

Development Co-operation Directorate
Development Assistance Committee**DAC Working Party on Development Finance Statistics****PROPOSAL FOR MONITORING TRIANGULAR CO-OPERATION THROUGH DAC STATISTICS****Update on progress in adapting DAC statistics to non-DAC countries' needs and a proposal for monitoring triangular co-operation through DAC statistics****2-3 November 2015**

This paper is presented for CONSIDERATION under item 9 of the draft annotated agenda DCD/DAC/STAT/A(2015)5/PROV.

The paper reports on progress made in adapting DAC statistics to the needs of non-DAC countries since the February 2014 DAC discussion on this issue. It also presents a proposal for monitoring triangular co-operation in DAC statistics through an additional code in the bi-multi classification of the CRS. If members agree with the proposal in principal, it will be included in the revised Statistical Reporting Directives to be presented for approval by the DAC by the end of the year.

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UPDATE ON PROGRESS IN ADAPTING DAC STATISTICS TO NON-DAC COUNTRIES' NEEDS AND A PROPOSAL FOR MONITORING TRIANGULAR CO-OPERATION THROUGH DAC STATISTICS

1. As part of the modernisation of the Development Assistance Committee (DAC) statistical system for measuring and monitoring development finance post 2015, proposals to facilitate non DAC providers' reporting were presented to the DAC in February 2014 [see DCD/DAC(2014)6 – *Non-DAC countries and the debate on measuring post-2015 development finance*]. The DAC generally welcomed these proposals¹, and the related technical issues were subsequently highlighted at the informal meeting of the Working Party on Development Finance Statistics (WP-STAT) in April 2014². This paper takes stock of progress made in this area over the last 18 months (section I). It also sets out a proposal for monitoring triangular co-operation through DAC statistics – one of the suggestions of the DAC paper – for consideration by the WP-STAT (section II). If members agree with the proposal in principle, it will be incorporated in the revised Statistical Reporting Directives to be presented for approval by the DAC by the end of the year.

I. Progress in facilitating non-DAC providers' reporting to the DAC statistical system

2. The suggestions discussed at the February 2014 DAC meeting are listed in Table 1. Work has been pursued on all issues except for **issue 2**. The DAC noted that all providers of development co-operation had mixed incentives for engaging in development co-operation and therefore considered issue 2 to be the least pertinent for concrete further work.

Table 1. Issues on the measurement of development finance relevant to non-DAC-providers
[Copied from DCD/DAC(2014)6, page 7]

	Issue	Realised / set in motion	Challenges
1	Terminology	Using different terminology for non-DAC providers.	To what extent is this differentiation justified and desirable? Can we come up, jointly, with some new terminology that we all agree on and use, so that the information can be compared?
2	Mutual benefit		How can the idea of mutual benefit and the idea of progress in the partner country as main objective be made compatible?
3	Decision-making	Inviting non-DAC partners to participate in DAC and WP-STAT meeting and engaging with them bilaterally.	How can non-DAC countries become more (and more formally) involved in decision-making on measurement of development finance?
4	Technical proposals	Introduce the idea of presenting figures at purchasing power parity (see Annex 1). Provide feedback on proposed methodologies for measuring technical co-operation.	Further develop this idea and assess its implications. What other methods could be thought of for creating a more "just" reflection of non-DAC development co-operation, especially technical co-operation?
5	The list of ODA-eligible international organisations	Proposal to the WP-STAT for including several Arab and Latin-American organisations.	The WP-STAT to consider this and future proposals for the inclusion of more regional organisations on the list of ODA-eligible international organisations, if compliant with the criteria established for this procedure.
6	Contributions to funds from which the providing country itself benefits.	Suggestions for a methodology to measure these contributions have been prepared for consideration by the WP-STAT.	Further develop this proposal, getting feedback from South-South providers and, finally, including it in the statistical reporting directives.
7	Tracking triangular co-operation	Possible proposal to the WP-STAT for including an additional channel code (14000) to track triangular co-operation.	Other ways to improve monitoring of triangular co-operation may have to be reflected on together with triangular co-operation partners.
8	Issues already included in the post-2015 development finance measurement debate (security expenditure, concessionality, refugee costs etc.).	"Southern views" included in the Expert Reference Group and through consultation with many countries.	How can we further involve these countries in the post-2015 debate?

¹ See summary record [DCD/DAC/M(2014)2/FINAL, paragraphs 10-11].

² See Chair's report and action points [DCD/DAC/STAT(2014)10, paragraph 15].

3. A lot of emphasis has been placed on **issue 1**. The Secretariat is increasingly using terminology that non-DAC countries are more comfortable with in its publications and online databases. The policy brief "[Development co-operation by countries beyond the DAC](#)" is an example of where this terminology is used diligently.

4. As regards **issue 3**, non-DAC countries are increasingly involved in the WP-STAT. (In comparison with the other DAC subsidiary bodies, the WP-STAT has attracted the largest participation from these countries.) Engagement between the Secretariat and these countries is also intensifying. The Secretariat very much welcomes the engagement opportunities created by DAC members, including involving the Secretariat in their capacity-building work in non-DAC provider countries.

5. Better reflecting the value of technical co-operation in DAC statistics, **issue 4**, remains a challenge. The difficulty of presenting figures at purchasing power parity (PPP) is that reporting on technical co-operation by many non-DAC countries is either inexistent or incomplete. Therefore it has not been possible to pilot this type of data presentation so far, but with an increased number of countries reporting at activity level a pilot could be conducted in the near future. Mexico is already applying PPP to calculate its technical co-operation. Lessons can be learned from its experience in this field.

