A Recipient Perspective on TOSSD: The Case of Senegal

OECD Development Co-operation Directorate
January 2017

BETTER POLICIES FOR BETTER LIVES

Acknowledgements

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TABLE OF CONTENTS

Figures

INTRODUCTION

Overall context and objectives of the country pilot

1. As part of a major modernisation of its statistical system to reflect important changes in the development finance landscape, the OECD Development Assistance Committee (DAC) decided in December 2014[1] to develop a new statistical measurement framework - with the working title of "Total Official Support for Sustainable Development" (TOSSD)[2] - to complement the traditional measure of Official Development Assistance (ODA), but not to replace it. The international community then took note TOSSD in the Addis Ababa Action Agenda in July 2015, calling for "open, inclusive and transparent discussions" on this proposed measurement framework[3].

2. As part of the overall roadmap to develop this framework[4], a first recipient country pilot was carried out in Senegal in April/May 2016. Its main objective was to contribute to the elaboration of TOSSD as a statistical framework that is useful and relevant to developing countries. The country pilot study garnered feedback from key actors on the ground[5] relating to the relevance of TOSSD for the specific Senegalese country context. Consequently, possible adjustments to the main building blocks of TOSSD have been identified, which will prove crucial to further take into account the perspective of developing countries into the framework.

3. Senegal was identified as a pilot country for several reasons. In 2014/15, the OECD carried out initial country case studies in Ghana, Timor Leste, and Senegal to better assess the changing development finance landscape. The study aimed to understand how recipient countries' preferences and priorities match with the changed development co-operation landscape, in particular regarding the new financing instruments, modalities and actors[6].This initial analytical work provided the foundations for the follow-on TOSSD pilot studies. Senegal also represents an interesting case due to the major political shifts in its approach to development co-operation reflected in the new National Development Plan: "Plan Senegal Emergent"[7], which situates the private sector at the heart of the country's financing strategy for sustainable development. In a context of increased availability of new and diverse sources of financing for development (see below), Senegal's experience demonstrated a potential to provide a crucial overview of the key emerging trends in external public financing. Growing involvement of private actors in the promotion of Senegalese development also opened the door to explore interfaces between public and private funds, including efforts by the public sector to mobilise the private sector to support the country's development. Finally, as a Least Developed Country (LDC), Senegal is recognised by the OECD DAC as a "country most in need", as such demonstrating a pressing need for support to tackle the serious challenges it faces to access external development finance.

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[1] See the 2014 DAC High-Level meeting Communiqué.

[2] For more information about TOSSD: http://www.oecd.org/dac/financing-sustainable-development/tossd.htm.

[3] See paragraph 55 of the Addis Ababa Action Agenda.

[4] DCD/DAC(2016)16

[5] See Annex 2 for a full list of the institutions consulted during the country mission.

[6] See "The New Development Finance Landscape: emerging and preliminary perspectives from the cases of Ghana, Senegal and Timor-Leste".

[7] http://www.gouv.sn/IMG/pdf/PSE.pdf

Senegal's development finance context

4. Senegal is classified as an LDC by the United Nations (UN) and a low income country on the World Bank income classification. The country's growth is estimated at 6.5% in 2015[8]. The newly adopted National Development Plan (the "Plan Sénégal Emergent") is designed to boost growth performance, in particular through private sector engagement[9].

5. Annex 1 presents first orders of magnitude of TOSSD flows to Senegal, taking into account that TOSSD is still being defined and that detailed analysis of development co-operation activities would be required to fine-tune these estimates.

6. Concessional finance flows have increased by nearly 40% between 2000 and 2014[10], but are less prominent in the country's overall development finance landscape. The ODA receipts/GNI (gross national income) ratio was close to 10% in 2000 and was at 6.5% in 2015.

7. Over the same period, non-concessional official flows for development have increased three-fold. Private flows at market rates have increased by over 70% and volumes of private donations have more than doubled. The Government of Senegal has fully embraced the ambition to use all available resources, public, private, domestic and international, to finance its development vision: "An emerging Senegal in 2035 with an inclusive society in a state of law[11]". The Ministry of Economy, Finance and Planning recently announced that 2016 would see the implementation of more than 700 investment projects in Senegal, totaling FCFA 1,048 billion (EUR 1.6 billion)[12].

8. The latest IMF debt sustainability analysis determined that Senegal has a low risk of debt distress[13]. Senegal's debt remains sustainable at 54% of GDP, but rapidly increased due to major investments in infrastructure projects[14]. The government intends to keep the debt ratio at about 55% up to 2018, well below the West Africa Monetary and Economic Union (WAMEU) recommended threshold of 70%.

9. Remittances are the largest international flow to Senegal. Since 2000, remittances have more than doubled in relative terms, from approximately 5% GDP in 2000 to an estimate 10.5% GDP in 2014. Remittances, amounting to USD 1 644 million in 2014[15], now exceed net ODA volumes (USD 1100 million in 2014), representing a sizeable amount of foreign exchange.

