Foreword

Measuring sectors without borders

Why do we measure where finance for development goes? When a student enters their first classroom, does it matter to them how the school was funded? No. Does finance for development matter for our ability to achieve a better world by 2030? Yes.

In 2015, world leaders adopted the 2030 Agenda for Sustainable Development including its 17 goals and 169 targets. These goals and targets include eradication of poverty, equal access to quality education and achieving a sharp decline in the global maternal mortality ratio, to name a few. To understand if we are on track to meet these goals, and where there are gaps – those that will affect citizens – we need to measure where development finance is flowing.

However, the challenge exists today in how to measure development finance to the UN Sustainable Development Goals (SDGs). The SDGs rightly break down silos among sectors. The SDGs result from lessons learned from the preceding set of Millennium Development Goals that sustained systemic change cannot be achieved through single-sector goals and approaches. A fundamental feature of the current 2030 Agenda is that it emphasises the complexity and interconnectedness of the different dimensions required to achieve development. It challenges the traditional sector-based approach to looking at education, health or water and sanitation as separate areas. Sectors were traded for terms like “the gender-education-health nexus,” and “the climate-land-energy-water nexus.”

Three years into the implementation of the SDGs, this report takes stock of the impact of the new agenda on sector policies and for the analysis of sector financing. In the SDG era, providers are required to take a closer look at the various interactions across sectors and adapt strategies to fit the new multidimensional approach. This approach includes supporting global public goods and cross-cutting areas.

We start by broadening the lens on development finance. We need to look at flows beyond official development assistance (ODA) and include other official flows (OOF) – philanthropy, and private funds mobilised. We also need to include tracking funding patterns and trends. With this broader scope, this paper addresses development actors beyond traditional development co-operation providers, and attempts to answer the following questions: What are the sector data gaps? How can sector data be improved? Where do we stand on finance flows by sector, both overall, and by countries most in need? What are the implications of the 2030 Agenda on the use of financial instruments and the use of different channels of delivery?

We have found that, while the SDGs call for “ODA-and-beyond” to meet the cross-cutting ambitions of the 2030 Agenda, we do not yet have the right dashboard in place to monitor progress. This paper is a first step towards further analysis of sector financing, highlighting what is missing, and where the development community should go next. As outlined in the Executive Summary, the 35% increase in official development finance between 2012 and 2016 means that adopting a smart sectoral approach to SDG finance is essential. Taking this one step further, the findings of this report will inform the development of the first-ever measurement framework for how all official development finance supports the SDGs. Such a framework is total official support for sustainable development (TOSSD), which is
currently being developed by an international task force, with the objective of making official development finance more transparent, and ultimately, more effective.

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Executive summary

In September 2015, international leaders agreed on a new global development agenda comprising 17 Sustainable Development Goals (SDGs) and 169 targets to be achieved by 2030: “Transforming our World: The 2030 Agenda for Sustainable Development”.

Providers of development co-operation face a new challenge as they embark on this agenda with growing financial commitments. They primarily design and implement their interventions in developing countries as inputs by sector (e.g. health, education, energy or agriculture). However, the SDGs have multisector expected outcomes (e.g. no poverty, reduced inequalities or sustainable cities and communities). Shifting their focus to the latter thus requires assessing the impact of the resources they invest in each sector against specific SDGs.

Yet doing so is extremely complex. First, because comprehensive, detailed and comparable information from development co-operation providers on their sector activities, including detailed project descriptions, is sometimes missing. Second, because the links between sectors and the SDGs, and, indeed, between the SDGs themselves, are intricate. To use SDG 4, on quality education, as an example: providers can support the achievement of this SDG by investing in the education sector (e.g. building schools and training teachers). They can also do that by investing in the energy sector (e.g. increasing access to electricity in rural areas), which will enable children to study in the evening, and might also support SDG 7, on affordable and clean energy. And third, because this new focus on outcomes requires that providers engage with partner countries to identify their respective SDG priorities, align country programmes with the indicators identified at country level, and target resources appropriately.

This report aims to help development co-operation providers better grasp the implications of the 2030 Agenda for their sector strategies, so that they can effectively support the SDGs by choosing the right instruments, channels and financing approaches. It provides them with an unprecedented, comprehensive picture of official development finance (ODF) allocations by sector by bringing together data for the period 2012-16 on sector financing by country, type of instrument and delivery channel. The analysis includes not only official development assistance, but also other official flows and resources mobilised from the private sector by official development interventions. The report looks into potential data gaps and the challenge of matching the traditional typologies of donors’ investments by sector with the expected multisector outcomes framed by the SDGs. It also reviews the sector composition of financial flows to specific income groups and countries most in need, such as least developed countries and small island developing states. Finally, the report takes stock of the use of specific approaches, such as sector budget support or pooled funding.
The report’s main conclusions are the following:

- **Overall, ODF increased by 35% in real terms between 2012 and 2016, benefiting all sectors** in developing countries. In 2016, ODF by bilateral and multilateral providers of development co-operation amounted to USD 293.6 billion.

- **Development co-operation providers mobilise private finance only in a handful of sectors.** An estimated USD 22.7 billion of private finance was mobilised every year by official development interventions during the period 2012-16, but, unexpectedly, private finance is hardly mobilised by official interventions in sectors such as water, agriculture, or transport and storage.

- **All providers of development co-operation should make their sector financing information more detailed, more comprehensive and more comparable** to respond to the new, multifaceted SDG framework. In that regard, the total official support for sustainable development measurement framework (TOSSD) is an opportunity for them to make official development finance more transparent.

- **Providers of development co-operation have to map the impact of each sector intervention against each goal, align with the SDG targets defined by each partner country, and appropriately target their interventions.** Support for global public goods will also help, as these are enablers for achieving development gains in multiple sectors.

- **Providers of development co-operation need to look more closely at the specific challenges in each country, especially for countries most in need.** For example, in LLDCs, providers do not sufficiently prioritise infrastructure.

- **Adopting a smart, sector approach to transition finance is essential, but demands new research.** This publication takes an initial look at the benefits of analysing transition finance gaps from a sector perspective.

- **The use of debt instruments to support the commercial and infrastructure sectors is growing, calling for increased attention to fiscal sustainability in countries most in need.** While grants by development co-operation providers are increasing moderately, loans have increased three times faster than grants in recent years. Debt vulnerability is becoming a concern in the most vulnerable economies. The number of developing countries in debt distress or at high risk of debt distress doubled from 12 to 24 between 2013 and 2017.