6. Work on **issue 5** has started and is still ongoing. The WP-STAT has approved a number of proposals for including in the List of International Organisations regional organisations that DAC members do not regularly contribute to. Assessing the developmental character of an organisation is quite labour intensive. Many more organisations should be assessed for inclusion on the List, but capacity constraints have prevented the Secretariat from doing so.

7. **Issue 6** – reporting on contributions to funds from which the provider country itself benefits – will be addressed as and when the case arises. Concrete examples will make it possible to assess which of the developed methodologies is the most suitable for including these contributions in DAC statistics.

8. **Issue 8** has been addressed by bringing non-DAC providers' views into the post-2015 development finance measurement debate. For example, a pilot on the concept of Total Official Support for Sustainable Development was undertaken together with the United Arab Emirates in April-June 2015. The aim is to conduct similar pilots with two other non-DAC countries in 2016.³

II. Monitoring triangular co-operation

9. This section presents a proposal for monitoring triangular co-operation, **issue 7**, which the DAC agreed to investigate through the WP-STAT.⁴ Triangular co-operation is an important instrument for many non-DAC providers. A method for monitoring triangular co-operation would enable the OECD to better reflect and classify the programmes of non-DAC providers in DAC statistics. This would, in turn, facilitate analysing these countries' portfolios and the use of the triangular co-operation instrument in general. The policy relevance of triangular co-operation has increased in recent years, not only for non-DAC countries, but also for DAC members and multilateral organisations.

10. In May 2013, 43 countries (of which 20 are members of the DAC) and five multilateral organisations participated in a Policy Dialogue on Triangular Co-operation organised by the Portuguese Government and the OECD. One of the major outcomes of the dialogue was the acknowledgement of the need for better monitoring and analysis of triangular co-operation in order to feed into the policy discussion on how to use triangular co-operation in the most effective way.

³ For more information on the work on TOSSD see the TOSSD roadmap [DCD/DAC(2015)26].

⁴ See summary record [DCD/DAC/M(2014)2/FINAL, paragraph 10].

11. Triangular co-operation surveys were carried out by the OECD in 2009, 2012 and 2015. These surveys are a great source of qualitative information, but do not capture solid, comparable information on the amounts involved or even the total number of activities undertaken. This is because the survey responses were unstandardised; some quantitative information was provided, but the volume data referred to different concepts (total project costs, commitments, disbursements, including or excluding funds from other countries or institutions etc.). A statistical system such as the Creditor Reporting System (CRS) is better fit for collecting this type of information.

12. Although more work on monitoring triangular co-operation is needed beyond the scope of DAC statistics, collecting the corresponding data through DAC statistics would be an important step towards acquiring a comprehensive overview of triangular co-operation activities. DAC statistics produce comparable statistics that can be used for many analytical purposes thanks to the breadth of information items included in the CRS; it would therefore be straightforward to retrieve data on triangular co-operation activities in a given country or sector etc. Moreover, annual reporting processes are in place and all DAC members, and an increasing number of non-DAC countries, multilateral organisations and private foundations, regularly report to this system.⁵ Countries that are not currently reporting to the OECD on their development co-operation programmes are encouraged to do so; they could use the CRS format to start reporting on triangular co-operation activities even if they are not yet ready to report on their entire development co-operation programmes.

13. Several DAC and non-DAC countries participated in an informal discussion on monitoring triangular co-operation in May 2015. The proposal below builds on that discussion as well as other inputs (e.g. the 2015 triangular co-operation survey and discussions with triangular co-operation experts).

Proposal

14. The option proposed in this paper is to **monitor triangular co-operation by adding a code to the existing bi_multi classification of the CRS**. Acknowledging there is no agreed international definition of triangular co-operation, this code would capture *activities where one or more bilateral providers of development co-operation or international organisations support South-South co-operation, joining forces with developing countries to facilitate a sharing of knowledge and experience among all partners involved. Activities that only involve bilateral providers or multilateral agencies without a South-South co-operation element (e.g. joint programming, pooled funding or delegated co-operation) should not be included here.*

15. This option for monitoring triangular co-operation has two main advantages compared to other options that have been considered by the Secretariat (a new flag or marker, a channel code or a type-of-aid code). Firstly, it implies adding a code to an existing classification rather than creating a data field which would be more challenging to implement. Secondly, being distinct from the classifications that capture the types and channels of co-operation, all triangular co-operation modalities could be tracked. A new channel code could only capture those triangular co-operation activities where one country channels funding through another country in order to support a third country. Adding a code to the type-of-aid classification would imply a loss of information as an activity could not be registered as triangular co-operation and the relevant instrument at the same time. The 2015 Survey on Triangular Co-operation showed that triangular co-operation is provided in the form of technical co-operation, projects or scholarships – a code in the bi_multi field would allow for an analysis of these different types of triangular co-operation.

⁵ For a full list of reporting countries and institutions please consult the corresponding [infographic](#) on our website.

16. In addition to identifying triangular co-operation activities through the bi_multi classification, it will be important to indicate the **principal beneficiary country** of the activity as the “recipient” in CRS reporting. In case the beneficiary is unknown at the time of reporting the activity, regional/multi-country codes should be used. For example, a DAC member has a triangular co-operation fund with Chile for activities in South America. The funds are pooled by Chile but may not be assigned to activities in specific countries at the moment the DAC member disburses the funds. In this case, the recipient should be “South America, regional” and not Chile.

17. **The proposal is presented for consideration by the WP-STAT at its meeting on 2-3 November 2015.** Members are invited to state if they agree with the proposal in principle, in which case it will be included in the revised Statistical Reporting Directives to be presented for approval by the DAC by the end of the year. If approved, reporting on this bi_multi code would start in 2016 reporting on 2015 flows.