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Development Co-operation Directorate  
Development Assistance Committee

## DAC Working Party on Development Finance Statistics

### Summary Record of the informal meeting of the Working Party on Development Finance Statistics WP-STAT, 3-5 March 2021

The Draft Summary Record [DCD/DAC/STAT/M(2021)1/REV1] was circulated to the WP-STAT for APPROVAL via the written procedure and is now issued as FINAL and UNCLASSIFIED.

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## SUMMARY RECORD

### Item 1. Introduction and welcome

1. The Chair, Mr. Jérôme Le Roy, opened the meeting and welcomed the participants. He also welcomed the Vice-Chairs, Ms. Megumi Muto and Ms. Mirjam Dordorf Duvaux, and the DAC facilitators Ms. Hege Haaland and Ms. Maria Oliveira Fernandez.
2. Ms. Maria Oliveira Fernandez informed members of the decisions taken in the latest DAC meetings. These included the approvals of: 1) the revised DAC Peer Review Methodology, representing the most far-reaching reform of the peer review instrument in a decade; 2) the DAC Global Relations Strategy for 2021-2022 and the Annual Outreach Plan for 2021; and 3) the 2021 work plan for the Private Finance for Sustainable Development Community of Practice, which focuses on blended finance, impact investing and impact standards for financing sustainable development. She further informed members that a discussion was ongoing on the update of the 1978 Recommendation on Terms and Conditions of Aid. Lastly, the Committee had discussed the Revised Reporting Directives, which consolidate revisions approved since 2018. A few members had not been in a position to approve the draft and had made some additional comments and requests, so the Secretariat would issue an amended version for approval via written procedure.
3. Ms. Hege Haaland informed members on the upcoming discussions at the Committee. She recalled that the follow-up of the DAC HLM will be central to the DAC's agenda in 2021, and that the Committee had decided to have a series of thematic discussions throughout the year, e.g. on financing for development, Covid response and democratic & inclusive societies. Ms. Haaland also recalled that the Committee was planning to approve the update of 1978 Recommendation on Terms and Conditions of Aid by the summer and clarifications on the ODA eligibility of migration-related activities by the end of the year, following the debates in the dedicated temporary working group. Lastly, the DAC would discuss Private Sector Instruments in July.

### Item 2. Adoption of the agenda [DCD/DAC/STAT/A(2021)1]

4. Members adopted the meeting agenda.

### Item 3. Update on the ODA eligibility of COVID-19 expenses [DCD/DAC/STAT(2021)6]

5. Six members expressed support for the Secretariat's guidance to count 53% of earmarked contributions to CEPI for COVID-19 related work as ODA for year 2020. Five members would have favoured a higher share, either 100% or one calculated on the basis of the latest forecast of distribution of doses to LICs and LMICs, and taking into account the doses allocated to UMICs. One of these members stated it would still follow the Secretariat's guidance in its ODA reporting for 2020 while another member thought some flexibility should be allowed in this respect. The Secretariat would check members' reporting and follow up with them if needed.
6. The Secretariat would also monitor the situation closely in 2021 and 2022. In particular, the coefficient would be reviewed at end 2021 and possibly updated, for application in 2021 ODA figures, using actual data on the distribution of vaccines to developing countries by COVAX. The Secretariat clarified that, in case of frontloaded contributions to CEPI through the International Finance Facility for

Immunisation (IFFIm), the annual payments over subsequent years would be reportable applying the updated coefficients for the respective years.

7. Contributions to the Therapeutics pillar were assessed as fully ODA-eligible. The Secretariat would update the FAQs on the eligibility of COVID-19 related activities available online. It would assess the eligibility of the Health Systems Connector pillar of the ACT-A by the next WP-STAT in June 2021.

8. The Chair concluded the session by noting that the treatment of global public goods (GPGs) in ODA had been at the heart of the WP-STAT discussions around the eligibility of CEPI's R&D work for a COVID-19 vaccine, and that the GPGs topic might deserve a broader discussion at the DAC.

