

## SUMMARY NOTE

### Measuring private finance mobilised by official development finance Working session with bilateral and multilateral providers

Virtual meeting (Zoom) | 14 and 15 May 2020 | 14:00 - 17:00 CET on both days

#### Background

At its 2014 High Level Meeting (HLM), the DAC was mandated to pursue work to establish an international standard for [measuring private investment mobilised by official development interventions](#).<sup>1</sup> This is a key element of the modernisation of DAC statistics and is also contributing to a number of other processes in areas such as analyses of blended finance and the broader measurement framework of total official support for sustainable development (TOSSD). The work to measure mobilised private finance is being conducted jointly with the OECD-led [Research Collaborative on Tracking Finance for Climate Action](#), thereby ensuring synergies and avoiding duplication of efforts between the development and climate finance communities.

Three OECD-hosted working sessions with DFIs have previously taken place on 15-16 July 2014, 16 March 2016 and 10 April 2018. These sessions focused on sharing and discussing draft approaches to measure private finance mobilised. Based on feedback and inputs received, the draft methodologies were then refined and presented to the DAC Working Party on development finance statistics for approval and implementation.

To date, methodologies to measure mobilised private finance have been developed and implemented in the regular CRS reporting on development finance activities for several mechanisms and instruments. These are: guarantees, syndicated loans, equity shares in collective investment vehicles, direct investment in companies, project finance structures, credit lines and simple co-financing schemes.

#### Objectives of the working session

DAC members have recently requested further work to clarify the extent to which the mobilisation effect of technical assistance can be captured and how to measure and report on private finance mobilised through funds and facilities. They have also requested that reporting guidance be streamlined.

With this in mind, the 14-15 May 2020 virtual working session explored:

- Possible principles, criteria and methods that could be used for measuring private finance mobilised through technical assistance and capacity building activities;
- Practical arrangements for reporting data on mobilisation through single- and multi-donor funds and facilities;
- Improved co-ordination to ensure comprehensive climate marking of mobilisation data.

**Please note:** In order to keep the discussions focused and given the limited time available, the working session did not aim at re-opening discussion on OECD methodologies for measuring mobilisation already approved formally by DAC members, nor at addressing the confidentiality issues faced by MDBs for reporting on mobilisation to the OECD. The latter issues are currently being addressed in the context of a dedicated working group involving MDBs, DAC members and the OECD Secretariat.

Contacts for questions and registrations:

[cecile.sangare@oecd.org](mailto:cecile.sangare@oecd.org) | [tomas.hos@oecd.org](mailto:tomas.hos@oecd.org) | [raphael.jachnik@oecd.org](mailto:raphael.jachnik@oecd.org)

<sup>1</sup> This mandate was reiterated in subsequent HLMs in 2016 and 2017.

## Agenda and discussion outcomes

Thursday 14 May	
14:00-14:10	1. Opening remarks by Chair (Canada)
14:10-14:30	2. OECD methods and coverage (presentation by OECD Development Co-operation Directorate)
14:30-17:00	<b>3. Measuring private finance mobilised through technical assistance and capacity building</b> - Case study illustrations by UNIDO and Switzerland. - Scheduled intervention by Germany (GIZ) and the United Kingdom (DFID)

### Summary of discussions

The discussion confirmed both the importance and challenges of taking into account the effect of TA activities in the OECD's international measure of private finance mobilised by official development finance interventions. More specifically, the case studies presented showed that:

- In some cases, measuring the mobilisation effect of TA activities can be relatively straightforward at a micro-level when clear causality can be demonstrated (e.g. when the TA provider works directly with the private investor) and TA takes place in a simple co-financing scheme. Some participants highlighted that the integration of TA into the existing methodological framework should neither introduce an additional level of complexity nor increase the risk of double counting at the international level. Participants also suggested that more work was needed to finetune the draft screening framework developed by the OECD, for example by adjusting and weighting the scoring system.
- In many cases, however, TA is provided upstream of individual projects or even address macro-level enabling conditions, thereby having a more catalytic effect on private finance. The discussion indicated that, while this would be difficult to quantify statistically, the catalytic effect of TA could be monitored using other indicators such as SDG targets and indicators, including impact indicators.

There was broad consensus that attention needs to be paid to the incentives set by the measurement system and methods. Difficulties in measuring the catalytic effect of TA interventions should not lead to providers only focusing on micro-level interventions.

Friday 15 May	
14:00-15:30	<b>4. Reporting on private finance mobilised through single- and multi-donor funds and facilities</b> - Case study illustrations by Canada (Global Affairs Canada) and OECD - Scheduled interventions by the Asian Development Bank and the Netherlands (MFA)

### Summary of discussions

Participants from both bilateral and multilateral institutions confirmed the importance of capturing the mobilisation effect of funds & facilities established to mobilise private finance. They also highlighted the usefulness of coordination in terms of reporting arrangements, and the importance for all donors and institutions involved to have access to the same data.

Participants were of the view that the implementing institutions of the vehicles would be best placed to report to the OECD on mobilisation, which would be in line with the rationale of the new measurement framework [Total Official Support for Sustainable Development](#) (TOSSD).

However, the specific issues faced by some implementing organisations need to be addressed to facilitate their reporting to the OECD. This may include developing and implementing data sharing agreements (DSAs), as well as streamlining data requests addressed to institutions administering the fund/facility.

15:30-16:30	<p><b>5. Improving and streamlining the climate marking of mobilised private finance data</b></p> <ul style="list-style-type: none"> <li>- Overview of practices and coverage to date by OECD</li> <li>- Scheduled interventions by the United Kingdom (DFID and Cabinet Office COP26 Unit) and the European Banks for Reconstruction and Development</li> </ul>
-------------	--

***Summary of discussions***

The discussion confirmed the importance of the climate policy area and the need for transparency and comprehensive statistical coverage to inform progress on international objectives and increased ambition on combating climate change.

While efforts have been made and coverage improved, participants acknowledged that there remain opportunities for further improvements, coordination and streamlining in internal data collection and reporting processes.

16:30-17:00	6. Wrap-up and next steps, Maher Mamhikoff, Global Affairs Canada
-------------	---

***Summary of next steps***

The outcomes of this meeting was used to inform discussions at the WP-STAT in June 2020 and subsequent adjustments to the OECD methodological framework to measure private finance mobilised by official development finance interventions.

A possible next step proposed to and discussed by the WP-STAT, could be for countries and institutions to, where appropriate and feasible, test the reporting of private finance mobilised by TA and funds and facilities as part of their ongoing reporting on 2019 mobilisation data. This will help build capacity and enhance collective understanding across reporting entities and the OECD Secretariat. The objective is to insert guidance related to TA activities as well as funds and facilities in the OECD methodological framework for reporting private finance mobilised. Such guidance would be implemented in 2021 for reporting on 2020 flows. The insights from these methodological discussions will also be conveyed to the TOSSD Task Force.

Additional inputs, feedback and concrete suggestions are welcome in writing after the meeting. In the case of the the methodological discussions on technical assistance, inputs particularly from DFIs, development banks and other organisations financing projects which benefit from TA would be most welcome.

Ultimately, these developments will make it possible to further strengthen the coverage and relevance of the OECD mobilisation data in the context of the international agendas on development and climate policy.