

PEER REVIEWS ON DEVELOPMENT FINANCE STATISTICS: LESSONS LEARNT FROM SEVEN PILOTS

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Abstract

Countries often face similar challenges in statistical reporting on development finance. Through Peer Reviews on Development Finance Statistics, Development Assistance Committee (DAC) members and non-DAC providers, together with the OECD, jointly assess how countries collect, report and disseminate data on their development co-operation. These reviews help countries cope with an increasing demand for comprehensive, reliable and accessible statistics on development finance, in a context of frequent changes to the reporting requirements, staff-turnover and often complex, decentralised reporting systems. In the period from 2017 to 2019, the OECD conducted seven reviews (Australia, Canada, Denmark, France, Norway, Sweden and Switzerland). The *Peer Reviews on Development Finance Statistics* have proven to be useful and enriching for all participants, identifying several recommendations on how to improve the quality and use of development finance data. Building on the findings from the seven reviews, this working paper shares lessons learnt, including best practices, strengths and challenges.

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Executive summary

Development finance data are at the heart of development co-operation. These data inform and influence both domestic and international policy-making. They are essential for monitoring the implementation of international aid commitments, such as the 0.7% official development assistance/gross national income target and directing more aid to least developed countries. The data provide the basis for analysing aid allocations by recipient, by sector and more recently the SDGs. The data also help to monitor various Development Assistance Committee (DAC) recommendations. The data underpin policy discussions on development co-operation at the OECD and beyond, including at the United Nations (UN).

From 2017 to 2019, the OECD conducted seven peer reviews of development finance statistics: Australia (peers: Canada, Denmark), Canada (peers: Denmark, Finland), Denmark (peers: Norway, United States; observers: Iceland, Romania), France (peers: Germany, Spain), Norway (peers: European Union, Korea; observer: Saudi Arabia), Sweden (peers: Australia, Switzerland) and Switzerland (peers: Belgium, France).

The key objective of these peer reviews is that reporting countries learn from each other and that the OECD Secretariat better understands the challenges and adjusts its services to the needs of the reporting countries. The peer reviews also give non-DAC countries learning opportunities, to encourage them to implement the DAC reporting standards, so that their data can be integrated in analyses of development co-operation on a basis comparable to that of DAC countries.

Countries often face similar challenges in the reporting of development finance statistics. The process for the Peer Reviews on Development Finance Statistics¹ includes multiple learning dimensions: statistical policy issues, domestic data collection; reporting to the OECD; performance on DAC recommendations and international commitments; transparency; data accessibility; and publication of statistics (OECD, 2020^[1]).

The reviews have identified several recommendations on how to improve the quality and use of data, which could be taken up in the regular DAC Peer Reviews, including the mid-term reviews if appropriate. Building on the findings from the seven reviews, this working paper shares lessons learnt, including best practices, strengths and challenges. All seven countries that participated in the reviews have in one way or another “best practices” to share.

Ensuring high quality of data is important. It requires efforts from all reporting agencies, be it the Ministries of Foreign Affairs, Ministries of Finance, line ministries, aid agencies or development finance institutions. The reporting agencies need to adapt to new or revised statistical standards and make sure they implement them correctly. For example, over the last few years the DAC has worked to clarify the boundary of ODA in many fields, such as peace and security or in-donor refugee costs. The ODA grant equivalent measure was implemented in 2019. Every time the ODA reporting rules are refined, special

¹ <https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/peer-reviews-on-development-finance-statistics.htm>.

attention is needed to ensure data quality and the greatest possible consistency in the reporting across countries.

The reviews have identified several peer learning aspects and recommendations for action for statistical teams:

The statistical teams must raise awareness among staff on official development assistance's (ODA) main objective of promoting economic development and welfare of developing countries. "International assistance" or "development co-operation" is not equivalent to ODA and not all activities funded from such budget lines are eligible by default.

The statistical team needs a clear mandate and strong authority to validate ODA reporting. This ensures the quality and integrity of ODA. The statistical teams should be able to obtain all required details on expenditures reported as ODA by the various reporting agencies. Activities in the field of peace and security are politically sensitive and should also be carefully reviewed. **Statistical teams also need to be authorised, and in concrete terms be able, to make adjustments to the reporting by the different government departments.** All activities that are assessed non ODA-eligible must be removed from ODA reporting, even if they had been included in the government's ODA budget or projections. However, the best practice is confirming eligibility before an activity is categorised as ODA.

Co-ordination and communication in data collection are key. Statistical teams must have a centralised database to facilitate the production of ODA statistics. They are also encouraged to better communicate with local governments, e.g. by setting up regional meetings. They should raise awareness about the importance of their data and explain how they are used.

Members should pursue efforts to strip jargon and political language from project descriptions. If the descriptions are not solely focused on the activities undertaken in the context of the project but also include references to the more general political background, they do not necessarily lead to meaningful results in the context of analyses that rely on text mining.

Recruiting and retaining qualified individuals into the statistical teams represents a significant challenge for many countries. Members are encouraged to ensure that statistical analysts can focus on their core work, i.e. analytical work, quality assurance, training people, or organising regular workshops, rather than spend time resolving IT issues.

Some members have started to align their development co-operation budgets to the sustainable development goals (SDGs). Members need to be able to identify the core objectives of the activities. Linking the budget to the SDGs will facilitate reporting on SDG focus field in the Creditor Reporting System (CRS) and the new statistical framework of Total Official Support for Sustainable Development (TOSSD).

Countries need to make sure that the data are fit for purpose. They are encouraged to set up a data portal with ODA statistics for collecting, collating and disseminating data from all reporting agencies. Members should place greater emphasis on communicating about their ODA reporting by using data visualisation tools.