#### **Item 4. Implementation of new modalities for trust funds managed by multilateral institutions [DCD/DAC/STAT(2021)7 and DCD/DAC/STAT/RD(2021)1]**

9. Members welcomed the exhaustive guidance provided in the paper on the classification of various trust funds and the room document prepared by the UN CEB Secretariat. However, several members expressed concern over the proposal of considering four trust funds, which are classified under the modalities B03x, as multilateral flows (bi/multi=2). Until now, only core contributions to multilateral institutions (B02) have been considered as multilateral flows, and vice versa. Some members commented that allowing activities classified as B03x as multilateral flows could entail a risk of confusion and would be difficult to communicate. Some members also suggested that such an action would go beyond the original agreement to introduce sub-categories for the B03 modality, on a voluntary basis.

10. The Secretariat and the Chair highlighted that the treatment of contributions to trust funds in DAC statistics had always been challenging and that current inconsistencies in reporting that could potentially lead to double-counting and should be addressed. The clarifications agreed by the WP-STAT in 2020 (revised definition for trust funds and creation of sub-categories) were a first step to solve this issue that should now be followed by an agreement on appropriate implementation aspects.

11. The Chair invited members to share their comments and possible alternative solutions in writing. The Secretariat will produce a revised proposal on this basis for the June 2021 meeting.

12. The Secretariat recalled that the necessary adjustments to the Directives on this topic would not be ready for inclusion in their next revision, which was to be submitted for approval by the DAC in March 2021, but they would be integrated at a later stage once approved by the WP-STAT.

#### **Item 5. Co-operation modalities for OOF [DCD/DAC/STAT(2021)2]**

13. The Secretariat presented a proposal for guidance on the application of the existing co-operation modalities to Other Official Flows (OOF) that also explored possible ways to improve the tracking and presentation of OOF in DAC statistics.

14. Members welcomed the proposed guidance and found it particularly useful in the context of their streamlining of CRS and TOSSD reporting. Further, members appreciated the suggested modernisation of the presentation of OOF in the DAC1 aggregate table, including creation of new memo items on blended finance and amounts mobilised from the private sector. One member requested the Secretariat to clarify the scope of "securities" in the context of OOF loans. Regarding the Secretariat's proposal on co-operation modalities of OOF investments, members strongly preferred expanding the applicability of the CRS investment flag to OOF rather than developing new modalities.

15. A final proposal taking into account members' comments and suggestions will be presented at the WP-STAT meeting in June 2021 for members' approval.

**Item 6. Climate change [Joint WP-STAT and ENVIRONET session]  
[DCD/DAC/STAT(2021)5] and [DCD/DAC/STAT(2020)42/REV1]**

16. Item 6 was discussed in a joint WP-STAT- ENVIRONET session, jointly chaired by Mr. Jérôme Le Roy and the vice-chair of ENVIRONET, Ms. Sandra Wibmer.

17. On the first sub-topic, the Secretariat presented a note on the alignment of ODA with international climate agreements, focused on the case of fossil fuels. Members appreciated the note and the opportunity to discuss concrete steps forward to operationalise the HLM commitments. Members stressed the importance of supporting developing countries in their energy transition and the consistency of development programmes and policies with international climate agreements.

18. Members made a series of comments on the various options presented in the paper. While some supported the proposal of a limited edit to the ODA definition, several expressed concerns that such an edit would be impractical and time consuming, as it would involve extensive negotiations at the DAC level. The proposal to have climate awareness principles included in the Statistical Directives – without changing the ODA definition – encountered support by most members, as it seemed a more practical and feasible way forward.

19. As regards the criteria of identification of activities 'not aligned' with the international climate agreements, members appreciated the proposals, but expressed the need for further technical work. In particular, the issue of development effectiveness and of fulfilling the needs of developing countries were raised by some members. One member recalled that fossil fuels are still essential for economic growth of developing countries and that, instead of a categorical rejection of fossil-fuel related assistance, a realistic "transition" toward decarbonisation, while maintaining growth in developing countries, should be pursued. Other members stressed that local conditions should be taken into consideration while assessing the sustainability of an investment. Most members however expressed broad support on the proposals of identifying (and phasing out) fossil fuels activities, and agreed that considering the carbon intensity of the investment could be a good starting point to identify electricity generation activities not consistent with the Paris agreement.