10. The investment climate in Senegal suffers from high factor costs, bureaucratic hurdles, limited access to financing and a rigid labour market[16]. Since 2015 slight improvements have been made to improve the country's business climate such as the development of new tax legislation aiming at, among

[8] Source: Ministry of Economy, Finance and Planning of Senegal

[9] African Economic Outlook, AfDB, OECD, UNDP (2016) - Country note on Senegal

[10] Source: OECD DAC statistics.

[11] http://www.finances.gouv.sn/index.php/finances/136-resume-du-plan-senegal-emergent

[12] http://www.finances.gouv.sn/index.php/actualites/256-financement-de-l-economie-le-ministre-de-l-economie-des-finances-et-du-plan-annonce-les-opportunites-de-2016

[13] https://www.imf.org/external/pubs/ft/dsa/pdf/2016/dsacr1603.pdf

[14] African Economic Outlook, AfDB, OECD, UNDP (2016) - Country note on Senegal

[15] https://www.worldbank.org/en/topic/migrationremittancesdiasporaissues/brief/migration-remittances-data

[16] See page 3: US Department of State : Senegal Investment Climate Statement 2015

many other objectives, simplifying tax returns and payment. Nonetheless Senegal still ranks low on both the *Ease of Doing Business* index[17] and the *Global Competitiveness Report*[18] ranking (153rd out of the 189 countries surveyed and 110th out of 140 countries, respectively).

11. In terms of diplomatic relations, Senegal became a non-permanent member of the UN Security Council for the third time in October 2015, a sign of its strong political leadership in the African region. Diplomatic relations with China were restored more than10 years ago and have unlocked avenues for economic and diplomatic collaboration[19].

I. RELEVANCE OF TOSSD FROM SENEGAL'S PERSPECTIVE

12. One of the key objectives of the TOSSD pilot study in Senegal was to identify how such a new measurement framework could meet the information needs of a recipient country for strategic planning of its development finance allocations and investments. This section summarises the main findings from the pilot.

A crucial global framework to capture flows from all providers, including emerging market economies

13. In light of profound shifts in the development finance landscape, particularly given the new role played by emerging market economies and related flows (including export credits), there is a clear need to further elaborate a global measurement framework such as TOSSD to adequately capture these trends.

14. Senegal already collects data on development co-operation flows[20] provided by emerging market economies, to regularly publish its "Development Co-operation Reports". The latest report available at the time of the country mission indicated that, in 2013, China was already the country's third largest provider of aid.[21] (See Figure 1).

[17] http://www.doingbusiness.org/rankings

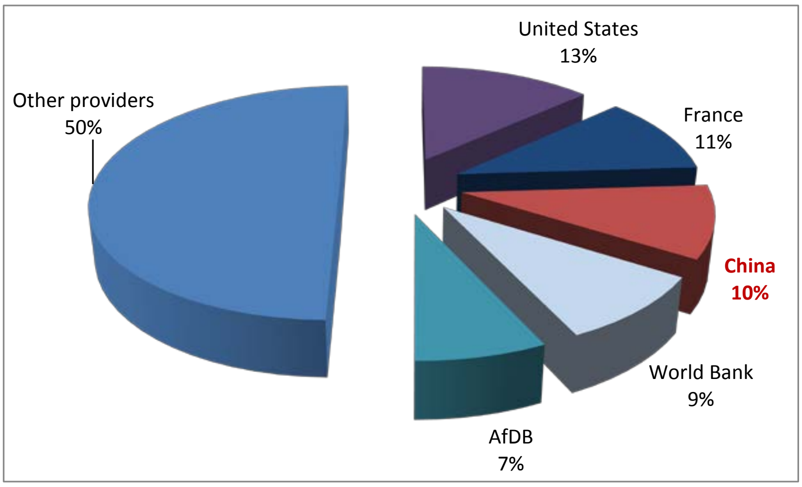
[18] See 2015-2016 Global Competitiveness results at: http://reports.weforum.org/global-competitiveness-report-2015-2016/competitiveness-rankings/?doing_wp_cron=1475076343.0879750251770019531250

[19] See examples of Senegal / China collaboration at: http://www.diplomatie.gouv.sn/Mankeur-Ndiaye-Nous-travaillons-a.html

[20] Through a governmental Aid Information Management System developed in partnership with OECD, UNDP, World Bank, the Government of Ethiopia and Development Gateway (http://pgfe.finances.gouv.sn/portal/)

[21] It is important to note that the definition of development co-operation according to Senegal differs from the definition used by the OECD to estimate ODA, where certain criteria have been added and others removed from the ODA definition.

