

Unclassified

DCD/DAC/STAT/RD(2015)5/RD2

Organisation de Coopération et de Développement Économiques
Organisation for Economic Co-operation and Development

29-Oct-2015

English - Or. English

Development Co-operation Directorate
Development Assistance Committee

DAC Working Party on Development Finance Statistics

WP-STAT SECRETARIAT'S VIEW ON THE GPEDC METHODOLOGY FOR MONITORING THE BUSAN COMMITMENT ON TRANSPARENCY

2-3 November 2015
OECD Conference Centre, Paris

This document is FOR INFORMATION under item 3 of the draft annotated agenda of the DAC Working Party on Development Finance Statistics (WP-STAT) formal meeting on 2-3 November 2015 [DCD/DAC/STAT/A(2015)5/PROV].

Mr. Guillaume Delalande, Tel: +33 1 45 24 94 72, email: guillaume.delalande@oecd.org
Ms. Suzanne Steensen, Tel: +33 1 45 24 76 23, email: suzanne.steensen@oecd.org

JT03385380

Complete document available on OLIS in its original format

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

DCD/DAC/STAT/RD(2015)5/RD2
Unclassified

English - Or. English

WP-STAT SECRETARIAT'S VIEW ON THE GPEDC METHODOLOGY FOR MONITORING THE BUSAN COMMITMENT ON TRANSPARENCY

Purpose and content of the document

1. This document provides the WP-STAT with the Secretariat's views on the "Methodology to monitor the Busan Commitment on Transparency" (DCD/DAC/STAT/RD(2015)5/RD1) issued for consultation by the Joint Support Team (JST) of the Global Partnership for Effective Development Co-operation (GPEDC).
2. The document contains overall comments on the methodological approach for assessing transparency and the Secretariat's views on the two main challenges highlighted in the above document, as well as a proposal on a way forward. The version of the methodology presented by the JST for consultation presents significant editorial differences with the initial version shared by the JST with the WP-STAT Secretariat. Annex 1 presents the additional issues to be addressed between the Secretariat and the JST as part of the consultation process.

Overall comments on the methodological approach

3. Overall, the proposed methodology follows the same principles as the methodology used for the first monitoring round¹. It is in line with the Busan agreement, with the "proposal for a common open standard" (agreed upon by the WP-EFF in June 2012²) and with the methodological principles outlined by the *ad-hoc* group on the common standard in February 2013³.
4. However, the overall approach taken to assess transparency remains a challenge. The comments that the Secretariat made following the High-Level Meeting in Mexico in April 2014 remain valid and provide insights regarding the challenges of the proposed methodology⁴. These mainly relate to:
 - The definition and governance structure of the common standard, which makes the monitoring and "full implementation of the common standard by 2015" challenging for many actors.
 - The definition, scope and purpose of the indicator itself: is the indicator measuring transparency, or the implementation of the common standard or the public availability of information?
 - The resulting additional challenges to develop a sound methodology (e.g. if the indicator assesses transparency, should transparency only be looked at through the OECD DAC systems and IATI, or should it also take into account how providers publish information through other channels, such as their own websites?)

¹ See: "Global Partnership Monitoring Framework: Indicator Methodology to Measure Transparency" at <http://effectivecooperation.org/wordpress/wp-content/uploads/2014/04/3.-Global-Partnership-Transparency-Indicator-Methodological-Note.pdf>

² See DCD/DAC/EFF(2012)9

³ See the 'Proposed indicators, targets and process for global monitoring', Post-Busan Interim Group proposal approved by the Working Party on Aid Effectiveness in June 2012 at: http://effectivecooperation.org/files/Indicators%20Targets%20and%20Process%20for%20Global%20Monitoring/Indicators_targets_and_process_for_global_monitoring.pdf

⁴ See "Transparency Beyond Mexico: Lessons learnt and proposals on a way forward for the Busan transparency indicator and the common standard" (DCD/DAC/STAT/RD(2014)3/RD7)

5. Despite these challenges, the Secretariat has actively engaged and supported the process by providing a detailed methodology to assess transparency in the context of the CRS and the FSS.

6. There is however still significant work to be undertaken to further fine-tune the current methodology in time for the forthcoming High-Level Meeting of the GPEDC at the end of 2016.

WP-STAT Secretariat's view on the two challenges presented in the JST methodology

7. The JST methodology note presents two main challenges to be addressed as part of the consultation, namely:

Challenge 1: on the functional focus and weight of the different data sources, and

Challenge 2: on specific dimensions included in the transparency assessment, for which the JST is particularly seeking feedback from the WP-STAT.

8. Regarding the first challenge, **the Secretariat would favour that the respective and individual assessments of the CRS, FSS and IATI systems are presented in parallel in the context of the forthcoming monitoring report** (Alternative C). An aggregate assessment of FSS and CRS would not be logical, nor an aggregation of scores with IATI for the following reasons:

- Although the dimensions are named in the same way in CRS and FSS (timeliness, comprehensiveness and accuracy), what is actually measured against each dimension in each system is quite different. The same would apply if there were an aggregation between DAC systems and IATI.
- Several aggregation methods or weighting systems would need to be developed and agreed upon, due to the fact that the constituencies that report to the three systems are different⁵.

9. Separate assessments, as expressed in Alternative C, would also avoid arbitrary decisions on respective weights of different data sources. For example, the methodology proposes to aggregate CRS and FSS with a 2/3-1/3 weight. This weight seems arbitrary and could be seen as giving prominence to historical data versus forward-looking data.

10. **Choosing Alternative C in Challenge 1 would also resolve Challenge 2**, which relates to the difference in the dimensions included in the CRS/FSS and IATI assessments, as the three systems could be presented with their own dimensions⁶.