20. As regards the consequential actions, most members were not in favour of changing the Rio marker system to include negative values, as it would be technically complicated and would entail a change in the logic of these markers. Several members expressed support for declaring fossil fuels non ODA-eligible with a well-defined transition period. The possibility of implementing a notification mechanism was discussed only briefly, and members asked more details to fully express their positions.

21. The Secretariat would open a page in the community space to collect written comments and would work with members to find a consensual path forward.

22. On the second sub-topic, the Secretariat introduced a note proposing some edits to the definition of the Rio marker on climate change mitigation. Members agreed with this revised version of the proposal, although some signalled that they intend to submit written comments to propose minor refinements to the language.

23. The Secretariat will open a discussion page in the community space to collect the comments. It will then issue a REV2 proposal for approval under written procedure. The Secretariat will also prepare a note to propose similar amendments to the Rio marker on climate change adaptation.

### **Item 7. Private Sector Instruments – update on 2019 data and next steps [DCD/DAC/STAT(2021)1]**

24. The Secretariat presented the status of members' implementation of the Provisional Reporting Methods for Private Sector Instruments with a particular focus on 2019 data as well as an analysis on the current arrangement and its implications for ODA. The Secretariat highlighted that members' reporting on PSI-specific data items had improved significantly in the CRS reporting on 2019, although details on equities and additionality of PSI and to some extent also loans to the private sector remain incomplete. Furthermore, the Secretariat's analysis suggested that the current arrangement may have adverse implications for ODA integrity and effectiveness due to its various shortcomings and the absence of members' agreement on the implementation details of PSI.

25. Members appreciated the Secretariat's review of their reporting on PSI in 2019 as well as its analysis of the Provisional Reporting Methods and their implications for ODA. In this context, members confirmed their commitment to review and, if needed, revise the current reporting arrangement as stipulated in enhancement ix of the Addendum 3 to the Reporting Directives.

26. In the interest of ODA integrity, credibility and effectiveness, members argued that the 2021 review should address the shortcomings identified by the Secretariat indeed and possibly other areas too, with the ultimate aim of an agreement on the implementation details on PSI. In this context, some members also recalled that the co-existence of the institutional and instrument approaches is anchored in the 2016 HLM Communiqué with members' joint understanding of their full comparability. A few members also requested bilateral consultations to address the pending data gaps necessary to facilitate upcoming discussions and simulations on grant element calculations for PSI.

27. The Secretariat will develop a work plan for the upcoming review of the Provisional Reporting Methods, launch its work on grant element simulations on PSI and continue its engagement with key stakeholders in the context of PSI. If necessary, the Secretariat will reach out to members individually to request additional data inputs on PSI.

### **Item 8. Annex II – outstanding issues [DCD/DAC/STAT(2021)4]**

28. Members agreed to the Secretariat's assessment of ODA-eligibility for organisations under review in document DCD/DAC/STAT(2021)4, except for the assessment of ICMP, where nine members indicated they would like the Secretariat to further look into the activities and budget of this organisation.

29. The Secretariat will send channel codes to members for reporting purposes, and the Single Table will be updated on-line in the coming days. Further work will be carried out and presented at the June meeting regarding ICMP and DNDI (where further information was required to do a thorough assessment). A workplan will also be presented to the June meeting regarding the review of ODA coefficients for health-related organisations. Finally, a revised coefficient for UNRB will also be presented to the June meeting. The Secretariat reminded members of the ongoing review of the coefficient for AIB, where the written procedure ends on 15 March.

### **Item 9. WP-STAT work programme and processes [oral presentation]**

30. The Secretariat presented some ideas to further develop the WP-STAT knowledge management tools to more effectively support members' tracking of ongoing and future amendments of the reporting methodologies.

31. Members welcomed the ideas presented, which would need to be further developed, but also wished to discuss WP-STAT processes more broadly. In particular, one member introduced the topic of the increasing complexity of CRS reporting, which might affect data quality, and asked that any new proposals take into account the burden of implementation for members. Several members agreed that the ODA modernisation does not necessarily entail increased complexity of reporting, and that the WP-STAT should consider the possibility of simplifying reporting in some areas, for example assessing if certain data fields are still useful.