Figure 1: Aid to Senegal by provider

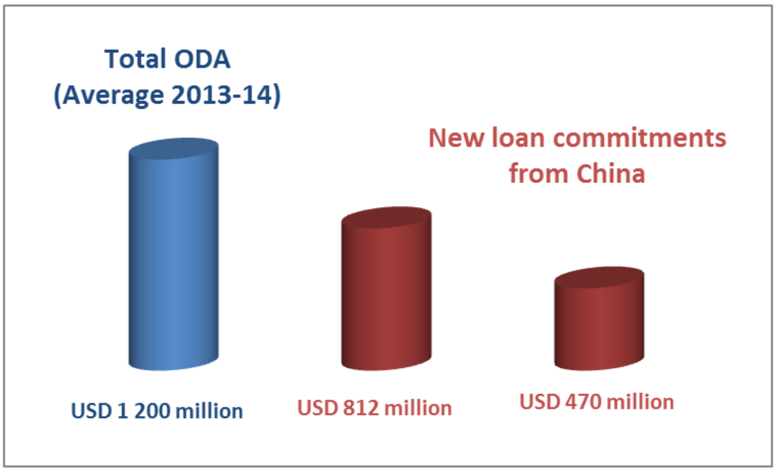


Source: Government of Senegal – « Rapport Sur la Coopération au Développement 2013 »

15. Support from China is growing. In recent times, a number of lending operations have recently been extended by China[22]. For example, two loans totalling USD 1,282 billion have recently been delivered by China to finance road infrastructure, the equivalent of one year of total ODA to Senegal (2013-14 average) as recorded in the OECD CRS database (Figure 2).

16. **For Senegal, excluding from TOSSD external financing from China would mean losing sight of flows bigger than current levels of ODA, which underlines the importance for the framework to cover flows beyond aid as currently measured by the DAC**.

Figure 2: Comparison between ODA commitments to Senegal and two recent loans extended by China



Source: DAC data and interviews carried out during the country mission.

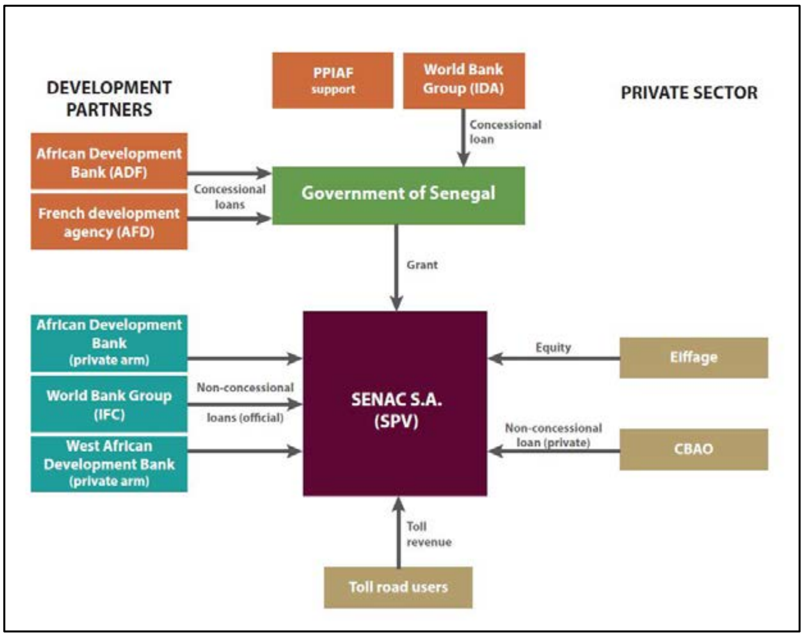
22 . Some of the loans are extended at an interest rate of 2% with a grace period of 9 years and a maturity of 20 years. The concessional character of a loan from the point of view of the OECD DAC differs from the one applied in Senegal (for information on how concessionnality is approached in DAC statistics, see [the "Converged statistical reporting directives for the CRS and the annual DAC questionnaire"]).

A tool to enhance transparency and unpack complex financial packages

17. The findings from the Senegal pilot reaffirmed **the critical role that TOSSD could play in capturing information about different modalities of complex financing arrangements**. It could also enable countries to learn from other recipient country experiences and improve decision-making in leveraging private finance and/or in setting up public-private partnerships (PPP) arrangements. Over time the data collection under the TOSSD framework could strive to connect all project-specific financing components through a unique statistical project identifier. However, in the short-term more aggregated type of information will provide a sound starting point.

18. Figure 3 illustrates the example of a complex toll highway project between Dakar and Diamniadio, a distance of thirty kilometres. The diagram demonstrates the complexity of some development projects that involve both public and private actors and combine concessional and non-concessional financing through a wide range of instruments (grants, loans, equity, toll revenues, etc.). Heightened data granularity on the financing components common to large scale infrastructure projects – not fully captured in any single statistical system currently – could be strengthened through the elaboration of the TOSSD framework.