Members could communicate and disseminate their data more strategically, for example by making links to their data portal from press releases about the announcement of new projects financed by the country, or make use of social media. Members could also produce an annual report on aid figures.

The Peer Reviews on Development Finance Statistics have proven to be useful and enriching for all participants. The OECD will continue the peer learning process. The next reviews to be conducted will be for Iceland, Finland and Slovenia.

1. Addressing statistical policy issues

This dimension of the peer reviews on development finance statistics addresses the challenges that statistical teams face in the application of rules on ODA-eligibility and the Reporting Directives, in general and in a number of specific areas, such as peace and security, in-donor refugee costs, administrative costs and private sector instruments. It also looks at how members operationalise the concept of commitment in their statistical systems. This note does not attempt to cover all topics discussed, but rather highlights those most relevant for peer learning.

Challenges in the application of rules on ODA eligibility can be addressed by raising awareness on what qualifies as ODA and by providing the statistical team a clear mandate to validate ODA reporting

Raising awareness on what qualifies as ODA

The statistical teams must place greater emphasis on raising awareness about ODA's main objective of promoting economic development and welfare of developing countries. There is a need to raise awareness among staff that "international assistance" or "development co-operation" is not equivalent to ODA and that not all activities funded from such budget lines are eligible by default. Statistical teams can:

- Develop internal guidelines with examples on ODA-eligible and non ODA-eligible activities that are meaningful in their country context.
- Encourage collaboration between all government departments that are reporting on ODA, e.g. through workshops where ODA-eligibility questions are discussed in detail.
- Propose including the ODA definition in various documents describing the aid programme.

Taking authoritative decisions on what can be reported as ODA

Statistical teams need a clear mandate and strong authority to validate ODA reporting. This ensures the quality and integrity of ODA. The statistical teams should be able to obtain all required details on expenditures reported as ODA by the various reporting agencies. In cases where co-operation programmes have multiple objectives (e.g. when they also promote the provider's national interests), it is essential that each activity is carefully checked for ODA eligibility. Activities in the field of peace and security are politically sensitive and should also be carefully reviewed.

Including the ODA objective in various documents describing the aid programme could help raise awareness of ODA and ensure the quality of the reporting. In addition, ODA and the new measure of total official support for sustainable development (TOSSD) could be discussed in a whole-of-government setting. (See Figure 1.1 for the main differences between ODA and TOSSD.)

Figure 1.1. Differences between TOSSD and ODA

TOSSD	ODA
Objective of the measure	
Measuring resources in support of sustainable development	Measuring donor effort
Key eligibility criterion of the measure	
Sustainable development	Economic development and welfare of developing countries (main objective)
Main focus	
Recipient	Provider
Scope of flows covered	
Officially-supported resources: official resources and private finance mobilised through official interventions	Official resources
<u>Concessional and non-concessional</u>	Concessional
Measurement	
Cash flow	Grant equivalent
Target countries	
DAC List of ODA Recipients and other countries on an opt-in basis	DAC List of ODA Recipients
Reporters	
Ambition: All providers	DAC and some non-DAC countries
Governance arrangements	
Ambition: driven by the international community through the UN	DAC-driven

Source: (OECD, 2020^[2])

There can be a pressure from all government departments to argue for ODA eligibility of their activities to obtain funding from aid budgets. In countries with a fixed aid budget (e.g. 0.7% of GNI), this could lead to a reduction of the government's overall funding for development co-operation as fewer activities are funded from other budgets. To release this pressure of "counting activities as ODA", the statistical teams need to inform all reporting agencies on the ODA definition and at the same time obtain the necessary information of the true nature of their assistance. Not all development co-operation activities may be ODA-eligible, so in case of doubt, these agencies should quality assure activities with the central reporting agency prior to the reporting.

The reviews have identified that in some cases national interest could contradict the ODA objective. It is essential that each activity is carefully checked for ODA eligibility. Care should be taken that, where they are non-eligible, activities are not reported as ODA. The Reporting Directives need to be interpreted and implemented at country level through a strong assessment mechanism and trainings.

Statistical teams need to be able to make adjustments to the reporting by the different government departments. All activities that are assessed non ODA-eligible must be removed from ODA reporting, even if they had been included in the government's ODA budget or projections. However, the best practice is confirming eligibility before an activity is categorised as ODA. In this regard, the statistical teams can:

- Establish processes to verify and consult on ODA eligibility issues.

- Seek to provide input to the budgeting process to ensure the assumptions and estimates reflect the agreed rules on ODA eligibility.

The Secretariat and members need to ensure the comparability of commitments

While the main ODA aggregates are based on disbursement data, statistical analyses are frequently based on commitments (e.g. data by sector or policy objective, tying status of aid). The DAC statistics define a commitment as a “firm obligation, expressed in writing and backed by the necessary funds, undertaken by an official donor to provide specified assistance to a recipient country or a multilateral organisation”. Reporting on commitments thus informs developing countries of assistance they will receive. **However, a commitment does not necessarily imply that providers spend the funds**, for example in cases where not all clauses of the agreement are met. Both commitment and disbursement data are required to obtain a comprehensive and transparent picture of aid.

During an *OECD workshop on data quality in July 2019*, statistical reporters from DAC and other provider countries exchanged on the concept of commitment and how they deal with situations where not all funds are spent. **Countries have diverse financial structures and interpret “commitment” differently**. Some countries understand commitments as pledges (political commitments), but not all political commitments (pledges) are ODA-eligible. Countries do not always distinguish between the ODA-eligible and non ODA-eligible parts (e.g. climate action). Other countries see them as active aid budgets – if the funds are not fully spent, countries register negative entries in the commitment data fields, following a bookkeeping methodology. For others, a commitment means a legal requirement to disburse the money. At the workshop, a suggestion was made on a typology of commitments, distinguishing between legally binding commitments and higher-risk commitments, where it is likely that not all the funds committed will be disbursed.