Proposal on a way forward

11. The Secretariat has discussed with the JST the option of presenting the three assessments separately in the forthcoming monitoring report (Alternative C of Challenge 1). One proposal has for example been to feature in the monitoring report **a one-page profile for each provider, presenting in parallel the results of the relevant assessments (CRS, FSS, IATI – depending on which systems the provider reports to). A chapeau narrative for each provider** would summarize the results of the assessments and the progress towards the implementation of the common standard. This approach would

⁵ The [2014 GPEDC progress report “Making Development Co-operation more effective”](#) (Figure 4.3 – P.81) shows that several cases can occur depending on which systems providers report to: 1/ the CRS, the FSS and IATI, 2/ CRS, FSS but not IATI 3/ CRS, IATI but not FSS.

⁶ The main difference in terms of dimensions between the CRS/FSS and IATI assessment methodologies is that the quality / accuracy dimension is already factored into the CRS/FSS assessment methodologies, while it is not yet the case in the IATI assessment methodology.

highlight respective strengths and areas for improvement on both statistical information (CRS/FSS) and management information (IATI).

12. The **body of the monitoring report** could concentrate on an overall analysis based on the current table A in the methodology.

ANNEX 1 - OTHER IMPORTANT COMMENTS

13. The Secretariat has noted several inaccuracies in the paper, which it will raise directly with the JST. However, the Secretariat would like to draw members' attention to some of the main issues found in the methodology:

- **Page 6**, regarding the sentence: “The OECD-DAC Secretariat’s refined approach for assessing data from the Creditor Reporting System (CRS) and from the Forward Spending Survey (FSS), which was discussed and approved by the DAC Working Party on Development Finance Statistics (WP-STAT) in mid-2015” should be modified to rather reflect the fact that the OECD DAC secretariat developed a methodology for assessing members’ reporting performance on an annual basis, the results of which are presented every year to the WP-STAT to discuss specific areas for improvement.
- **Page 7**, it would be critical that all reporters to the CRS and FSS systems be also consulted as part of the process.
- **Page 9**, in the summary table of methodological divergences, the sentence “OECD-sourced systems do not have an equivalent reporting mandate on non-DAC providers of development Finance” is ambiguous. Just like for IATI, reporting to OECD systems beyond the DAC is on a voluntary basis. In the same table, the proposed GPEDC approach for “Coverage” should probably rather seek agreement from non-DAC countries and multilaterals that report to the DAC systems whether they wish to be assessed (this should be done on a voluntary basis). However, non-DAC countries that do not yet report are welcome to start reporting to DAC systems on 2014 data if they want to be included in the assessment
- **Page 11**, the Secretariat welcomes IATI’s intention to include the dimension of quality/accuracy. This has been a long-standing position of the WP-STAT Secretariat that quality/accuracy of DAC statistical systems should feature prominently in the methodology. In this regard, it is important to recall that:
 - The necessity to look at the quality of data and how to assess this dimension was a strong element of the transparency section in the 1st GPEDC monitoring report⁷.
 - The Monitoring Advisory Group established by the GPEDC recently indicated that the issue of quality was not adequately addressed in the first monitoring round⁸.
- **Page 12**, regarding the years of reference for the assessment: The sentence “*Although the first forward spending survey was conducted in 2012 (...) covering 2014-2016*” will need to be changed to reflect that the FSS data was made public for the first time in 2012 and to indicate that the first FSS assessment was carried out in 2015. It could also be indicated that progress over time will be assessed by comparing data in the 2013 FSS with data in the 2016 FSS.

⁷ See p. 81 of the GPEDC 1st monitoring report (Section on “Lessons from the pilot: How do we measure data quality and usefulness?”) at: http://www.keepeek.com/Digital-Asset-Management/oced/development/making-development-co-operation-more-effective_9789264209305-en#page83

⁸ See the document entitled “*Indicator Four: Feedback from the GPEDC Experts Advisory Group (AG) June 29, 2015* available at <http://www.unteamworks.org/fr/file/505567/download/551073> on page 1: “Lastly, it was felt that issues of quality were not adequately addressed in the methodology” referring to the methodology used during the 1st monitoring round.

- **Page 12**, regarding the division of labour to assess non-DAC providers, the Secretariat recommends that the process be better reflected in the methodology and indicate the slight differences in approach when applied to multilateral organisations, due to different reporting practices (multilateral organisations have a different reporting date and cannot be assessed the same way in the comprehensiveness dimension).
- **Page 21: The overall proposed process will need to be clarified.** The understanding from the WP-STAT Secretariat is that it will provide the JST in May 2016 with a baseline assessment of DAC providers using 2011 data and an assessment using 2014 data (the latest CRS data available at the beginning of 2016). The assessments will be the same as the ones provided to WP-STAT members⁹. A similar assessment will be provided for non-DAC members that have accepted to be part of the GPEDC monitoring exercise (based on 2014 data and not for 2011 due to data availability). On the basis of these assessments, the JST will provide the overall analysis of progress by provider (combined with IATI where relevant), and prepare the provider profiles. The WP-STAT Secretariat will support the JST at the time of the analysis for any further detailed information.
- **Page 22** on the “coverage of finance” and “coverage of FSS and CRS”: For FSS, it should be indicated that “the coverage of finance for the FSS is the programmable share of ODA, called Country Programmable Aid”.
- Finally, the methodology sometimes provides a distinction between “DAC members” and “non-DAC members”, while the methodological differences may rather relate to whether the assessment relates to a “country” or to a “multilateral organisation”.

⁹ For the latest version of this document, see DCD/DAC/STAT(2015)19.