Figure 3: Components of the Dakar-Diamniadio toll highway complex finance project



Source: updated through country-level interviews from figure 1 in [COM/DAF/INV/DCD/DAC(2014)4](COM/DAF/INV/DCD/DAC(2014)4)

19. Senegal's "Plan Sénégal Emergent" places public-private financing at the heart of its growth strategy, which is reflected in recent legal reforms. Senegal has notably adopted in February 2014 a law[23] aimed at improving the legal framework for the establishment of partnership agreements with the private sector. This new law i) promotes the creation of public-private partnerships in a wider number of economic sectors; ii) strengthens domestic private sector participation; iii) introduces an incentive structure to

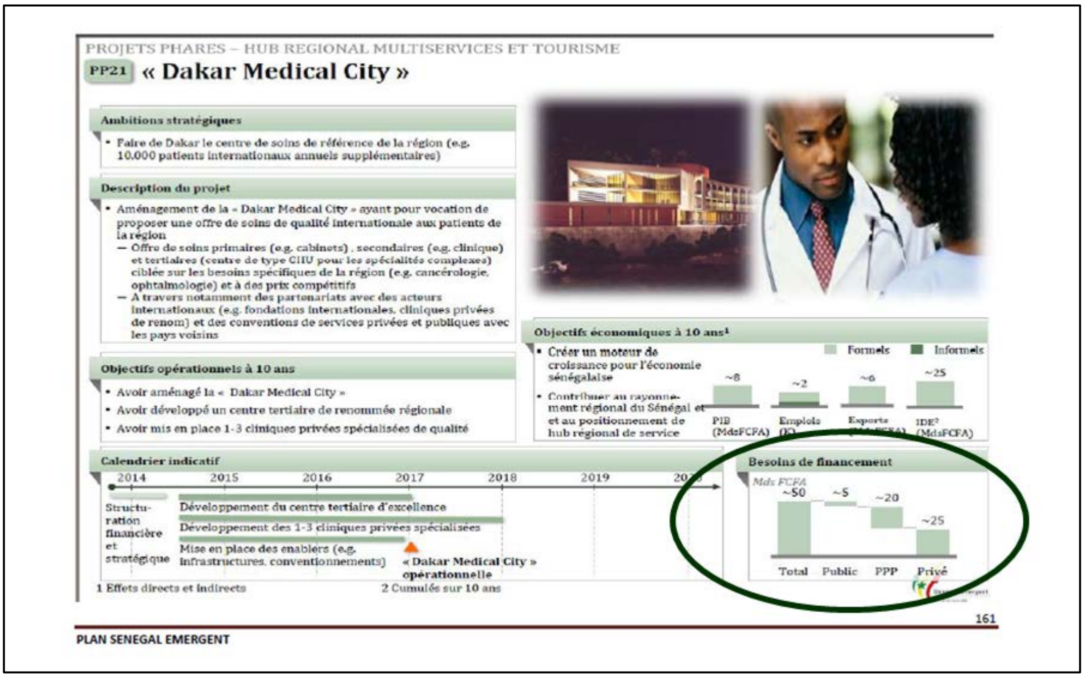
[23] See Law n°2014-09 dated 20 February 2014 accessible at: http://www.ppp.gouv.sn/IMG/pdf/loi_n_2014-09_relative_aux_contrats_de_partenariat.pdf.

encourage business growth; iv) eases conditions and procedures to facilitate processing of spontaneous investment offers by the private sector, and v) establishes a support structure for the implementation of public-private partnerships.

20. The Senegalese government is working on establishing full guidance on governance and coordination structures to enhance the quality of PPPs. A number of funds, agencies, and financial institutions have recently been created to enact new policies that aim to attract and mobilise private sector actors in support of sustainable development[24].

21. Beyond providing information about the level of non-concessional operations, TOSSD could provide a useful framework for Senegal to support resource mobilisation by disaggregating the three funding pillars of the "Plan Sénégal Emergent", in particular flows emanating from public, private and mixed (PPP) arrangements. Each flagship project of the "Plan Sénégal Emergent" is structured along these three funding pillars. Figure 4 unpacks the strategic design, objectives, timeline and financing needs of the Dakar Medical City flagship project, which notably highlights the required contribution of the private sector in the financing package. Senegal also sees a potential merit in TOSSD to accompany a necessary change in paradigm on the side of development providers as well: contributions have greater value when they are considered in their totality, rather than individually.

Figure 4. Example of a flagship project in Senegal's "Plan Sénégal Emergent"



Source: "Plan Sénégal Emergent", Government of Senegal

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[24] These include the **APIX** (the Senegalese investment promotion agency); the **FONSIS** (National Sovereign Wealth Fund); the **FONGIP** (National Guarantee Fund); the **BNDE** (the National Development Bank). Other structures also contribute to a strengthened institutional framework in favour of private investment, including the « Conseil Présidentiel de l'Investissement (CPI), the CDC (Caisse des Dépôts et Consignations), the Agence Sénégalaise de Promotion des Exportations (ASEPEX) and specialised institutions such as the ADEPME, the « Bureau de mise à niveau des Entreprises » and the « Agence de Promotion des sites Industriels (APROSI) ».

A useful statistical measurement framework will require strong principles and safeguards to underpin its measurement

22. Senegalese actors stressed **the importance of establishing a number of principles and safeguards within the TOSSD framework**.

23. A first major concern raised by several actors during the country consultations was the risk that TOSSD could divert attention from providers' historical commitments, notably the UN 0.7% ODA/GNI target and 0.15-0.20% ODA/GNI to LDCs. From the outset, a fundamental principle of TOSSD has been that **it should complement and not replace ODA**; Senegal strongly supported this essential safeguard.