Some members have questioned the usefulness and suitability of commitment data for aggregate statistical analyses, given that recipient countries do not always receive the committed funds. Commitments are often multi-year, which can be a challenge for monitoring their implementation (e.g. unexpected delays). In other cases, a commitment is short term or immediately disbursed (e.g. humanitarian aid in response to disasters). However, some dimensions of the data are only collected on a commitment basis (e.g. terms for assessing the concessionality of loans, tying status).

The different interpretations and reporting practices affect the comparability of commitment data across members. Statistical teams need to consider how to:

- Align the reporting with the DAC definition of commitments.
- Achieve greater comparability of commitment data between members.

As a next step, the OECD will prepare a mapping of members’ interpretations on the concept of commitment. It will also clarify the intended uses of commitment data and identify the data users. Further discussions at the OECD Working Party on Development Finance Statistics (WP-STAT) could:

- Clarify the intended purpose of the data and consider adding in the CRS a typology of commitments, distinguishing between legally binding commitments and cases where it is likely that not all the commitment is going to be disbursed.
- Agree how to ensure comparability between members and alignment with the DAC statistical definition of “commitments” as firm obligation.

The Secretariat needs to validate members' models for counting in-donor refugee costs in ODA

The 2017 DAC High Level Meeting endorsed five clarifications to the Reporting Directives on in-donor refugee costs and encouraged members to apply them to their calculations on 2019 ODA at the latest. In countries with ODA targets enshrined in law, increases in ODA-eligible in-donor refugee costs (which depend on the influx of asylum seekers in any given year) can lead to reductions in the main development co-operation budget if these costs are covered from the same source as ODA. The topic is political and can trigger discussions at the parliament.

The OECD Secretariat is responsible for validating members' methodologies for counting ODA-eligible in-donor refugee costs. Statistical teams are:

- Required to provide the Secretariat with detailed information on these costs, including both direct expenditures and administrative expenditures.
- Encouraged to work with relevant government departments to set up a data system to collect disaggregated data on support to refugees.
- Encouraged to call upon the Secretariat to facilitate communication across the government and give advice on ways to align reporting with the agreed clarifications and to apply a conservative approach that will not expand ODA.

Upon validation the methodologies will be made publicly available on the DAC statistics web pages for transparency purposes.

Statistical teams need more information on how ODA-eligible administrative costs are calculated by the government departments and agencies involved in aid delivery

There is little knowledge about how members calculate ODA-eligible administrative costs. The Reporting Directives state that these costs cover i) the administrative budget of the central aid agency or agencies, and of executing agencies wholly concerned with ODA delivery; ii) that portion of the administrative costs of multi-purpose executing agencies represented by their aid disbursements as a proportion of their total gross disbursements; and iii) administrative costs related to the aid programme borne by overseas representatives and diplomatic missions. Discussions at an *OECD workshop on data quality in July 2019* indicated that the reporting on ii) and iii) is often based on surveys and human resources data.

The statistical teams are not always aware of what is included in the administrative costs reported as ODA. They need to ascertain that agencies not exclusively working on development co-operation do not report their administrative costs as 100% ODA. Moreover, they should be able to ensure consistency in the calculation among the various government agencies. (For example, they can request all agencies to calculate the ODA-eligible share of administrative costs based on the time the agency staff spends working on ODA-eligible activities. Another approach is to identify and only report costs directly associated with delivering aid).

Members' practices differ in relation to calculating the administrative costs of embassies and foreign affairs representations abroad, and some members exclude such costs from their ODA. The data are collected, annually or every 2-3 years, through surveys sent to embassies to estimate the portion of their activities related to development co-operation. Some request detailed information on the activities to justify the inclusion of these costs in ODA.

Other government agencies that report on ODA, besides the principal aid agency, are encouraged to provide sufficient information on administrative costs. The reporting agency should be able to ensure consistency on how administrative costs are calculated among the various government agencies.

As a next step, members requested the OECD conduct a survey on how different institutions assess administrative costs, in particular those that do not work entirely on ODA-eligible activities. Members can then pursue a discussion on whether these costs should be reported in DAC statistics at a disaggregated or aggregated level. In any case, there is a need for more transparency on the calculation methods and for ensuring that only the costs spent on development co-operation work, excluding those spent on general foreign affairs, are reported as ODA. Members have emphasised that governments are accountable for ensuring taxpayers' money is spent responsibly, so administrative costs are also subject to monitoring domestically.

Members should comply with the private sector instruments (PSI) reporting requirements

In December 2018, members agreed on the reporting methods for PSI to be applied in their reporting on 2018 ODA. The reporting methods were integrated in the Statistical Reporting Directives. They specify that the reporting methods are provisional and remain in place until members agree on the implementation details of the PSI principles². It further reaffirms members' commitment to review and revise these provisional arrangements, should the PSI implementation rules have not been agreed upon by 31 December 2020.

Some countries have taken the necessary steps to comply with the new reporting requirements on PSI and have put in place a framework for reporting on additionality. For example, Norway has developed a framework to assess additionality through an "investment committee". Some development finance institutions have the principle of additionality embedded in their mandates by law. As regards data quality more generally, there is a need to ensure that the right mechanisms and quality controls are in place to guarantee the ODA-eligibility of equity investments and other private sector operations reported.