- **While channels of delivery may vary, depending on sector priorities and strategies, development effectiveness and good donorship need to guide development partners’ efforts.** For example, in the social and humanitarian sectors, bilateral providers need to implement good funding practices with civil society organisations and multilaterals implementing projects in the most challenging contexts. This is particularly true for those highly dependent on bilateral resources.
Chapter 1. Overview

This chapter provides an overview of the main highlights of this publication. It is structured around four main sections, corresponding to the four substantive chapters of the publication. It provides an overview of official development finance (ODF) allocations for the period 2012-16 by sector, including not only official development assistance (ODA), but also other official flows (OOF) and resources mobilised from the private sector by official development finance interventions. The chapter provides data on sector financing by country, type of instrument and channel of delivery. It looks into potential data gaps and the challenge of matching the traditional typologies of donors’ investments by sector with their expected, multisector outcomes, as framed by the Sustainable Development Goals (SDGs). The chapter also provides policy makers and sectoral experts with some insights into the implications of the 2030 Agenda for the sectoral strategies of development co-operation providers.
In September 2015, international leaders agreed on a new global development agenda comprising the 17 Sustainable Development Goals (SDGs) and 169 targets to be achieved by 2030: “Transforming our World: The 2030 Agenda for Sustainable Development” (United Nations, 2015).

The SDGs are highly intertwined with sectors, such as health, education, energy or agriculture. Hence, measuring official development finance (ODF) flowing to sectors is critical to designing efficient development strategies in the SDG era. Yet, this exercise is complex, and this report is a first attempt to provide a comprehensive picture of ODF allocations by sector. The analysis includes not only official development assistance (ODA), but also other official flows (OOF) and resources mobilised from the private sector by official development interventions. It provides unique data for the period 2012-16 on sector financing by country, type of instrument and channel of delivery. It looks into potential data gaps and the challenge of matching the traditional typologies of donors’ investments by sector with their expected, multi-sectoral outcomes, as framed by the SDGs. The report provides policy makers and sectoral experts with some insights into the implications of the 2030 Agenda for the sectoral strategies of development co-operation providers.

When analysing specific sector allocations, this report focuses on the portion of ODF that is sector allocable using the following broad sector groupings and sub-sectors (non-sector allocable contributions are those that are not susceptible to allocation by sector, such as general budget support, actions relating to debt, humanitarian aid and internal costs in the donor country). The broad sector groupings and sub-sectors used in this publication are:

- **Social** – this comprises education, health, government and civil society, and other social services.
- **Infrastructure** – this includes water, transport and storage, communications and energy.
- **Production** – this encompasses agriculture, industry, mining and construction, and trade and tourism.
- **Banking and business** – these two sectors are grouped into a single sector grouping.
- **Multisector** – this comprises both the environment sector and multisector. General environmental protection activities are classified in the multisector grouping and cover activities related to conservation, protection or amelioration of the physical environment without sector allocation. As a result, these activities do not reflect the totality of the donors’ investments targeting environment, but only the part that cannot be allocated to a single sector.

This chapter is structured around four main sections, corresponding to the four substantive chapters of the publication, thus providing an overview of the main messages and findings emerging from the publication.

### 1.1. Comprehensive, comparable and detailed sectoral data is the basis for effective financing strategies in the SDG era

In the last decades, the development finance landscape has seen the emergence of a large number of new actors and new instruments, making it challenging to monitor development finance data holistically. Actors beyond traditional official providers, such
as private companies and funds, philanthropic foundations and civil society organisations (CSOs) have become key partners in supporting the global development agenda. This has changed the perspective on the instruments and modalities of development co-operation.

Overall, the profusion of sources and databases on external flows makes it hard to easily collate a picture of financing to a given sector (apart from ODF – see below). The diversity of scope, definitions and reporting methods across databases and data providers makes the presentation of a financing picture on a given sector or the comparison of sectoral information across data sources highly challenging. However, many initiatives are taking place to gradually develop a comprehensive sectoral picture, both for official and private development finance.

### 1.1.1. All providers of development co-operation need to make their sector financing information more detailed and comparable to respond to the new multifaceted SDG framework

The closely intertwined nature of the SDGs makes it challenging to establish a direct and robust link between the SDGs and traditional sectors (such as health, energy, education or agriculture). Providers who wish to contribute to better analyses of sectoral information in the SDG era need to make their sectoral data public and more detailed, focusing on three main tasks:

- **Ensuring the accuracy of the sectoral purpose of the activities.** For example, in the Organisation for Economic Co-operation and Development Creditor Reporting System (OECD CRS³), activities need to be reported against sector codes. These provide a strong basis for sectoral analyses. However, if not done appropriately the recording of the sectoral purpose of activities can lead to faulty analyses. In order to avoid this issue, the OECD has put in place many automated checks on reporting. Every year, it manually verifies for accuracy approximately 250 000 records to ensure the consistency of sector codes, for example, against project descriptions.

- **Improving the granularity of sectoral information.** For example, in July 2016, members of the Development Assistance Committee (DAC) of the OECD agreed to introduce a system of “multiple sector codes” in the OECD CRS. This system will allow recording an activity against up to ten sector codes, thus reflecting the reality of many development projects that actually benefit several sectors. This is becoming even more important in an SDG era where the Goals are highly intertwined with sectors.

- **Increasing the availability of detailed descriptive information.** The OECD CRS provides fields for reporting both short and long descriptions of projects. Appropriate descriptions allow the project to be put into context. They provide details on a wide range of dimensions, such as the objectives, the beneficiaries, and the implementation strategy of the project, which are key to analyse ODF and to inform sector strategies of development co-operation providers.

The international community could also find ways to make sectoral data more comparable. From a sectoral perspective, one particular area of attention is to expand the picture of financing of official providers, particularly Arab and other emerging providers, such as People’s Republic of China (hereafter “China”), Brazil and India, so that they gradually publish more and more information, including disaggregated data by sectors. Broader international co-operation flows from providers beyond the membership of the
DAC were estimated at around USD 300 billion in 2014\(^1\). In the infrastructure sector, estimated combined disbursements for China, India and Arab development partners accounted for 14% of total ODF for infrastructure in 2014. Data for a very large portion of this financing is currently unavailable publicly and the overall financing from these providers might be much bigger than current estimations. For example, going forward, Arab providers could continue (e.g. United Arab Emirates, Kuwait and Saudi Arabia) or start (e.g. Qatar, Oman and Bahrain) publishing information on their development finance efforts, including at the sector level. Traditional providers also ought to seek more engagement with South-South and triangular co-operation providers, as well as with other providers beyond the DAC, including Brazil, China, India, South Africa, Mexico and Costa Rica. Such engagement would help achieve a more comprehensive picture of the financing for development landscape across sectors worldwide.