24. In light of the important role that private sector actors will play under the TOSSD framework, a number of principles for **business conduct** should be upheld for TOSSD eligible projects. In this regard, other discussions on TOSSD have helped identify potential reference frameworks for such principles, including the UN principles for responsible investment[25], UN Global Compact principles[26], the OECD Guidelines for Multinational Enterprises[27], the Equator principles[28], and others. This area should be further developed including through dedicated expert workshops, informal consultations and desk research.

25. Several Senegalese interviewees further highlighted the importance of a discussion on debt sustainability in the context of TOSSD, in the same vein as the discussions carried out in the context of the ODA modernisation. The IMF recently carried out a debt sustainability analysis on Senegal which finds that the risk of external and public debt stress is low[29]. Senegal has a high capacity for public financial management[30] and its debt ratios remain on a declining path over the medium-term. **However, several actors during the country consultations emphasised the importance of carefully examining the TOSSD incentive framework to ensure that it does not jeopardise Senegalese debt sustainability.** Despite the removal of the non-concessional borrowing limit[31] for Senegal, careful use of non-concessional finance will still be required to preserve debt sustainability. The discussions emphasised that potential debt liabilities incurred in the framework of PPPs are necessary to consider in the assessment of public debt levels - given the liability borne by the government in the event of private sector default.

26. According to Senegal, it is also necessary to establish TOSSD principles in the area of **development effectiveness** (e.g. the use of country systems). It would be particularly important to look at which Paris Declaration principles as well as Accra[32] and Busan commitments could be applied in a TOSSD context. The criteria would potentially be different according to the nature of flows (public or private) and the type of flows.

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[25] See: https://www.unpri.org/download_report/18936

[26] See: www.unglobalcompact.org

[27] See: https://mneguidelines.oecd.org/

[28] See: http://www.equator-principles.com/

[29] See page 6 : https://www.imf.org/external/pubs/ft/dsa/pdf/2016/dsacr1603.pdf

[30] See page 2 : https://www.imf.org/external/pubs/ft/dsa/pdf/2015/dsacr1502.pdf

[31] See page 6 : https://www.imf.org/external/pubs/ft/dsa/pdf/2016/dsacr1603.pdf

[32] http://www.oecd.org/fr/developpement/efficacite/declarationdeparissurlefficacitedelaide.htm (Paris and Accra commitments) and http://www.oecd.org/development/effectiveness/busanpartnership.htm (Busan)

II. INSIGHTS ON THE SCOPE OF TOSSD FROM SENEGAL'S PERSPECTIVE

A clear need for a comprehensive picture of development flows from public and private sources.

27. The Senegal pilot highlighted keen government interest to enhance understanding of financing options beyond ODA, regardless of the instrument provided, the level of concessionality or the public/private origin of the funds. These inputs reinforced the importance of ensuring that the TOSSD framework provides a comprehensive picture of external finance reaching the country – where a partial picture could lead to flawed interpretation or faulty decision-making.

28. TOSSD could help to fill several information gaps identified during the study, including projects from emerging providers (China, India, etc.); private finance deployed in public-private partnerships; projects directly executed by providers' co-operation agencies without the Senegalese government's involvement; sub-national co-operation activities; Non-Governmental Organisations (NGO) activities (list of NGOs active in the country, investment amounts, etc.). **Many actors, including staff who collect balance of payment data, several departments of the Ministry of Finance, and others, cited these information gaps as crucial components of the Senegalese development finance landscape that should be more adequately tracked in the future**.

29. Senegalese actors interviewed during the country mission highlighted that ODA funds are not sufficient to realise ambitious development objectives and create growth. A tracking system, including of private funds supporting development, is needed to account for development finance beyond ODA and ideally help incentivise more of this financing. At the same time, Senegalese interlocutors noted the need to still prioritise concessional funds in some poorest countries and the importance not to undermine the ODA measure by providing a wider picture of development flows through TOSSD.

Amounts mobilised could potentially be measured to provide a comprehensive picture of both public and private funds but should not be attributed back to providers

30. Senegal acknowledged the importance of ascertaining a comprehensive picture of development resources to the country. Some actors emphasised that all development finance flows both public and private should be reflected, including ODA, official non-concessional financing, private flows at market terms, private grants and remittances.

31. While most actors met during the country mission welcomed a more comprehensive picture of development finance flows, they also cautioned attributing to development partners amounts of private sector funds mobilised through leveraging operations.

32. Stakeholders expressed their concern that attributing these funds would overestimate providers' contribution to Senegal's development. They also noted that attributing private funds mobilised would not paint an accurate picture of financing contribution given that the ultimate debt liabilities are usually borne by the recipient government. **They noted however that identifying separately private finance mobilised at project-level without attributing these flows to development partners would enhance the tracking of development finance.**

33. In addition to concerns regarding the legitimacy of attributing private flows mobilised, several methodological challenges were further outlined. Financing packages, including respective amounts mobilised, may change over the project lifetime (e.g. project extensions, new project components, new partners, etc.). Therefore, comprehensive information is typically available only once a project has reached financial closure. Other methodological challenges included the risk of double-counting in the event that several providers claim a portion or the totality of the amounts mobilised from a common private sector

partner, as well as the complexity of harmonising methodological approaches to tracking the wide diversity and evolving nature of financing packages.