Best practices

- Australia's case-by-case approach to ODA eligibility is laudable and supported the efforts to develop internal guidelines with concrete examples.
- Denmark uses a time registration system to identify ODA costs for representations abroad.
- Norway has a Statistical Handbook, which explains how data need to be entered into the statistical system. It has begun working on a manual focusing on ODA eligibility issues.
- Norway formed an intergovernmental working group immediately after the 2017 DAC High Level Meeting to implement the agreed clarifications on reporting in-donor refugee costs in ODA to ensure the reporting is in line with the OECD Reporting Directives.
- Switzerland maintains a database with detailed data on refugees. The reporting on in-donor refugee costs can therefore be accurate and disaggregated by type of costs.

² See Principles of ODA modernisation on private sector instruments as agreed in the 2016 HLM communique [DCD/DAC/STAT(2018)9/ADD3/FINAL, Annex 1].

2. Making domestic data collection more efficient

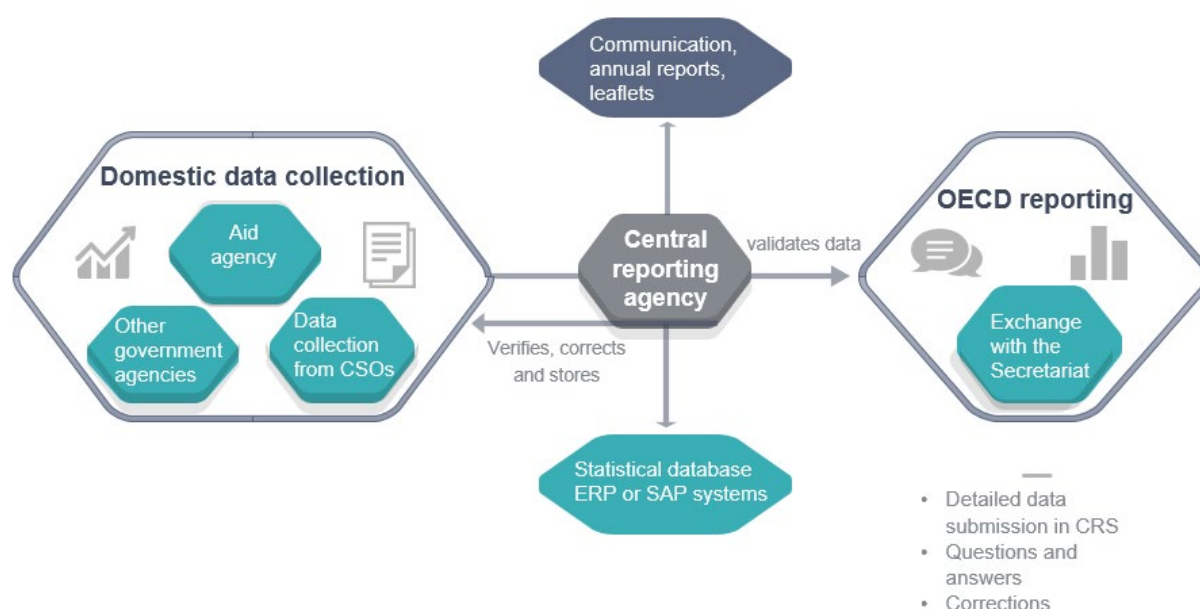
Many statistical teams struggle to obtain good and comprehensive data from domestic institutions. Reporting on development co-operation is usually not among their priorities and they do not necessarily have the capacity to compile all requested information. This dimension serves to exchange ideas on how to encourage domestic reporting institutions to provide data.

A country's reporting to the OECD relates to expenditures by various government departments and public sector entities

The bulk of data pertains to activities of the development co-operation department of the Ministry of Foreign Affairs (or the central aid agency). Statistical teams are usually located in these departments and have access to detailed information on their activities through business management tools [e.g. Enterprise resource planning (ERP) or other SAP systems]. They retrieve relevant qualitative and financial information from these systems for national and other reporting purposes.

The data collection from other agencies extending development finance takes place in various ways (e.g. Excel files sent by email, online surveys). These processes can be complex and time-consuming and they are prone to errors (e.g. incomplete data, different file structures). Some countries have developed web-based interfaces to collect data from other extending agencies.

Figure 2.1. Role of central reporting agency



Source: Author's illustration

Statistical teams could be more closely involved in the development of business management tools

Implementation of a change in the statistical reporting requirements (e.g. creation of a new policy marker) necessitates changes to the business management tools. Making adjustments to an ERP or SAP system can be a long process, depending on the scope and complexity of requests. The more agile and flexible the system is, the easier it is to accommodate changes.

The reviews indicated that statistical teams could be more closely involved in the development of data and business management tools. In particular, they could contribute to the specification of terms of reference for the divisions or branches that carry out the technical development, sharing their knowledge and understanding of the business processes. Data and software analysts should also be involved. **Not**

all statistical teams have a database centralising all qualitative and financial information required for the production of statistics on development finance. This is an area where the reviews identified scope for increasing efficiencies. Ideally, data from ERP or SAP systems are automatically transferred to the statistical database. Any other data collection platforms should also be linked to the central database.

Statistical teams need to improve communication with other government departments

To obtain comprehensive and high-quality data from all government departments, statistical teams need to place emphasis on communication. They can:

- Set up meetings to raise awareness about the importance of the data and explain how they are used.
- Enhance the metadata available to internal and external actors (e.g. sharing a more comprehensive data manual and code lists) on the website for more transparency.

Data collection from local governments can be particularly challenging. The statistical teams can facilitate their reporting by sharing information on what types of activities have been considered as ODA-eligible in recent years. They can also develop procedures to automate the checking of data from local governments, e.g. by having more CRS items compiled by default (in some cases the process can be simplified for the same purpose codes, types of aid, etc.).