1.1.2. **TOSSD represents a major opportunity for all development partners to make sectoral data more comprehensive and comparable**

The concept of total official support for sustainable development (TOSSD)\(^4\) first emerged in 2014 in the course of work undertaken by the OECD DAC to align its statistical system with today’s development finance landscape. The new framework aims to provide greater transparency about the full array of officially supported bilateral, multilateral and South-South finance provided in support of sustainable development. TOSSD was first recognised internationally in the Addis Ababa Action Agenda in July 2015 (United Nations, 2015\(^2\)).\(^5\) Its statistical features have been developed since July 2017 by an International Task Force\(^6\) comprising about 25 development policy and statistical experts. Emerging providers are also present as observers to the Task Force.

**Figure 1.1. TOSSD: two pillars to capture more information on sustainable development**

TOSSD is envisaged as a two-pillar framework (See Figure 1.1) that would capture both cross-border flows to developing countries (Pillar I) and the resources that support development enablers and address global challenges at the regional and global levels (Pillar II). While both pillars will provide information relevant for sectoral analyses, the second pillar has the potential to unveil some sectoral information currently missing in international statistics. This includes support to international tribunals (in the justice
sector) or activities supporting oceans in international waters (in the environment sector),
two areas that are not well captured in existing databases.

The TOSSD framework will capture all resources in support of SDG-related investments
(Table 1.1), including grants, loans and equity investments. It will also include amounts
mobilised from the private sector, which will help create incentives to mobilise more
resources from the private sector. A number of “satellite” indicators will complement the
TOSSD framework to put official resources into context, including private flows at
market terms and remittances, and information on private finance for development
coming from private foundations.

Thus, TOSSD represents a major opportunity for all development co-operation providers
to make sectoral data more comprehensive and comparable, thus providing greater
transparency on ODF flows.

### Table 1.1. The emerging framework of TOSSD

<table>
<thead>
<tr>
<th>Types of flows</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Grants</td>
<td>Including grants and technical assistance</td>
</tr>
<tr>
<td>B. Financial transactions</td>
<td>Including debt instruments and equity investments</td>
</tr>
<tr>
<td>Total official flows (A+B)</td>
<td>In gross terms</td>
</tr>
<tr>
<td>C. Resources mobilised from the private sector</td>
<td>Private resources mobilised by official development interventions, regardless of the country of origin of the funds</td>
</tr>
<tr>
<td>D. Private flows at market terms</td>
<td>Foreign direct investment and other securities, including bonds</td>
</tr>
<tr>
<td>E. Private philanthropy</td>
<td>Provided by private philanthropic foundations for development</td>
</tr>
<tr>
<td>F. Remittances</td>
<td></td>
</tr>
</tbody>
</table>


1.2. In a context of growing official development finance, the integrated nature of the SDG agenda requires rethinking sector financing approaches

1.2.1. ODF is growing and benefitting all sectors

In 2016, ODF by bilateral and multilateral providers of development co-operation
amounted to USD 293.6 billion – a growth of 35% between 2012 and 2016 in real terms.
Of this increase, 64% was support from bilateral providers (46% from DAC providers
and 18% from non-DAC providers) and 36% came from multilateral institutions. Overall,
ODF grew at an average rate of 7.8% per year during this period in real terms.

Sector-allocable ODF, which is the portion of ODF that can be analysed by sector⁸,
represented about USD 224 billion in 2016. The breakdown of ODF across broad sector
categories has not changed much in the last five years, reflecting the stability of sectoral
allocation policies by official providers (Figure 1.2). ODF to broad sector groupings is
broken down into three tiers, with “Social sectors” and “Infrastructure” representing two-thirds (34% respectively on average during the period for each of the two groupings). The
last third is shared by the production sectors (14% of ODF on average). “Banking and
business” and “Multisector” activities represented approximately 9% of ODF during the
period 2012-16 (Figure 1.2).
1.2.2. Development partners only mobilise private finance in a handful of sectors

Providers increasingly mobilise private finance for development. Since 2012, amounts mobilised by official development interventions are estimated to have more than doubled, from USD 15 billion in 2012 to an estimated USD 33 billion in 2016.

From a sectoral perspective, the mobilisation of private finance takes place in many different sectors and, unsurprisingly, in much bigger volumes in sectors where prospects of financial return for the private sector are high. On average for the period 2012-16, more than 80% of the total private finance mobilised took place in four sectors, “banking and business”, “Energy”, “Industry” and “Mining and construction” (Figure 1.3). Private finance is hardly mobilised in social sectors (e.g. health, education and government, and civil society), even though these sectors do present some potential to attract the private sector. Surprisingly however, other sectors, where the potential for mobilising resources could be considered as high, given the traditional involvement of the private sector, do not show a high level of private finance mobilised by official providers. This is, for example, the case in “water”, “agriculture” and the “transport and storage” sectors.


StatLink 2 https://doi.org/10.1787/888933855390
Figure 1.3. Private finance is only mobilised in a handful of sectors

ODF and private finance mobilised through official development finance interventions by individual sectors, average 2012-16, 2016 constant prices, USD billion commitments


StatLink: https://doi.org/10.1787/888933855447

1.2.3. The SDGs are expected results, not sectors of intervention. Providers of development co-operation need to adjust their sector financing strategies to align with partner country targets

The SDGs represent an integrated and complex development framework that goes beyond sectors. To adjust to this new framework, providers need to adapt their sector financing strategies.

Thus, support for traditional sectors is only one among several strategies and approaches for development partners to carry out development co-operation in the new context of the 2030 Agenda. At the global level, development partners can contribute to the SDGs by supporting global public goods. At country level, they can complement their country sectoral approaches with other strategies using themes rather than sectors (e.g. private sector development) or by mainstreaming cross-cutting approaches (e.g. gender equality).