The framework could reflect flows that contributed to an outcome of public interest, regardless of the origin of the funds (private or public).

34. Senegal actors suggested that the TOSSD framework should ideally signal which external private financial flows contributed to an outcome or output of public interest (e.g. schools, health centres, public infrastructure, etc.). If this approach was retained, TOSSD could potentially include the tracking of remittances from private households channelled to projects of public interest.

35. Several innovative approaches utilised by Senegal to mobilise available resources were identified during the country mission. For example, Senegal has benefited from the support of several providers (e.g. IFAD and France) to mobilise remittances from the Senegalese diaspora in order to finance basic infrastructure needs notably in remote and rural areas[33]. Another example includes the database set up by the government to mobilise Senegalese experts from the diaspora to provide technical assistance in the context of development projects[34]. Several initiatives are also under way to maximise the use of volunteer programmes (e.g. Peace Corps, etc.) and discussions have been initiated with China for a technical co-operation programme.

From Senegal's perspective, TOSSD should not reflect investments in global programmes supporting development enablers and addressing global challenges if they do not generate cross-border flows to developing countries

36. Senegalese actors were of the view that TOSSD should not reflect investments made at the global or regional level to support development enablers and to address global challenges if these contributions do not generate cross-border flows in Senegal. From a methodological standpoint, reservations were expressed in regard to how the apportioning of a share of these "global" or "regional" activities to individual recipient countries could be accurately carried out. Programmes or projects that give rise to actual projects in Senegal and which generate cross-border flows should be TOSSD eligible. This would also include projects carried out in Senegal in support of development enablers and to address global challenges (such as climate change).

37. Senegal will remain vigilant that the creation of the new TOSSD measure does not artificially increase figures, and let developed countries unduly claim they have met their historical climate commitments. They support the extension of the measure to non-concessional flows and other development actors (India, China) but are sceptical about the attribution of private flows to providers. In terms of tracking, they see a need for better monitoring climate finance in Senegal including the greening of the "Plan Sénégal Emergent", to which TOSSD could usefully contribute.

[33] See for example the PAISD programme: http://www.codev.gouv.sn/spip.php?page=inc-sommaire

[34] http://www.senexpertise.gouv.sn/

III. ELIGIBILITY OF ACTIVITIES, MODALITIES AND FINANCIAL TERMS AND INSTRUMENTS

Senegal calls for full alignment with national development priorities as a key criterion for TOSSD eligibility

38. Senegalese interlocutors stressed that TOSSD-eligible investments would need to be fully aligned with the country's development priorities and should reflect national capacities and levels of development. This approach would strengthen Senegal's policy space to promote sustained, inclusive and sustainable economic growth in line with the 2030 Agenda for Sustainable Development. In this respect, Senegal is likely to adopt a phased approach, focusing initially on a subset of the Sustainable Development Goals (SDGs)[35] as spelled out in its current Priority Action Plan[36] which is already aligned with the 2030 Agenda. The objective is by 2019 to expand the forthcoming Priority Action Plan (PAP/PSE 2019-2023) to fully integrate SDG framework.

Tracking only cross-border flows to developing countries in the TOSSD framework

39. TOSSD should capture only developmental resources that cross a border into a developing country[37]. The amount of external resources provided and reported as such by provider countries in TOSSD will not necessarily be equal to cross-border resources measured from the recipient's side, since some provider expenditures (e.g. research carried out in donor countries, possibly some of the technical assistance) don't give rise to cross-border flows and are not reflected in the Senegalese budget. Further work and discussions will be needed with developing countries to determine which transactions should be reported under TOSSD, and how they could be valorised (e.g. use of purchasing power parities).

Gross and net values, as well as all instrument types, should be measured in TOSSD

40. The Senegal study confirmed that TOSSD should be measured both in gross and net terms. Development actors highlighted that many metrics, including budgets and returns on investments are measured on the basis of gross data. However, it was also highlighted that net data is important to be able to assess final project costs, including borrowing costs; the Government Financial Operations Table also records flows on a net basis.

41. Senegalese interlocutors raised the importance of the TOSSD framework to track all financial instruments. In particular they highlighted that some instruments, such as export credits and Sukuk or Istisna`a in Islamic finance, were becoming increasingly important and should be clearly identified in TOSSD data. Other instruments were also mentioned including "concessional" export credits, diaspora bonds, projects co-funded by remittances.