Project descriptions need to be comprehensive to verify ODA eligibility

Project descriptions are key to verifying the ODA eligibility of activities. If they are imprecise, provide little detail or do not clearly indicate the objectives of the activities, ODA eligibility cannot be validated. **Project descriptions also serve for checking that the sector classification is correctly applied** (and that purpose codes are attributed at the most granular level), **but also for checking policy objectives and channels, among others.** If project descriptions do not only focus on the activities, but also elaborate on their political purpose, they do not necessarily lead to **meaningful results when text mining** is used for analyses.

The richness of project descriptions can depend on the financial instrument, e.g. concise, detailed descriptions are readily available for loans, while it can be challenging to collect the information for other instruments. The collection of comprehensive project descriptions across all domestic reporting agencies may be hindered by technical constraints, such as a limited number of characters in the reporting templates. In the case of one member, a process to improve the purpose codes through data disaggregation caused unintended losses of information on project descriptions.

The reviews and the *OECD workshop on data quality in July 2019* indicated that quality assurance of project descriptions is not straightforward. Statistical teams cannot easily change the descriptions as they do not “own” the data (the responsibility for project descriptions lies with the desk officers). However, it was also noted that the use of project descriptions in internal procedures or in dialogues with external partners incentivises the provision of relevant information in the project description field.

The key questions to address in project descriptions are:

- What is the intended objective of the activity?
- Whom does it target?
- How will the activity contribute to the intended objective?

If the project descriptions indeed describe the primary objectives while avoiding jargon and political language, **semantic analysis** could be a powerful tool for verifying some qualitative aspects in the reporting, such as sectors (purpose codes), policy objectives or the SDG focus of the activities. For countries with more than one official language, specific key words in project descriptions may be required to facilitate the identification of the primary objective of the activities.

In addition to developing guidelines and providing training, statistical teams can help improve project descriptions by ensuring regular exchange with domestic reporting institutions, strengthening the communication between the headquarters and regional offices, and encouraging the **sharing of comprehensive project descriptions with the main reporting agency and the OECD**.

Best practices

- Denmark impressed the review team with its advanced IT systems and automated tools for tracking financial commitments.
- In order to encourage reporting by local governments, the French Association of local governments provided training for them on DAC codes and reporting. This campaign was successful as it increased reporting, although France believes this aid is still under-reported.
- Being responsible for the quality assurance of the data, the Statistical Section in Norad has the possibility to make changes to the data directly in the project management tool (Plan Tilskudd Avtale, PTA). When they do so (e.g. to correct a purpose code), the system automatically sends an e-mail to the programme officer responsible for the grant to alert him/her that a data item has been modified. If the programme officer disagrees with the change, a dialogue ensues with the Statistical Section.

3. Ensuring quality reporting to the OECD

Each year, the OECD assesses the timeliness, coherence and accuracy of data provided by reporting countries, as well as the convergence of activity-level data in CRS format with the main DAC aggregate figures. Building on this assessment, the peer reviews on development finance statistics discuss how to improve reporting to the OECD and how to deal with staff turnover while consolidating quality reporting over time.

Members should secure sufficient capacity and resources for the statistical teams

Recruiting and retaining qualified staff in the statistical teams represents a significant challenge for many countries, and there are risks of loss of institutional memory in aid statistics related to staff turnover. Statistical teams invest much of their capacities on issues other than statistics, for instance they spend a lot of time on resolving IT issues.

Quality reporting requires countries to:

- Ensure that statistical analysts can focus on their core work, i.e. analytical work, quality assurance, training people, organising regular workshops to raise awareness on issues such as ODA eligibility criteria and the narrative around ODA.
- Strengthen the analytical capacity of the statistical team by offering additional training to staff with a view to enhancing the overall data use also within statistical teams.
- Consider employing more IT staff that have the right skills set and qualifications to nurture a culture of institutional knowledge on data stewardship and data quality.

Countries reporting to the DAC could also make experienced staff available to advise other members, e.g. by establishing a pool of qualified candidates that have worked on DAC statistics for prompt employment opportunities. This could increase peer learning among members.

The above measures could not only generate better data for OECD reporting, but also improve business analyses and planning processes.

Statistical teams should invest in quality assurance processes

Quality assurance processes differ between countries. **Countries are encouraged to increase automatic controls (e.g. from the CRS macro/check list) to spot any incoherent reporting.** Trivial consistency mistakes could be avoided by automating some of the reporting processes and centrally controlling and correcting the data before their transmission to the OECD.

Regularly involving statistical teams in systems development or updates could help ensuring that statistical needs are duly considered. In addition, reporting tools should not be retired until their replacement has been fully tested and introduced.

Statistical teams could:

- Develop procedures to automate the checking of data, in particular from local government sources. In some cases the procedure can be simplified for activities with the same purpose codes, types of aid, etc.; some CRS items can be assigned values by default.

Statistical teams need to use policy markers correctly and consistently

The reviews indicated that members have identified over-reporting (and under-reporting) on policy markers and that efforts are needed to ensure correct and consistent use of the policy markers. Some members have set up specific quality checks for policy markers, e.g. run a macro on a monthly basis to verify that the policy markers attributed correspond to project descriptions. However, not all countries perform quality checks on policy markers attributed by programme officers. Hence, some data reported in the CRS are unverified.

The comprehensive review of the policy markers by the OECD has indicated that in some cases it is difficult to validate the marking based on the descriptions in the CRS. If an activity is marked “principal”, the policy objective should be self-evident in the description. In addition, the assessment showed inconsistencies in

the reporting between members. For example, contributions to the same pooled fund should be marked in the same way, but this is not always the case.