In practice, strategic and programmatic design and implementation requires (see Figure 1.4):

- prioritising areas that align with developing countries needs and priorities
- developing sectoral and thematic country programmes that align objectives and results expected with SDG targets
- monitoring and evaluating results using frameworks that are aligned with the SDGs
1.2.4. Resources targeting the SDGs have to be distributed appropriately across sectors and countries

Getting financing strategies right will be indispensable to meeting SDG financing needs in developing countries, which are estimated at between USD 3 and 4 trillion a year (UNCTAD, 2014[7]). The new comprehensive, integrated and, mostly unfunded development agenda points to the importance of both the quantity of financing and the appropriate targeting of this financing. This means:

- mobilising sufficient financing volumes
- ensuring a balanced targeting of resources (sectoral/thematic areas, country allocation, type of beneficiaries, type of instrument and concessionality level, channel of implementation, etc.)
- focusing on impact (short-term and long-term results, public and private mobilisation effect, alignment with local needs, integration of cross-cutting issues, etc.).
Development partners need to co-ordinate their activities to ensure a balanced distribution of resources across sectors to achieve all the SDGs. For example, sectors presenting clear business opportunities (e.g. information and communications technology and energy) attract more private investment than those that have traditionally been serviced by the public sector (e.g. health and education). Bilateral and multilateral development partners need to ensure that sufficient resources are provided both for sectors that present business opportunities and those that support non-commercial initiatives, such as public sector and/or CSO projects, particularly in social sectors.

1.3. Sector financing in the SDG era needs to adapt to different country contexts

In recent years, the OECD DAC has been working to develop co-operation approaches tailored to a wide variety of country contexts. These include different income categories (low-income countries [LICs], lower middle-income countries [LMICs], and upper middle-income countries [UMICs]). The DAC has also focused on specific groups of countries most in need (least developed countries [LDCs], landlocked developing countries [LLDCs], small island developing states [SIDS] and countries in fragile contexts [FCs]). When relevant, the above country groupings are compared with “Other developing countries” (ODCs), which includes all countries on the OECD DAC list of ODA recipients (OECD, 2018[8]) excluding those in the country grouping under study. Comparing country groupings to ODCs highlights the extent to which development finance patterns in the country groupings differ from those in the rest of the developing countries outside this grouping.

1.3.1. As countries climb the income per capita ladder, concessional resources decline, and non-concessional resources increase

The key consideration when a country develops is to ensure a long-lasting impact of its development finance efforts. This implies a progressive mobilisation of domestic and private resources in a sound macroeconomic context (e.g. debt sustainability) towards independence from ODA while avoiding economic and development setbacks. As countries climb on the income per capita ladder, the relative weights of the different financing resources change. ODA resources decline, while OOF, private and domestic revenue mobilisation resources grow, with different patterns, and remittances show a parabolic trend (growing, reaching a peak, and then declining).

As such, while this report focuses on ODF, the observations made should be seen in the overall context of a wider set of flows comprised of both official and private flows for development. With regards to ODF, as countries pursue their development pathways, it appears clearly that ODA tends to decrease and OOF tend to increase (Figure 1.5). Thus, ODA represents 93% of flows to LICs, where OOF represent the remaining 7%. The ODA portion falls to 64% in LMICs – OOFs then account for 36% in this category. In UMICs, the breakdown trend between ODA and OOF is almost the opposite of that in LMICs, with ODA reaching 34% of total official flows and OOFs 66%.
**Figure 1.5. Concessionality of ODF decreases as countries develop economically**

Share of ODA and OOF in total ODF by income and sector groupings, average 2012-16, 2016 constant prices, USD billion commitments.


StatLink 2 https://doi.org/10.1787/888933855751
Looking at a more detailed picture of sectors, the report also reveals important findings for providers of development co-operation, including:

- **Allocations of OOF to the “Education” and “Health” sectors in LMICs appear much lower than in the other social sectors.** The share of OOF in LMIC amounts to only 6% in Health and 12% in Education, as opposed to 28% in Government and civil society, with other Social sectors at 34%. Making more resources available for education and health can boost economic productivity by tackling the root causes of the “middle-income trap”.

- **Agriculture faces considerable challenges in attracting OOF compared to other productive sectors, across all developing country income categories.** Only 6% of ODF to LICs is in the form of OOF flows. As countries develop, this proportion remains far below that in the other productive sectors. The share of OOF in agriculture reaches 57% in the UMIC status, when other productive sectors reach around 90%.

1.3.2. **LDCs are highly funded by concessional finance, with the social sectors and infrastructure attracting most of the donor efforts**

The LDC category contains 47 developing countries, representing 13% of the world’s population and 38% of the world’s extreme poor. These countries are categorised as having long-term structural handicaps that require special attention.

Total ODF to LDCs amounted to USD 45 billion during the period 2012-16. Concessional finance represented 91% or USD 40.8 billion (see Figure 1.6). The social sectors and infrastructure attracted most of the donor efforts (these two sectors represented 77% of total ODF to LDCs, mainly in the form of concessional flows). More granular sector allocation analysis reveals that health, followed by the government and civil society sectors, are the two social sectors most supported by providers of development co-operation.
While this publication focuses on providing an overview of sector financing, the analysis carried out raised a number of questions related to LDC financing. These require further study. For example, is the low level of OOF explained by the specific needs of LDCs in terms of concessional finance? Or could it be that donors do not wish to carry out OOF operations because they first need to maximise their ODA levels to meet their ODA commitments? Are social and/or economic vulnerabilities, the other two factors, in addition to GNI per capita, that determine the LDC status such that they justify low levels of OOF in certain sectors (Alonso, 2014[9])? Or is it that LDCs’ risk ratings are so high that it makes it simply prohibitive for them to borrow? Finally, could this situation reflect debt sustainability issues that prohibit borrowing from responsible lenders?

1.3.3. In LLDCs, providers do not prioritise infrastructure

Among developing countries, the LLDC category is a grouping of 32 countries[11] that face particular challenges related to their lack of direct access to the sea and geographical isolation from international markets. For these countries, imports and exports of goods and services need to transit through other countries, which generates higher trade costs and major logistical and infrastructure challenges (e.g. changes in transport modes, and international road and rail connections with neighbours’ networks) that impose serious constraints on their development.