42. Senegal is adjusting its framework to new instruments on offer. Senegal issued Eurobonds on three occasions: USD 200 million in 2009, USD 500 million in 2011, and USD 500 million in 2014. These amounts corresponded to the maximum amounts that Senegal could borrow on international markets in compliance with IMF rules. It could also be interesting for analytical purposes to capture these mobilisation efforts on regional and international markets. Furthermore, the quarterly debt bulletin of the

[35] These include SDGs 2, 3, 4, 5, 6, 7, 9, 15, 16, 17 (Source: PTIP 2016-2018)

[36] « Plan d'Actions prioritaires » - PAP/PSE 2014-2018

[37] In that regard, the work on Country programmable Aid provides a good starting point for developing the TOSSD cross-border measure. For more information about CPA, see: http://www.oecd.org/dac/aid-architecture/cpa.htm

Senegalese Ministry of Finance offers a simple categorisation of instruments that could be useful to the TOSSD framework.

43. Regarding guarantees, the findings of the mission highlighted that information on financing schemes remains scarce. However, since the creation of the FONGIP (Sovereign National Guarantee Fund) in 2013 the situation is improving. Over the past 2 years, FCFA 17 billion (EUR 25.9 million) was provided to banks and micro-finance institutions by the FONGIP. TOSSD could support co-ordination between the various institutions that extend guarantee schemes by providing further information on schemes extended at country level. The recent OECD survey on private funds mobilised[38] presented during the mission was considered useful to provide information on existing schemes. While some of the guarantee funds were known to the FONGIP (e.g. AFD's ARIZ Funds[39]), no comprehensive mapping of guarantee schemes was definitively available at country level.

Better tracking of triangular and South-South co-operation, NGO activities or sub-national co-operation would strengthen TOSSD as a tool in line with recipient countries' needs.

44. Further work is needed to understand how to capture triangular and South-South cooperation activities in the TOSSD framework, as these were considered difficult to identify, connect up and measure by Senegalese interviewees. One example of tripartite co-operation involved Brazilian census training exercises for Cape Verde officials, who in turn trained Senegalese staff to conduct similar exercises with financial support from Brazil. This model of tripartite co-operation was considered essential to advancing the country's development priorities, as it translated into lower costs, an improved capacity to carry out census surveys and improved quality and availability of data.

45. Very little information was available about the work of private foundations in Senegal despite evidence that several are active in the country (e.g. Gates Foundation).

46. Sub-national co-operation was considered as a very flexible and dynamic financing mechanism, particularly effective to meet local needs. The example of a small city such as Kounghuel (with a yearly budget of FCFA 300 million or EUR 457,000 euros) benefits from the support of Fontenay-sous-Bois in France with a budget equivalent to CFA 115 billion (EUR 165 million)[40]. However, Senegal interviewees indicated during the country mission that insufficient information was available on sub-national co-operation.

47. NGO activities was mentioned several times as an area where additional information would be needed to formulate a complete picture of development financing available at country level. In particular, such information gaps include a comprehensive list of NGOs operating in the country, the amount of investment provided by NGOs, levels of tax exemptions, etc. A decree[41] released in February 2015 aims to tackle this issue by requiring that each NGO deliver an investment plan and report on their activities.

48. Additional research is needed to identify if it would be relevant to consider levels of concessionality in the TOSSD framework. Senegal measures concessionality in line with the IMF definition (with a 5% discount rate and 35% grant element threshold), not the DAC definition. This should somehow be reflected in the TOSSD framework. The definition of semi-concessional finance may also need to be reflected in the TOSSD framework (15% – 35% grant element).

[38] See: http://www.oecd.org/dac/stats/mobilisation.htm

[39] See: http://www.afd.fr/lang/en/home/outils-de-financement-du-developpement/garantiesAFD

[40] See: http://www.fontenay-sous-bois.fr/solidarite-sante/international/cooperation-decentralisee/

[41] Decree N°2015/145 dated 4 February 2015

Senegal seeks to focus on development results, while trying to carefully optimize the concessionality levels of its funding arrangements. Loans have been contracted at non-concessional rates so long as spending remains in line with overall debt sustainability.

49. Finally, several actors indicated that there may be a need to revise the “TOSSD” acronym itself, depending on the elements that are ultimately retained in the framework. If amounts mobilised are included, then the word “official” should be removed. The framework may also need to reflect the cross-border nature of the flows, thus getting closer a concept of “Resource Inflows to developing countries”.

CONCLUSION

50. A global measurement framework such as TOSSD is very much needed in light of profound changes in the development finance landscape, particularly given the new role played by emerging economies and related flows. Thus, TOSSD should aim to capture flows from all providers. The cross-border flow measure would then correspond to a disaggregated sub-set of partner country balance of payments statistics, and could thus be a useful cross-check tool to help developing countries verify such statistics. The development of the framework should include strong principles to underpin its measurement.

51. The Senegal pilot reaffirmed the critical role TOSSD could play in supporting transparency of development finance flows, particularly in capturing information about different components of complex financing arrangements, which would enable countries to learn from other countries’ experience in leveraging finance and improve decision-making.

52. According to Senegal, private amounts mobilised through public interventions could potentially be measured to contribute to a comprehensive picture of both public and private funds but should not be attributed back to providers.

53. From Senegal’s point of view, TOSSD should not reflect investments in global programmes supporting development enablers and addressing global challenges if they do not generate cross-border flows to developing countries.