The *OECD workshop on data quality* that discussed this topic indicated the following:

- Participants highlighted that it is crucial to identify who owns the data (is it a project manager, the statistical team or a programme officer who can make changes to the data?). Countries have different practices that affect the ability of statistical teams to modify the information when it does not correspond to the DAC guidelines. In some countries, the statistical team has the permission to ask for additional information or to modify the coding, whereas in other countries this is not the case and ex-post changes are difficult to implement.
- Some participants perceive the guidelines on policy markers as lengthy and difficult to understand, which may explain the over-/under-reporting.
- A lack of a centralised database makes quality checks on policy markers difficult. Participants explained that many agencies have manual processes in place, e.g. data are collected using excel and word files.
- The attribution of policy markers sometimes depends on political priorities. Some markers (e.g. climate, gender) are highly scrutinised. For the gender equality marker, some countries noted that some programme officers may attribute the marker even if the activity does not comply with the DAC definition.
- Thematic silos constitute a challenge because some experts look exclusively into one specific policy marker (e.g. environment) while neglecting other markers.
- Introduction of new policy markers on a voluntary basis creates challenges.

The reviews have confirmed the above and suggested that trainings on policy markers should be conducted regularly with programme officers. **Even with marker handbooks specifically targeted to reporting agencies³, programme officers are not always aware of how to apply the markers.** These trainings can also help to raise awareness about process adjustment that is needed to conform to reporting rules and to involve thematic experts in the quality assurance. This could improve complying with the Reporting Directives and to avoid an ex-post estimation.

Statistical teams could:

- Assign and verify policy markers at the design phase of the project so that the information is already quality checked when the project becomes active. Identifying and involving thematic experts that can check the proposals could improve data quality.
- Improve project descriptions because good project descriptions can help ensure that policy markers are attributed correctly.
- Develop standardised training packages on policy markers to help raise awareness about their use (many programme officers are unaware of the policy marker definitions and guidelines). In case of frequent staff rotation, trainings for new programme officers could reduce incorrect attribution of policy markers.
- Quality check some of the purpose codes and policy markers manually in addition to automatic checks.

In terms of next steps, the OECD will prepare a standardised training package for statisticians on the narrative and usage of policy markers, which could then be disseminated domestically.

³ Handbook on the OECD DAC Rio Markers for Climate: https://www.oecd.org/dac/environment-development/Revised%20climate%20marker%20handbook_FINAL.pdf
Handbook on the OECD-DAC Gender Equality Policy Marker: <http://www.oecd.org/dac/gender-development/Handbook-OECD-DAC-Gender-Equality-Policy-Marker.pdf>

Best practices

Resources of statistical teams

- In Canada and Norway, it is recognised that the statistical functions require dedicated and competent staff to maintain institutional knowledge and historical know-how in aid statistics. There is strong support from Norad's leadership for the work undertaken by the statistical unit. The statistical team has extensive knowledge of the Norwegian aid programme, statistics and reporting, and only staff with a certain level of experience can be recruited. The appropriation letter from the MFA, which mandates Norad to compile Norwegian aid statistics, also specifies that statistical officers need to follow rules agreed by the OECD/DAC and ensure a high quality of statistical reporting.
- Canada is offering interesting opportunities to staff beyond statistical reporting, including participation in business analysis projects, career development and training opportunities (including but not limited to statistics) as well as offering a healthy work environment (e.g. work-life balance, flexible schedules, teleworking options). All contribute to retaining key staff.

Quality assurance

- Sweden's quality assurance, in particular the logical tests, is commendable. Sida has put in place a comprehensive quality assurance process with several levels. This includes bi-weekly internal control reports, weekly quality assurance process, collective quality assurance on specific target areas, bi-monthly spot checks and sample-based checks in relation to policy markers in collaboration with policy experts.
- Sida offers internal trainings to programme staff on statistical reporting and maintains a handbook including explanations on CRS codes. In addition, there is an "Environment and Climate Help Desk", which can help staff to identify and manage environmental or climate dimensions of activities.
- Norway's Statistics Section has an advisory role in the implementation of the aid budget as it takes decisions on what can be counted as ODA. The quality assurance of statistics in Norway can begin before projects of Norad are agreed. The Department of Quality Assurance (the grant management, results and legal sections) has to look at all agreements over NOK 50 million before they are signed. In this process, they can discover ODA eligibility issues and forward the agreement to the statistical team. Although the latter is not part of the units that must approve an agreement before it is signed, it has an advisory role in implementing the aid budget as it takes decisions on what can be counted as ODA. Some decisions on ODA eligibility are also run by Norad's Director General as a further quality check. However, given the 4 000 to 5 000 new agreements each year, the quality assurance of the data is becoming more and more challenging.
- The statistical team at Norad is able to correct data directly in the project management system Plan Tilskudd Avtale, PTA. When they do so (e.g. to correct a purpose code), the system automatically sends an e-mail to the programme officer responsible for the grant to alert him/her that a data item has been modified.
- Switzerland has developed several solutions: supervision of coding at the level of the credit proposal, better guidance, introduction of DAC codes in the domestic systems (sector codes are now almost identical), and individual mails to programme officers with correction suggestions.
- In Denmark, an automatic e-mail notification is sent to desk officers whenever any modification of their projects is implemented, so that the statistical team has a chance to react or simply benefit from such information for training purposes.