Infrastructure is the main sector where LLDCs need assistance in order to overcome their isolation and facilitate their path to development. Providers’ sectoral allocations to LLDCs are mainly focused on the social sectors with infrastructure being only the second most supported sector grouping. Total ODF to the social sectors represented USD 13 billion during the period 2012-16 (41% of total ODF to LLDCs). Support to infrastructure amounted to USD 10.3 billion (32% of total ODF to LLDCs) (Figure 1.7). Also, LLDCs


StatLink  https://doi.org/10.1787/888933855789
get a similar share of their ODF going to key infrastructure sectors in comparison to ODCs (33% compared to 34% for ODCs). Providers should therefore carefully consider increasing their support on hard and soft infrastructure investment in LLDCs.

**Figure 1.7. Providers need to redouble efforts towards infrastructure investments in LLDCs**

Share of ODA and OOF in LLDCs by sector groupings, and shares of ODF by sector groupings in LLDCs and ODCs, average 2012-16, 2016 constant prices, USD commitments

![Pie chart showing sectoral investments in LLDCs and ODCs](image)

*Note: The double centred pie chart at the right shows, in the inner circle, total ODF to LLDCs and, in the outer circle, total ODF to all ODCs.*


StatLink: [https://doi.org/10.1787/888933855827](https://doi.org/10.1787/888933855827)

### 1.3.4. In SIDS, for almost all sectors, non-concessional finance is lower than in ODCs, at any income category

The OECD DAC identifies 35 countries[12] as SIDS, located across different geographic areas. SIDS share a number of structural challenges and geophysical constraints that result in disproportionately large economic, social and environmental challenges. These structural features have a determinant impact on SIDS’ ability to access finance (OECD, 2018[10]) (OECD/The World Bank, 2016[11]).

During 2012-16, SIDS received each year on average USD 4.3 billion in official concessional finance from bilateral and multilateral donors[13]. A particularly salient aspect of SIDS financing is that, for almost all sub-sectors, non-concessional finance is lower for SIDS than for ODCs in any income category (see column ‘share of OOF’ in Table 1.2).
### Table 1.2. SIDS find it difficult to follow a virtuous transition path towards more OOF

ODF by sector in LMIC- and UMIC-SIDS vs. ODCs, average 2012-16, USD million commitments, 2016 prices

