calculated on the basis of the reference fixed rate is at least 25% above the agreed thresholds for concessionality.
- (ii) ~~the fixed rate and the variable rate are capped so that the actual grant element is at least 25%; and~~
- (iii) the variable rate, the reference fixed rate and the fixed rate are concessional in character.

~~Paragraph 56. Loans extended at a floating interest rate, tied to the prevailing market rate, and above, at or near that rate are classified as OOF loans.~~

1. The DAC will regularly assess the need for adjusting those factors, in particular following any change to the IMF rate.
2. Lending in donor currency to a bank on concessional terms, borrowing an equivalent amount from the bank in local currency on terms which are concessional for that currency, and on-lending the funds in local currency to a recipient country.

II. Rules on the ODA-eligibility of certain items

30. The DAC has agreed specific instructions regarding the ODA-eligibility of various items. The instructions for administrative costs, development awareness, development-oriented social and cultural

programmes, imputed student costs, refugees, research and security expenditure are not affected by the HLM agreement. (Note however that on-going discussions on streamlining reporting on in-donor costs and updating reporting instructions for peace and security expenditures are likely to result in a proposal for revised Directives in the course of 2015.) By contrast, the HLM agreement does imply a revision of rules for debt relief (section II.2), as explained in paragraph 4 above.

31. Paragraph 82 on the reporting of equity investment will also need to be revised in due course, to reflect decisions by the DAC on including in ODA the effort by the official sector in catalysing private sector investment. [See DCD/DAC/STAT(2015)3.]

CHAPTER 3. BASIS OF MEASUREMENT

32. This chapter needs to be updated and restructured to reflect the modernisation of the DAC statistical framework for measuring and monitoring development finance post 2015. It could be reorganised around the sections below, with sections II-IV highlighting the various types of measurements used for different purposes.

Section I. Calendar versus fiscal year

33. No change required.

Section II. Volume of resources.

34. DAC statistics collect data on flows from providers to developing countries, both on a commitment and disbursement basis. Flows can be presented on a gross or net basis and from either a provider perspective (the future TOSD measure) or a recipient perspective (the future “resource inflows” concept).

35. This new section would encompass mostly existing text from current sections III. through VI. as follows:

III. Commitments

IV. Disbursements

V. Gross versus net flows and transfers

VI. Treatment of in-donor flows – point of measurement

Section III. Grant equivalent

36. This new section would describe the grant equivalent concept used for assessing and measuring the provider effort. The main indicator of provider effort in DAC statistics is ODA, which includes grants and the grant equivalents of loans [and a measure of donor effort involved in other non-grant financing – see DCD/DAC/STAT(2015)3]. The grant equivalent measure allows for a fairer comparison of provider effort in financing grants and loans.

Section IV. Amounts mobilised from the private sector by official interventions

37. This new section would describe the value-added of also collecting data on amounts mobilised from the private sector through official development finance interventions. See DCD/DAC/STAT(2015)8.

Section V. Conformity of DAC statistics with balance of payments concepts

38. The text needs a slight addition, to reflect that the balance of payments tends to recognise the grant equivalent of concessional loans as a transfer, and records it as “supplementary information”. See paragraph 12.51 of the Sixth edition of the Balance of Payments and International Investment Position Manual.

Section VI. Specificities for debt reporting

39. See proposed plan for updating instructions on debt relief.

CHAPTER 4. DAC STATISTICAL CONCEPTS DESCRIBING FLOWS

40. Statistical concepts are not affected by the HLM agreement, they apply to the data collection at flow level.

CHAPTER 5. INSTRUCTIONS FOR REPORTING

41. Chapter 5 provides detailed instructions for reporting at item level in CRS++ and aggregates in Table DAC1 and the Validation table. The instructions will need adjustment once the reporting forms have been adjusted to also collect data on ODA grant equivalents. Draft formats (CRS Form, Advance Questionnaire and Table DAC1) are circulated under separate cover in DCD/DAC/STAT(2015)6.

CHAPTER 6. CORRESPONDENCES BETWEEN ACTIVITY-LEVEL REPORTING AND AGGREGATES

42. Chapter 6 describes the various aggregates that can be derived from item-level reporting. The presentations are not suitable for grant equivalent data but could to some extent be used for cash flows. Starting with 2018 data, the standard headline ODA figure will be based on the new grant equivalent measure but the HLM Communiqué specifies that “Alongside reporting on a grant equivalent basis, ODA figures will continue to be calculated, reported and published on the previous cash-flow system.” It remains to be determined what flow-based aggregates would meaningfully accompany the publication of a grant equivalent-based headline ODA figure and that could be explained in Chapter 6.

PLAN FOR UPDATING INSTRUCTIONS ON REPORTING ON DEBT RELIEF IN THE GRANT EQUIVALENT SYSTEM

43. As noted above, the HLM agreement on concessionality and in particular the decisions in paragraphs 14-15 of Annex 2 of the HLM Communiqué imply updates to the rules on reporting on debt relief in the following sections of the Directives:

- Chapter 1. Section II.4 Debt relief
- Chapter 2. Section II.2 Debt relief and ODA
- Chapter 3. Section VII. Specificities for debt reporting
- Chapter 5. A few paragraphs on debt reporting
- Annex 7. Reporting on debt relief

44. The Secretariat suggests that the work on debt relief is taken forward following the revision of the Directives as outlined in this note. **Members are invited to comment on the tentative schedule below.**

- **Year 2015:** No work on updates to instructions on reporting on debt relief, pending finalisation of the revision of other parts of the Directives.
- **Year 2016:** follow-up on discussions held in the WP-STAT meeting in September 2014 [see DCD/DAC/STAT(2014)15]; development of options compatible with the HLM Communiqué, contacts with the Paris Club.
- **End 2016 – early 2017:** development of concrete instructions for inclusion in the Directives.
- **End 2017:** approval of revised Directives on debt relief by the DAC.
- **Year 2018:** implementation of revised rules by DAC members in their internal system to be ready to report according to new rules starting with 2019 reporting on 2018 data.