Policy markers

- Canada has conducted a consultation session with civil society to refine its methodology on the gender policy marker. Canada has incorporated an additional level of scoring to the DAC's gender quality policy marker in order to capture more accurately gender equality focused ODA.
- Canada set up a planning tool to identify for which commitments additional money is needed and the availability of funds for other purposes. However, Global Affairs Canada (GAC) recognises the difficulties in communicating the information embedded in the table and is considering whether it could be streamlined. To track commitments which overlap between sectors and/or policy markers, Canada has put in place an "investment tag" which relates individual projects to specific political/corporate financial commitments. Tracking overlaps is important to ensure that all commitments are funded and met.

4. Monitoring DAC recommendations and commitments

Performance on DAC recommendations and international commitments is not purely a matter of putting the right policies in place. It is also about the way performance is measured and monitored. This dimension focuses on the recommendation on untying. Discussions on measuring total official support for sustainable development (TOSSD) are also covered in this dimension.

Members should comply with reporting guidelines on the tying status and contract awards

While many members state that their aid is fully untied, this was often challenged during the peer reviews on development finance statistics. For example, the Reporting Directives specify that imputed student costs are “tied by nature”⁴ but some members report them as untied.

All members need to ensure compliance with the Reporting Directives on the tying status and, for untied aid, ex-post reporting on contract awards.

The reviews helped some members to clarify the scope of reporting on contract awards.

Statistical teams could:

- Raise awareness about what activities can be reported as tied and untied.
- Report activity-level data and include the type of aid in its reporting on contract awards.
- For contract awards and to provide more transparency, and although this is not a current requirement in the Reporting Directives, use in this reporting the same donor project number as in the CRS database to allow the linking of the two datasets.

Members are encouraged to participate in the 2020 data collection round for total official support for sustainable development (TOSSD)

TOSSD aims to complement ODA by increasing transparency and monitoring important new trends that are shaping the international development finance landscape, including the leveraging/catalytic effect of ODA, the use of blended finance and innovative risk mitigation instruments in development co-operation. TOSSD includes “all officially-supported resource flows to promote sustainable development in developing countries and to support development enablers or address global challenges at regional or global levels.”

Countries are encouraged to participate in the first round of TOSSD reporting in 2020. Statistical teams of aid agencies play a key role in topics related to SDG reporting and measuring related results. Development agencies need to define clearly the role of statistical teams for collecting, collating, analysing and monitoring SDG results and TOSSD reporting.

Statistical teams could:

- Develop a user-friendly statistical handbook targeting other government agencies to improve their understanding on ODA eligibility and TOSSD to simplify the reporting for other government departments. This handbook could be made available to other members to encourage peer-learning (see figure 0.1).
- Establish an inter-agency TOSSD team to ensure the quality of the reporting.
- Discuss ODA and TOSSD in a whole-of-government setting to better identify flows beyond ODA that could be included in TOSSD.
- Share examples on TOSSD reporting with other government departments.

⁴ [https://one.oecd.org/document/DCD/DAC/STAT\(2018\)9/ADD1/FINAL/en/pdf](https://one.oecd.org/document/DCD/DAC/STAT(2018)9/ADD1/FINAL/en/pdf)

Members are encouraged to report on the Sustainable Development Goals (SDGs)

Starting with 2018 data, members can report on the SDG focus of their activities on a voluntary basis.

An *OECD workshop on data quality* shed some light on how members are implementing the reporting on the SDGs in their systems:

- While all participants emphasised the importance of SDG reporting, not all countries have systems in place to report on the SDGs. Reporting is often hindered by limited staff capacity and IT constraints.
- Some participants sought more guidance on the reporting on SDG 1 and SDG 17, and they asked the OECD to suggest links to SDGs in a similar way as it had done in the TOSSD data survey.

The reviews indicated that **some members have started to align their development co-operation budgets to the SDGs**. This will facilitate the reporting on the SDG focus field in the CRS and TOSSD.

Statistical teams could:

- Promote the tracking of the SDG focus of their country's development co-operation activities and the inclusion of the SDG focus field in their internal reporting system.
- Identify the core objectives of the activities.
- Co-operate with the results units to support the monitoring of development co-operation based on evidence.

Best practices

Untying

- France is a one of the few countries that submits ex-ante notifications. Its reporting on ex-post contract awards is of good quality.

SDGs

- France is among the 13 DAC members that reports data from local governments in ODA, including the SDG focus of their activities. Sweden's progress on monitoring development co-operation in support of the SDGs is commendable.
- Statistics Sweden is responsible for representing and coordinating the system of official statistics on behalf of Swedish government agencies. Together with Sida, it is also co-ordinating the statistical follow-up of Sweden's implementation of Agenda 2030.

5. Improving transparency and the related performance on transparency indicators and indices

This dimension assesses how to improve countries' transparency as well as performance on transparency commitments and indicators, such as the Aid Transparency Index of Publish What You Fund.

Members should improve the quality of the data published through the International Aid Transparency Initiative (IATI)

IATI is a global initiative to improve the transparency of development and humanitarian resources and their results to address poverty and crises. The reviews indicated that **all the seven countries reviewed publish their ODA data in the IATI registry**. Although some members consider that this reporting is burdensome, they continue doing so for transparency reasons and to fulfil their Busan commitments on mutual accountability. The reviews also indicated that the IATI registry could be more user-friendly.

There is room for improvement both as regards data quality and data coverage. The reviews found that **not all members check their IATI files to the same extent as their CRS**. Moreover, members do not usually resubmit their data to IATI after these have been validated by the OECD. **Not all domestic NGOs publish in IATI**.

Statistical teams could:

- Encourage their NGOs to publish their data in IATI. This could provide aid agencies with disaggregated data that are often needed to supplement the reporting to the CRS.
- Ensure that any reporting errors spotted in CRS data quality controls are corrected in the IATI files for consistency.