<table>
<thead>
<tr>
<th>Social sectors</th>
<th>ODA</th>
<th>OOF</th>
<th>Total ODF</th>
<th>Share of ODF</th>
<th>Other LMICs</th>
<th>ODA</th>
<th>OOF</th>
<th>Total ODF</th>
<th>Share of OOF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>201.3</td>
<td>0.0</td>
<td>201.3</td>
<td>0%</td>
<td>Education</td>
<td>5 064.7</td>
<td>716.1</td>
<td>5780.7</td>
<td>12%</td>
</tr>
<tr>
<td>Health</td>
<td>218.1</td>
<td>0.0</td>
<td>218.1</td>
<td>0%</td>
<td>Health</td>
<td>7 439.1</td>
<td>471.1</td>
<td>7 910.2</td>
<td>29%</td>
</tr>
<tr>
<td>Gov. &amp; civil soc.</td>
<td>333.1</td>
<td>3.3</td>
<td>336.4</td>
<td>1%</td>
<td>Gov. &amp; civil soc.</td>
<td>5 290.4</td>
<td>2 204.3</td>
<td>7 494.7</td>
<td>6%</td>
</tr>
<tr>
<td>Other social</td>
<td>51.6</td>
<td>0.0</td>
<td>51.6</td>
<td>0%</td>
<td>Other social</td>
<td>2 313.6</td>
<td>1 209.7</td>
<td>3 523.3</td>
<td>34%</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>Water</td>
<td>91.3</td>
<td>0.7</td>
<td>92.0</td>
<td>1%</td>
<td>Water</td>
<td>4 525.0</td>
<td>1 915.7</td>
<td>6 440.7</td>
</tr>
<tr>
<td>Energy</td>
<td>77.9</td>
<td>36.2</td>
<td>114.1</td>
<td>32%</td>
<td>Energy</td>
<td>8 348.8</td>
<td>7 464.3</td>
<td>15 813.1</td>
<td>47%</td>
</tr>
<tr>
<td>Transport &amp; storage</td>
<td>320.6</td>
<td>98.0</td>
<td>418.7</td>
<td>23%</td>
<td>Transport &amp; storage</td>
<td>9 683.1</td>
<td>4 816.7</td>
<td>14 499.8</td>
<td>33%</td>
</tr>
<tr>
<td>Communications</td>
<td>15.3</td>
<td>7.7</td>
<td>23.0</td>
<td>34%</td>
<td>Communications</td>
<td>303.2</td>
<td>553.7</td>
<td>856.9</td>
<td>65%</td>
</tr>
<tr>
<td>Production sectors</td>
<td>Agriculture</td>
<td>114.2</td>
<td>2.1</td>
<td>116.3</td>
<td>2%</td>
<td>Agriculture</td>
<td>4 871.7</td>
<td>1 459.1</td>
<td>6 330.8</td>
</tr>
<tr>
<td>Industry</td>
<td>2.6</td>
<td>1.8</td>
<td>4.4</td>
<td>41%</td>
<td>Industry</td>
<td>874.9</td>
<td>3 343.5</td>
<td>4 218.4</td>
<td>79%</td>
</tr>
<tr>
<td>Mining &amp; construction</td>
<td>1.1</td>
<td>5.0</td>
<td>6.1</td>
<td>81%</td>
<td>Mining &amp; construction</td>
<td>378.9</td>
<td>1 229.8</td>
<td>1 608.8</td>
<td>76%</td>
</tr>
<tr>
<td>Trade &amp; tourism</td>
<td>9.7</td>
<td>0.0</td>
<td>9.7</td>
<td>0%</td>
<td>Trade &amp; tourism</td>
<td>390.9</td>
<td>261.4</td>
<td>652.3</td>
<td>40%</td>
</tr>
<tr>
<td>Banking &amp; business</td>
<td>23.6</td>
<td>9.5</td>
<td>33.0</td>
<td>29%</td>
<td>Banking &amp; business</td>
<td>2 085.0</td>
<td>4 959.3</td>
<td>7 044.4</td>
<td>70%</td>
</tr>
<tr>
<td>Multisector</td>
<td>164.3</td>
<td>0.0</td>
<td>164.3</td>
<td>0%</td>
<td>Multisector</td>
<td>4 229.4</td>
<td>1 076.4</td>
<td>5 305.8</td>
<td>20%</td>
</tr>
<tr>
<td>UMIC-SIDS</td>
<td>ODA</td>
<td>OOF</td>
<td>Total ODF</td>
<td>Share of ODF</td>
<td>Other UMICs</td>
<td>ODA</td>
<td>OOF</td>
<td>Total ODF</td>
<td>Share of ODF</td>
</tr>
<tr>
<td>Social sectors</td>
<td>Education</td>
<td>149.5</td>
<td>101.0</td>
<td>250.4</td>
<td>40%</td>
<td>Education</td>
<td>1 810.4</td>
<td>1 674.1</td>
<td>3 484.4</td>
</tr>
<tr>
<td>Health</td>
<td>126.0</td>
<td>156.0</td>
<td>282.0</td>
<td>55%</td>
<td>Health</td>
<td>1 347.2</td>
<td>1 268.8</td>
<td>2 616.0</td>
<td>49%</td>
</tr>
<tr>
<td>Gov. &amp; civil soc.</td>
<td>162.6</td>
<td>166.2</td>
<td>328.8</td>
<td>51%</td>
<td>Gov. &amp; civil soc.</td>
<td>2 082.7</td>
<td>2 924.6</td>
<td>5 077.3</td>
<td>58%</td>
</tr>
<tr>
<td>Other social</td>
<td>40.8</td>
<td>116.8</td>
<td>157.6</td>
<td>74%</td>
<td>Other social</td>
<td>645.4</td>
<td>1 858.0</td>
<td>2 503.3</td>
<td>74%</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>Water</td>
<td>144.6</td>
<td>25.4</td>
<td>170.0</td>
<td>15%</td>
<td>Water</td>
<td>817.1</td>
<td>2 352.2</td>
<td>3 169.3</td>
</tr>
<tr>
<td>Energy</td>
<td>145.7</td>
<td>121.0</td>
<td>266.7</td>
<td>45%</td>
<td>Energy</td>
<td>1 869</td>
<td>4 155</td>
<td>6 024</td>
<td>69%</td>
</tr>
<tr>
<td>Transport &amp; storage</td>
<td>117.1</td>
<td>178.3</td>
<td>295.4</td>
<td>60%</td>
<td>Transport &amp; storage</td>
<td>2 100.9</td>
<td>5 824.9</td>
<td>7 925.8</td>
<td>73%</td>
</tr>
<tr>
<td>Communications</td>
<td>25.8</td>
<td>26.3</td>
<td>52.1</td>
<td>51%</td>
<td>Communications</td>
<td>173.3</td>
<td>490.4</td>
<td>663.7</td>
<td>74%</td>
</tr>
<tr>
<td>Production sectors</td>
<td>Agriculture</td>
<td>112.6</td>
<td>18.2</td>
<td>130.7</td>
<td>13%</td>
<td>Agriculture</td>
<td>897.5</td>
<td>1 327.9</td>
<td>2 225.4</td>
</tr>
<tr>
<td>Industry</td>
<td>18.9</td>
<td>12.5</td>
<td>31.3</td>
<td>40%</td>
<td>Industry</td>
<td>322.9</td>
<td>3 543.3</td>
<td>3 866.2</td>
<td>92%</td>
</tr>
<tr>
<td>Mining &amp; construction</td>
<td>2.1</td>
<td>12.3</td>
<td>14.4</td>
<td>86%</td>
<td>Mining &amp; construction</td>
<td>127.1</td>
<td>706.7</td>
<td>833.8</td>
<td>85%</td>
</tr>
<tr>
<td>Trade &amp; tourism</td>
<td>18.6</td>
<td>39.0</td>
<td>57.6</td>
<td>68%</td>
<td>Trade &amp; tourism</td>
<td>66.8</td>
<td>822.7</td>
<td>889.5</td>
<td>92%</td>
</tr>
<tr>
<td>Banking &amp; business</td>
<td>36.6</td>
<td>197.3</td>
<td>233.9</td>
<td>84%</td>
<td>Banking &amp; business</td>
<td>1 782.3</td>
<td>5 809.9</td>
<td>7 592.2</td>
<td>77%</td>
</tr>
<tr>
<td>Multisector</td>
<td>244.0</td>
<td>9.1</td>
<td>253.1</td>
<td>4%</td>
<td>Multisector</td>
<td>2 056.8</td>
<td>1 351.8</td>
<td>3 408.6</td>
<td>40%</td>
</tr>
</tbody>
</table>


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1. OVERVIEW

1.3.5. In FCs, providers of development co-operation use guarantee instruments much more than in ODCs

The OECD DAC defines fragility as the combination of exposure to risk and insufficient capacity of the state, system and/or communities to manage, absorb or mitigate those risks. The fragility framework used in this report is based on OECD work and is built around five dimensions – economic, environmental, political, societal, and security (OECD, 2016[12]) (OECD, 2018[13]). Using this fragility framework, the 2018 OECD States of Fragility Report identifies 58 contexts of fragility (28 are LICs, 26 LMICs and 4 UMICs), including 15 in extreme fragility.

Because of the nature of the FCs grouping, and the many variables considered, the final list of FCs is very diverse. As a result, compiling sectoral statistics for this group of 58 FCs does not appear sufficiently robust. As a way to advance the policy discussion on interventions in FCs, this subsection provides an overview on the use of various financial instruments, including risk-management instruments, recognising that FCs are often perceived as riskier areas by both public and private actors.

As shown in Figure 1.8, 22% of all private finance mobilised by ODF interventions target FCs. When looking at the composition of instruments used to mobilise this finance in fragile and non-FCs, it appears that providers extensively use guarantees in FCs. Of the amounts mobilised in FCs, 65% are done so using guarantee instruments, as against only 38% in non-FCs. This figure is encouraging as it shows that providers effectively consider the risk perceived by the private sector and use appropriate instruments, such as guarantees, to address it.

**Figure 1.8. Amounts mobilised in FCs using guarantee instruments, against similar amounts mobilised in non-FCs**

Share of amounts mobilised from the private sector by ODF interventions and share of instruments used to mobilise private finance in FCs and non-FCs, average 2012-16, 2016 constant prices, USD commitments

Note: the double pie chart on the right shows FCs in the inner circle and all ODCs in the outer circle.