54. Further work is needed to better understand how TOSSD could better track triangular co-operation, NGO activities or sub-national co-operation, which would strengthen TOSSD as a tool in line with recipient countries’ needs.

ANNEX 1: ESTIMATED FIRST ORDERS OF MAGNITUDE OF TOSSD FLOWS TO SENEGAL

USD million, 2014, gross disbursements	ESTIMATES	NOTES
I. OFFICIAL CROSS-BORDER FLOWS FOR SUSTAINABLE DEVELOPMENT (TOSSD)		
Bilateral		
Grants	**567**	*Proxy: ODA grants excluding in-donor costs (such as imputed student costs) and debt relief.* ***Potential added value of TOSSD:*** *better cover and identify sub-national co-operation.*
Concessional loans	**224**	*Proxy: ODA loans*
Non-concessional loans	**17**	*Proxy: OOF loans other than export credits* ***Potential added value of TOSSD:*** *better cover non-concessional developmental finance, including Islamic finance.*
Flows from emerging market economies	**> 1 282**	*Proxy: loan commitments from China, estimates based on interviews (see Figure 2).* ***Potential added value of TOSSD:*** *better cover and identify flows from emerging market economies, South-South co-operation and triangular co-operation.*
Multilateral		
Grants	**164**	*Proxy: Multilateral concessional and non-concessional outflows, as reported in DAC statistics.*
Concessional loans	**192**	
Non-concessional loans	**120**	
Total TOSSD	**2 566**	*For reference, ODA amounts to USD 1 190 million in 2014 (gross disbursements).*

II. FLOWS FOR CONSIDERATION UNDER TOSSD		
Private finance mobilised domestically according to the latest DAC survey on amounts mobilised	**60**	**Proxy:** private finance mobilised domestically according to the latest DAC Survey. **Potential added value of TOSSD:** strive to unpack different components of complex financing arrangements (incl. PPPs).
Officially-supported export credits	**11**	*Proxy: as reported in DAC statistics.*
Total	**71**	*Proxy: as reported in DAC statistics.*

III. OTHER CROSS-BORDER FLOWS		
Private flows at market terms	**99**	*The data could specifically identify flows that contributed to an outcome of public interest (e.g. diaspora bonds).*
Foreign Direct Investment	31	
Other securities, including bonds	68	
Charitable grants (NGOs, Foundations)	32	*Proxy: DAC statistics. Major data gaps were signalled during the mission that it would be important to address.*
Remittances	**1 644**	*Proxy: World Bank remittances data from all providers. Data could specifically identify projects co-funded by remittances.*
OTHER CROSS-BORDER FLOWS	**1 775**	*Although not necessarily for consideration under TOSSD, these flows are important to reflect for partner countries in order to provide a comprehensive picture of external flows.*

Note that the purpose of the table is to illustrate the components of a future TOSSD framework that the Senegal deemed useful; the figures it contains should be considered as preliminary estimates.

ANNEX 2: INSTITUTIONS AND DEPARTMENTS CONSULTED DURING THE COUNTRY MISSION

The country mission was coordinated by the Directorate General for Finance at the Ministry of Economy, Finance and Planning of Senegal.

Staff and Departments consulted during the country mission
Director General for Finance (MEF/DGF)
Staff from the Economic and Financial Co-operation Department (MEF/DCEF)
Staff from the Investment Department (MEF/DI)
Director General for Planning and Economic Policies (MEF/DGPPE)
Staff from DGPPE
Staff from the Department for Statistical and Economic Studies (MEF/DEES)
Staff from FONSIS (Senegal Sovereign Wealth Fund)
Director General and Deputy-Director General of the Office in charge of monitoring the national development plan of Senegal (“Bureau opérationnel de Suivi du Plan Sénégal Émergent” - BOS/PSE)
Director General of the National Economic Development Bank (BNDE)
Staff from the government agency for road infrastructure (Ageroute) and from the ministry for infrastructure (MITD)
Staff from the Ministry in charge of investment promotion (MPIPDTE).
Staff from the Central Bank (BCEAO)
Staff from the government agency in charge of investment promotion (APIX)
Staff from the Economic and Financial Co-operation Department (MEF/DCEF)
Staff from the Ministry of Environment and Sustainable Development (MEDD)
Staff from the Debt Management Department (MEF/DDP)
Staff from NGOs (Action Aid, Forum Civil)
Director of partnerships with NGOs, Ministry of Interior (DPONG)
Staff from the Senegal Guarantee Fund (FONGIP)
Staff from the National Statistical Institute (ANSD)
Staff from the Technical Co-operation Department (DCT)
Director General of FONSIS
Various departments of the Ministry of Finance (MEFP) - Presentation of preliminary observations
President of the Platform of Senegalese NGOs (CONGAD)
Department for PPPs financing (DFPPP)
Staff from the PRODAC project
Staff from the Ministry of Foreign Affairs (MAESE)
The G50, the group of co-operation providers to Senegal
Staff of the NGO platform of EU countries (PFONGUE)

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