Best practices

- Denmark has automated the IATI reporting process. The various initiatives, such as the CSO receipt reporting and Grand Bargain humanitarian reporting demonstrate how IATI data can be leveraged creatively.
- Sida publishes its ODA data to the IATI registry monthly in a comprehensive way: There are no thresholds; sensitive data are published, but confidential elements of the data are masked; forward-looking budget figures and planned agreements are also published. Sida also publishes data from almost all other Swedish agencies every quarter. Furthermore, it plans to publish humanitarian data on a daily basis. The management incentivised Sida's efforts, also allocating staff resources to the IATI publishing.
- Sida assures the quality of IATI data through ex-ante checks, at an early stage of the project implementation (and not ex-post after the extraction of data).
- Sida primarily uses IATI-XML files to publish Sweden's ODA figures on the openaid.se website. This also ensures Sweden's good score in the PublishWhatYouFund IATI ranking.
- In 2005, Sida launched a CSO database, a public website that informs about expenditures from about 20 frame organisations (disbursements by country and by sector) as well as their results. Sida considers the database as very valuable for internal, but also external, use. Local partner organisations can also use it for networking. It gives both a quick overview of CSOs' presence and details on their activities. Its functionalities include search by category and export functions.

6. Making data fit for purpose

This dimension addresses the need to make the data available and accessible to different stakeholders. The data need to be fit for policy makers to base their policy decisions on, and for academics and researchers to carry out analyses in the field of development co-operation.

The data need to be fit for use by partner organisations

To identify whether the data are fit for purpose and user-friendly, the peer review team meets with representatives of civil society. The discussions resulted in the following recommendations for countries (also conveying a request from CSOs for broader collaboration on various issues related to statistics on development finance).

Countries could:

- Further discuss with the CSOs how the data and websites could be designed to be more useful for them.
- Set up a data portal for disseminating (and possibly collecting and collating) ODA statistics from all reporting agencies.
- Identify a strategy to make data “fit for the user”. They could align communications and statistics with their broader public engagement objectives.
- Consider sharing information regarding the budget process in a timely manner so that CSOs can better monitor the budget process and plan their activities.

Based on the above, statistical teams could:

- Consider making all project data available on the website, by adopting a “transparency by default approach” and focus on improving data entry at source and quality of texts upfront. A reliable online database could also reduce the workload of statistical teams.
- Display data at a disaggregated level on the website to allow data users to better explore the data. They could also offer the possibility of downloading data, which would allow exploring data in different formats.
- Place greater emphasis on communicating about ODA reporting by using data visualisation tools.
- Create a unified system that incorporates a new function for geographic mapping, i.e. with GIS.
- Organise workshops for CSOs on DAC statistics to increase their capacity in development co-operation data.
- Equip programme officers with the right skills to be able to analyse their data and transform them into simplified key messages for the public.

Best practices

- CSOs in Norway meet government representatives on an annual basis to present plans and to identify achievements from the previous year. During the review of Norway, the CSOs described the relationship with the Norwegian Government as generally good and transparent as they have the opportunity for open dialogue. In addition, Norad organised a workshop on reporting together with the CSOs a few years ago.
- For collecting feedback from CSOs, Canada left the room to encourage open discussions.
- The Danish Minister of Foreign Affairs meets regularly with CSOs.

7. Improving the dissemination of data

Countries use different tools for disseminating their statistics: press releases, publications, websites, specific online data visualisation tools, etc. This dimension served to exchange ideas on how to best communicate development finance statistics.

The role of statistical teams in communication could be enhanced

Statistical teams are key actors in international reporting and publishing but they could play a greater role in communication. They can build a narrative around ODA reporting by:

- making **links to the statistical data portal** in major publications (such as the country's annual development co-operation report), or press releases announcing new projects financed by the country.
- focusing on communicating how funds are spent linked with **results**.
- promoting **all aspects of the data** using the method of “**story telling**”.
- producing an **annual statistical report** on aid.
- informing data users when reports are issued and where they are located using **social media** and other modern communication tools.
- directing data users to DAC statistics.

Regular exchanges with staff working on communication can help ensure overall consistency in figures disseminated to the wider public. Countries could also co-operate closely with the results teams to showcase achievements in their communication products.

Countries should focus on comprehensive data products

Countries are encouraged to digitalise their publications, and focus on comprehensive data products, such as interactive charts, linking, where appropriate, budgets, expenditures and results. However, it is important to:

- Maintain consistency in annual reports from one year to another to facilitate comparative analyses.
- Clearly indicate the coverage of the published data.
- Explain any differences between the domestic data portal and other systems, including the CRS, to prevent misinterpretations.

Best practices

- The **Norwegian Aid Statistics website** is available in both Norwegian and English and can be explored with a world map. It provides easy access to all official statistics about Norwegian development assistance since 1960 (Norad, 2020^[3]).
- The **annual report on Switzerland's International Co-operation** is presented as an online pageflow and contains a **specific chapter for statistics**. Statistical data and information on ODA, including a project database, are available on the webpage “**Facts and figures**” of the Federal Department of Foreign Affairs. The website's content is translated in German, French, English, Italian, and partly in Spanish. All Swiss representations abroad can edit and publish their content online, which ensures up-to-date information. (EDA, 2020^[4]) The Statistics Unit has also developed other publications, such as a **statistical brochure**, which is currently available in hardcopy and for download as a PDF file.
- Switzerland has developed a **visualisation platform** with the University of Berne. The project was submitted to data providers for consultation, but the level of disaggregation and the possibility to export the metadata were not unanimously welcomed. The platform could be further developed by creating an interactive world map, showing most recent flows of bilateral development co-operation with real time changes.

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