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1.4. Development partners can effectively support the SDGs by choosing instruments, channels and financing approaches appropriately

1.4.1. Providers of development co-operation have at their disposal a wide array of development finance instruments to implement their sector strategies

ODF is provided using five main groups of instruments:

- **Grants**: transfers in cash and in kind where no legal debt is incurred.
- **Debt instruments**: transfers in cash and in kind where legal debt is incurred (e.g. loans, bonds and other securities) or could be incurred when certain events occur (e.g. reimbursable grants).
- **Equity**: a share in the ownership of a company or a collective investment scheme.
- **Mezzanine finance**: hybrid instruments, such as subordinated loans and preferred equity, that present risk profiles between senior loans and equity.
- **Guarantees/insurance**: risk-sharing agreements under which the guarantor agrees to pay to the lender/investor part or the entire amount due on a loan, equity or other instrument in the event of non-payment by the borrower or loss of value in case of investment.

While grants, debt instruments, equity investment and mezzanine finance are funded positions (i.e. there is an upfront transfer of resources), guarantees and insurance are unfunded. This means that the transfer of resources occurs only under certain conditions, mainly if a default of payment occurs.

1.4.2. The interest and resources to promote commercial solutions that can close important financing gaps in infrastructure, climate change and social services are growing

Amounts mobilised from the private sector are still small when compared to the USD trillions that are needed to close the financing gaps to achieve the SDGs. In fact, according to a recent survey conducted by the OECD, the amounts mobilised from the private sectors from guarantees, syndicated loans, credit lines, direct investment in companies and shares in collective investment vehicles (CIV) accounted for an annual average of USD 20.3 billion between 2013 and 2015 (OECD, 2016[6]). Most of this financing was mobilised through guarantees and debt instruments, such as syndicated loans and credit lines, in areas with clear commercial opportunities, such as energy, banking, industry, and mining and construction (see Figure 1.9). Conversely, equity instruments, such as direct investment in companies and shares in CIV, mobilised less financing from the private sector compared to the other instruments, although they are used by a greater number of institutions.
1. OVERVIEW

**Figure 1.9. Amounts mobilised from the private sector by official development finance interventions are still small and concentrated in a few sectors**

Amounts mobilised from the private sector by selected ODF interventions by sector, average 2012-15, current prices, USD billion commitments

![Diagram showing amounts mobilised from the private sector by official development finance interventions by sector.]


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Albeit still relatively small, private amounts mobilised by ODF are set to grow considerably in the coming years. This is because of the increasing lending capacity of development finance institutions (DFIs) and multilateral development banks (MDBs), as well as an increasing interest in commercial solutions for development. The Addis Ababa Action Agenda, the Paris Agreement and intergovernmental processes at meetings of the Group of 20 (G20) and UN clearly show a widespread political commitment to promoting commercial solutions to close important financing gaps in the infrastructure, climate change and social services (United Nations, 2015) (G20, 2017) (OECD, 2017). Political commitment to increase private finance is reflected in unprecedented capital reforms by MDBs to increase lending capacity, including joint targets at the G20 level (AIIB et al., 2017). In the same vein, the financial capacity of bilateral DFIs is expanding considerably. For example, European Development Finance Institutions’ annual commitments increased from USD 11 billion in 2005 to USD 36 billion in 2015 (EDFI, 2016). This increase was mainly driven by government replenishments and reinvested earnings, suggesting a continuing upward trend in the short to medium term. This trend is compounded by widespread interest of bilateral donors in providing commercial solutions for development, including through blended finance funds and facilities.

1.4.3. The use of debt instruments to support the infrastructure and commercial sectors requires attention to fiscal sustainability in countries most in need

While grants are increasing moderately, at a compounded annual growth rate (CAGR) of 2%, loans increase at a CAGR of 7%, i.e. three times faster than grants (see Figure 1.10).
In volume terms, the trend reflects a widespread boost in non-concessional loans by MDBs and a global upsurge in infrastructure finance by both bilateral and multilateral providers. This includes loans to LDCs and other LICs, which is reshaping the ODF architecture across income groups and sectors. While in 2012 two-thirds of sector-allocable ODF to LDCs and other LICs were in the form of grants, these instruments only accounted for slightly more than half in 2016. This trend was driven by minor increases in grants in most sectors and an important rise of concessional and non-concessional loans for the infrastructure and social sectors. In middle-income countries, there is an important upward trend of non-concessional debt, which is boosting resources for infrastructure and production sectors in LMICs, and financing for every allocable sector, including social sectors, in UMICs.

**Figure 1.10. Loans are playing a bigger role in most sectors in the development finance architecture, particularly in infrastructure**

Shares of concessional and non-concessional loans in total ODF from bilateral and multilateral development partners (left hand chart) and total of concessional and non-concessional loans by sector groupings (right hand chart), 2012-16, USD billion commitment

![Figure 1.10 Loans are playing a bigger role in most sectors in the development finance architecture, particularly in infrastructure](image)


[StatLink](https://doi.org/10.1787/888933856169)

**1.4.4. Around 8% of sector-allocable ODF is implemented using sector budget support and 4% is channelled using pooled funding**

In a context where the 2030 Agenda calls for increased policy coherence and more co-ordinated approaches, development partners allocate most of their sectoral financing for specific projects rather than as sector budget support and pooled funding (Figure 1.11). Around 8% of sector-allocable ODF is implemented using sector budget support and 4% is channelled using pooled funding.
**Figure 1.11. Project-type interventions are prevalent in most sectors**

ODF volumes for sectoral programmes by type of intervention (left hand chart) and shares of ODF for sectoral programmes by type of intervention and sector grouping (right hand chart), annual average 2012-2016, 2016 prices, USD billion commitment


StatLink: https://doi.org/10.1787/888933856207

Sector budget support is about loans, grants and technical assistance provided for the implementation of national sector strategies of recipient governments (e.g. energy, health and education). Resources are generally provided through the recipient government’s system, usually the ministry of finance. They are then channelled to the sector ministry or public agency responsible for budget execution (Williamson and Dom, 2010[18]).

There are both proponents and opponents of sectoral budget support. Proponents point out that this type of financing increases national ownership, aligns with domestic sectoral strategies, and allows for harmonisation among donors. Opponents emphasise that it can lead to corruption and misappropriation of funds in contexts with high political and fiduciary risks. Nevertheless, a comprehensive review of general and sector budget support evaluations of donors suggests that evidence is needed to confirm the assumed risks of corruption of budget support (Orth et al., 2017[19]).

