
Finalized draft indicator proposal for SDG Target 17.3 and its reporting1

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SDG Target 17.3 is to “Mobilize additional financial resources for developing countries from multiple sources. This document outlines the finalized indicator proposal and the proposed reporting for a replacement indicator 17.3.1.

Part 1: Sustainable development criteria

Based on the Group’s discussions, and building on the work of the TOSSD Task Force, the following cascading approach will be used to identify flows that can be considered as supporting sustainable development:

1. Flows within the proposed indicators and sub-indicators detailed below and identified individually, such as a specific activity in provider reporting systems, should be included if they directly support either (i) at least one of the SDG targets or (ii) an objective in the recipient country’s development plan as long as this is directed towards supporting or achieving sustainable development, with the following exceptions:
   a. Flows for activities where a substantial detrimental effect is anticipated on one or more of the other targets.
   b. Flows where the recipient country, after discussion with the custodian agency and/or the reporting provider country, objects to their characterization as supporting its sustainable development.2

2. Flows, or portions of flows within the proposed indicators and sub-indicators detailed below for which data are only available at the aggregate country-to-country level are also considered as supporting sustainable development, subject to the same exceptions as under 1.a and 1.b.

Note that some sub-indicators may contain a mixture of activity-specific and aggregate-level flow data and therefore require assessment against 1 and 2 respectively. Also note that further specific exclusions are proposed, as detailed below, that may in some cases be considered to reinforce the focus of the proposed indicators on the sustainable development of developing countries.

1 It is expected that existing databases established at the OECD and UNCTAD will serve as a data source. At the OECD, this includes data collected through TOSSD reporting as well as traditional OECD-DAC-CRS reporting, assuming the data will be adjusted in accordance with the requirements of this proposal. Pilot exercises are being conducted or are being planned.
2 The custodian agencies are requested to establish mechanisms for validation based on the criteria outlined in this section which will adequately support concerns of the recipient countries.
Part 2: Proposed indicators

The proposed new indicator 17.3.1 contains sub-indicators for each developing country’s gross receipts of the financing flows itemised below, but in some cases on conditions, or with reservations, as indicated below:

17.3.1 a. Official sustainable development grants

Grants are transfers of resources for which no repayment is required.

- Some providers will be reporting official sustainable development grants to OECD
- Some providers will report to UNCTAD according to the agreed conceptual framework on South-South cooperation developed by the sub-Group on South-South cooperation, subject to pilot testing. Within that framework, the modality “Non-refundable grants” is expected to closely correspond to the official sustainable development grants. Also, the modality “Direct cash transfers” is to be considered for inclusion.

17.3.1 b. Official concessional sustainable development loans

Concessional: Official loans with at least a 35% grant element, calculated using a 5% discount rate.

- Some providers will report official concessional sustainable development loans to OECD
- Some providers will report to UNCTAD according to the agreed conceptual framework on South-South cooperation, subject to pilot testing. The modality “Interest-free loans” plus parts of the modality “Loans” correspond to official concessional sustainable development loans.

17.3.1 c. Official non-concessional sustainable development loans

Non-concessional: Official loans with less than a 35% grant element, calculated using a 5% discount rate.

- Some providers will report official non-concessional sustainable development loans to OECD
- Some providers will report to UNCTAD according to the agreed conceptual framework on South-South cooperation, subject to pilot testing. Parts of the modality “Loans” correspond to official non-concessional sustainable development loans.

17.3.1 d. Foreign direct investment

FDI is a critical source of private finance and part of the current indicator 17.3.1. There are concerns whether all of FDI meets the sustainability criteria; however, FDI is reported by the recipient country itself, giving it the ability to address such concerns with the national reporting entity. FDI will be measured as each developing country’s inflows (inward FDI).

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3 See Note 1 below for an explanation of the recipient perspective.
4 UNCTAD and OECD as co-custodians are requested to ensure that there are no overlaps in global reporting for this indicator in cases where countries or multilaterals provide their information to both organizations.
5 The member countries were Brazil, China, Colombia, Cuba, Egypt, Ghana, India (chair), Mexico, South Africa and the United Republic of Tanzania. The Russian Federation and OECD were observers, and UNCTAD provided the Secretariat.
6 UNCTAD will provide data on components of South-South cooperation following the indicator proposal if so desired by its membership.
FDI is reported to UNCTAD according to the current reporting arrangements. Reporting countries and UNCTAD are requested to investigate how to apply the sustainable development criteria.