32. Members agreed that an online version of the Directives, always up to date, would be particularly useful to simplify their work, and asked the Secretariat to further develop it, assessing practical implementation options.

33. The Secretariat proposed organising a workshop on the topic of WP-STAT processes in the course of the year.

#### **Item 10. Implementation of the keywords field [oral presentation]**

34. The Secretariat made a presentation on a governance proposal for the keywords field, which includes both a set of 'agreed keywords' listed in Annex 13 of the Statistical Directives, and the possibility of accepting other keywords voluntarily submitted by members.

35. Several members were favourable to the possibility to use the keywords field as a flexible tool to cover other topics, which might be relevant to a subset of members. Some members also pointed out that the use of keywords is nowadays a well-established methodology in data production and analysis, and that its implementation could open new possibilities for data reporting. Two members however expressed concerns over the expansion of the use of keywords, mentioning that this could create problems in data quality and consistency. One of them referred to the agreement at the time of introducing the keyword field which clearly stated that any expansion of the use of the keyword field to cover other topics would need to be approved by the WP-STAT after evaluating the experience with COVID-19 tagging.

36. The Secretariat will follow up with the members and come back at the next WP-STAT meeting.

#### **Item 11. Measuring and reporting on mobilisation: guidance on technical assistance and capacity building activities [oral presentation and DCD/DAC/STAT/RD(2021)2]**

37. The Secretariat invited a discussion on measuring mobilisation through technical assistance and capacity building activities. After an introduction by the Secretariat, Switzerland, on behalf of a group of eight members, introduced a proposal to fine-tune the first approach that had been discussed during the 2020 May working session on mobilisation, and as well to pilot it for a 1-2 year period starting in 2021 (for reporting on 2020 flows).

38. While members generally supported the proposal, some of them mentioned possible challenges to share data already in 2021. The Secretariat informed members of the need to formally approve the approach before including the mobilised amounts reported during the pilot in the official figures. The World Bank encouraged the WP-STAT to work jointly with the MDB Group on this issue to align methodologies.

39. The Secretariat will finalise the draft guidance applicable for the 2021 data pilot on mobilisation through technical assistance activities, in collaboration with the group of countries who tabled the position paper. Once finalised, it will circulate it to members via the community space.

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### **Item 12. Update on Statistical Peer Reviews [oral presentation]**

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40. The Secretariat presented an overview of the Peer Reviews on Development Finance Statistics (Statistical Peer Reviews), the plan for the year 2021 and 2022, the key highlights from the Statistical Review of Slovenia, which had been carried out in virtual format on 9-12 February 2021, and the next steps for this exercise. All members that had participated in the Review of Slovenia shared their positive experience with the other WP-STAT members, emphasising the usefulness of the Review e.g. strengthened profile of development finance statistics, establishment of closer relationship with WP-STAT colleagues and productive advice during the review. The Secretariat and the countries that participated to the review of Slovenia recommended WP-STAT members to engage in this exercise.

41. As the next steps, the Secretariat announced its plan to work on the concept of commitments, administrative costs and other requests to the Secretariat in parallel with the Reviews that had already been scheduled for 2021 and 2022 (Finland, Luxembourg and Austria). The Secretariat will prepare a mapping of members' interpretations of the concept of commitment, conduct a survey on how different institutions assess administrative costs, and review all requests to the Secretariat and share the implementation progress with WP-STAT members.

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### **Item 13. Update on TOSSD [oral presentation]**

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42. The Secretariat presented a short update on the recent developments and future plans related to the TOSSD framework, including on data collection, the work of the Task Force, the IAEG-SDGs working group on the measurement of development support, pilots and events.

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### **Item 14. AOB**

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43. The Chair signalled to members the dates for the next WP-STAT meetings as follows:

- 16 and 17 June 2021 (virtual meeting)
- 23 and 24 November 2021

The Chair thanked participants and closed the meeting.