Pooled funding mechanisms are financing vehicles that earmark or blend resources to support sector, integrated or system-wide programming and implementation. Providers contribute resources to an autonomous account, managed jointly with other providers and/or the recipient, or through more complex fund structures similar to multilateral institutions. Supporters of pooled funding mechanisms indicate that these mechanisms offer the opportunity to increase the quantity and the quality of financing for a cross-cutting and integrated development agenda (OECD, 2015[20]). This is achieved by consolidating scattered earmarked funding, promoting innovation, fostering policy coherence and co-ordination, and increasing financial mobilisation. However, pooled funding mechanisms can also increase transaction costs and fragmentation. They also need governance mechanisms that ensure country ownership and co-ordination and require donor-financing streams that are predictable and flexible.
1.4.5. National interests of bilateral donors to support their companies can hinder appropriate sectoral allocations

Ensuring the achievement of the 2030 Agenda will require supporting appropriate sectoral allocations based on country needs. Contrary to this, tied aid, which is ODA that can only be used to buy goods and services from the provider country, can stifle appropriate sectoral allocations of resources. This is the case if aid is motivated by the interest of supporting the provider’s national companies rather than the local needs of developing countries.

DAC countries have improved significantly in reducing formal restrictions in their procurement processes in the last decade. DAC members have committed to untying bilateral ODA to the greatest extent as suggested by:

- a 2001 DAC recommendation on untying aid to LDCs, which was extended to non-LDC heavily indebted poor countries in 2008
- the aid effectiveness principles agreed in Paris and reiterated in Busan and Nairobi
- the indicators used in DAC peer reviews and the Global Partnership for Effective Development Co-operation monitoring exercises.

OECD data shows that the share of tied ODA to LDCs and non-LDC heavily indebted poor countries importantly decreased in the period 2005-15 – from 30% to 12% of bilateral ODA (which includes both sector-allocable and non-sector allocable ODA) (OECD, 2018[21]).

However, the untying agenda still requires attention, especially in certain sectors. For example, of the USD 69 billion of sector-allocable ODA commitments formally tied by DAC countries in 2012-16, 58% are in the social sectors. Moreover, two-thirds of ODA procured by DAC countries in 2015-16 were awarded to companies from the donor country in competitive procurement.

1.4.6. While channels of delivery may vary depending on sectoral priorities and strategies, development effectiveness and good donorship need to guide development partners’ efforts

Development partners use different channels depending on their priorities, knowledge and recipient country needs. The main channels of delivery include recipient governments, CSOs, donor agencies, multilateral institutions, research institutions and the private sector. While bilateral development partners implement most of their ODF using channels other than recipient governments, particularly in the social sectors, multilateral development partners channel most of their financing to them. In fact, only a third of concessional and non-concessional finance from bilateral development partners reporting to the DAC was channelled to recipient country governments between 2012 and 2016, mainly for infrastructure in middle income countries (Figure 1.12). About half of bilateral development finance within sectors is implemented by donor agencies (17%), CSOs (14%), multilateral organisations (10%) and research institutes (4%).
In the most challenging contexts, bilateral development partners prioritise implementation through external agencies, such as CSOs and multilateral agencies rather than their own agencies. Moreover, as shown in Figure 1.13, DAC countries channel significantly higher amounts for humanitarian assistance through CSOs and multilateral organisations than through their donor agencies and other channels. Amounts channelled by DAC countries through multilateral agencies and CSO for humanitarian assistance are increasing significantly. The largest increases in funding are through multilateral channels. This doubled from USD 5 billion in 2012 to USD 10 billion in 2016.
Figure 1.13. DAC countries channel most of their ODA for humanitarian programmes through multilateral organisations and CSOs

DAC countries’ ODA for humanitarian programmes by channel, 2012-16 annual average, 2016 prices, USD billion commitment


StatLink 2 https://doi.org/10.1787/888933856321

This increasing delegation by bilateral development partners of their ODA to multilateral organisations and CSOs in priority sectors and challenging contexts raises the question of establishing effective funding police and partnerships among donor and intermediaries. This is particularly evident for CSOs and multilaterals that are very reliant on bilateral donor assistance to fund their budgets. They may feel constrained to accept resources for operations that are not entirely aligned with their mandate and strategy. This challenge is particularly prominent for the United National Development System, as 80% of the revenue of its agencies and institutions are in the form of piecemeal earmarked contributions.

Notes

1 The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

2 The (OECD, 2018[22]) “Creditor Reporting System” is the authoritative database for official development finance (ODF) data. It provides statistical information on official and private concessional and non-concessional resources to developing countries by bilateral and multilateral ODF providers reporting to the OECD DAC, as well as a growing number of private foundations, representing every year approximately 250 000 records. The OECD DAC statistical directives govern the collection of these data, covering all definitions and methodologies and ensuring the comparability of information, including on sectors. OECD DAC statistics are publicly available free of charge.
Based on OECD estimates, around 96% of this total relates to finance from the Chinese Export-Import Bank and the China Development Bank. In volume terms, the largest category of broader international co-operation instruments comprises activities that have a principally commercial purpose. This finance can include concessional and non-concessional loans for promoting the provider country’s exports and profitable equity investments or financial inputs with specific expected returns, such as natural resources.


See paragraph 55 of the Addis Ababa Action Agenda (United Nations, 2015[2]).


Some providers’ contributions are not susceptible to allocation by sector, such as general budget support, actions relating to debt, humanitarian aid and internal costs in the donor country.


Nevertheless, when looking at OOF loans, Bangladesh was able to benefit from considerable volumes from the Asian Development Bank in recent years: 20 loans delivered in the period 2012-16 for a total of USD 2.8 billion, mainly spent on energy and transport and storage.

As for other country groupings, there are several definitions of SIDS. The United Nations identifies 52 countries or territories under this grouping. They first defined a SIDS grouping in 1992, then came others such as the European Union with ACP (Africa, Caribbean and Pacific), and the World Trade Organisation with the economic vulnerability index (Small Vulnerable Economies). The World Bank has been applying a small island exception in determining IDA eligibility since 1985.

Including the regional groupings Oceania and West Indies.

References