17.3.1 e. Mobilised private finance (MPF) on an experimental basis, consisting of private flows mobilized through official interventions (excluding those mobilized in recipient countries themselves) in the following seven categories:

- free, subsidised or unsubsidised guarantees on loans and investments to developing countries;
- lines of credit;
- direct investment in companies (DICs) / Special Purpose Vehicles (SPVs);
- simple co-financing, including technical assistance and capacity building;
- shares in collective investment vehicles;
- syndicated loans; and
- project finance schemes.

MPF captures a portion of private flows mobilized by development partners that are of increasing importance. However, concerns and questions were raised regarding its boundaries, the ability of recipient countries to verify whether the flow meets the sustainability criteria and the fact that the available data as presented in the pilot study conducted by OECD relates to private sector commitments instead of developing countries’ actual receipts of disbursements as for all other flows.

It was recognised that although commitments reporting is based on written agreements backed by the necessary funds, it would be more useful to have reporting on actual disbursements as for all other sub-indicators. The OECD which developed this indicator agreed to investigate the feasibility of providing such reporting on a disbursement basis.

Funds mobilised within recipient countries themselves are excluded, as they do not constitute a new inflow to those countries.

Therefore, MPF is included on an experimental basis, subject to reconsideration in the 2025 review. MPF should cover and be disaggregated by flows originating in (i) high-income, (ii) low- and middle and (iii) multiple/unknown countries but should exclude flows known to be mobilised in recipient countries.

- Some providers will report on mobilized private finance to OECD
- Mobilized private finance is not part of the conceptual framework of South-South cooperation. Some providers that are engaging in this form of development finance may approach UNCTAD regarding the pilot testing and further development of this indicator for wider and global application.

17.3.1 f. Private grants

The concept of private grants is clear, the flow is fully concessional, and there is substantial support in principle for including a sub-indicator on these flows. However, existing reporting is patchy with detailed recipient information only available from philanthropic foundations. Nevertheless, this sub-indicator is included in the expectation that inclusion will encourage more complete reporting.

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7 This indicator is included on the basis of its being a memorandum item in the sense that in some countries there may be overlap with FDI especially concerning items (a), (c), and (e).
8 The suggested disaggregation will create transparency on the origin of flows and should thus support the conceptual understanding and further development of this indicator.
- Some providers will report on private grants to OECD
- Private grants are not part of the conceptual framework of South-South cooperation. Some providers can report on private grants to UNCTAD on a voluntary basis as part of a pilot exercise.

**Part 3: Notes:**

1. While the sub-indicators follow the recipient perspective, the data for all proposed sub-indicators except foreign direct investment are reportable by the providers.

2. The sub-indicators b) and c) on loans are measured in terms of gross flows. Net measures would tend either towards zero (if only principal repayments were deducted from the gross flow) or towards negative numbers (if both principal and interest payments were deducted). Net flows on loans (deducting principal payments only) are included in total ODA figures in indicator 17.2.1, and developing countries’ total public debt service (counting both principal and interest payments) is reported in indicator 17.4.1.

3. Exclusions within above flows: Debt relief, in-donor refugee costs, administrative costs not allocated to specific development activities, and peace and security expenditures other than those reportable as official development assistance (ODA) are excluded. While excluded from the indicator for substantive and technical reasons, the importance of debt relief and its measurement was recognized.⁹

4. Excluded flows:
   - Private non-concessional loans
   - Portfolio investment
   - Export credits, whether official, officially-supported, or private
   - Short-term flows with an original maturity of 1 year or less
   - Any other flows that are not within the scope of the proposed sub-indicators.

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⁹ The exclusions under notes 3 and 4 are the outcome of extensive discussions within the Working Group and are based on conceptual and technical considerations. The Working Group focused especially on the need for the indicators to capture additional resources for developing countries that are likely to contribute to their sustainable development. While the proposal includes official lending and official and private FDI, it excludes private flows that are both profit-seeking and debt-creating. The proceedings of the Working Group include detailed reasons for each of the exclusions, which ensure the proposed sub-indicators’ clarity, simplicity, transparency and consistency over time. In particular, the exclusions ensure that the sub-indicators clearly identify and distinguish flows of different nature and concessionality in line with the Addis Ababa Action Agenda. While there was broad support for all exclusions during the discussions of the Working Group and the open consultation, and while there were relatively few objections to specific exclusions, some countries nevertheless believe that all exclusions should be reviewed in the context of the 2025 review.