DAC and Non-DAC Donors at the Crossroads: The problem of Export Credits

Pranay Sinha
University of Birmingham
Context

• Non DAC donors growing development financing without transparent information sharing
• How to engage them with International Aid Transparency Initiative? (post Accra Aid Transparency Regime)
• Around $1/3^{rd}$ of the total official external debt of developing countries is export credit originated debt (Euro DAD)
• G20 decision to boost trade finance by $250$ billion (Apr, 2009)
  – Chinese Development Bank & Export-Import Bank has surpassed the World Bank and has loaned at least $110$ billion dollars in 2009 and 2010 (FT, January 2011)
  – U.S. Export-Import Bank breaks record for loan authorisations topping $24.5$ billion this fiscal year (Business Times, Aug 2011)
Development Finance Cycle in Export Credit

- Export Credit/ Line of Credit/ Export Credit Guarantee
- Debt Servicing/ Resource Repayment
- Debt Accumulation
Development Finance Cycle in Export Credit (when termed as an ODA)

- Export Credit/Line of Credit/Export Credit Guarantee
- Debt Forgiveness and termed as an ‘ODA’
- Debt Accumulation
- Debt Relief/Debt Rescheduling
- Debt Servicing/Resource Repayment

http://projects.dfid.gov.uk/project.aspx?Project=102925
Export Credit Agencies of Non DAC Donors and their use in Development Finance

- Operate in two distinct ways in extending official aid programmes
  - either directly extend official support (through EXIM agency)
  - complement, synergize or co-finance with their other official financial flows (through development cooperation agency)

- Export insurance, credit and guarantee services and relending facilities (Taiwan), concessional loans through lines of credit window (India), line of credit (China) machinery or raw materials, engaging contractors, producing raw materials or energy for sale (Thailand)
• But no breakdown on ‘repayments’ thus present asymmetrical picture

• Lack of data/project details on ‘repayment’ of which export credit project is converted as ‘ODA’ under debt relief measure

Source: OECD Query Wizard for International Development Statistics
Export Credit Data Ecosystem

Inter-Agency Task Force on Finance Statistics

Donors

OECD DAC Creditor Reporting System

Recipients

World Bank Debtor Reporting System
### Export Credit Finances: What’s Public and What’s Restricted?

<table>
<thead>
<tr>
<th>Access</th>
<th>Database</th>
<th>Flow of resources</th>
<th>Main uses of the data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public</td>
<td>CRS/Aid</td>
<td>• Official development assistance</td>
<td>• Sectoral and geographical distribution of aid</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Official aid</td>
<td>• External indebtedness</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Tying status of aid</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Terms and conditions of aid</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Relating aid inputs to policy priorities</td>
</tr>
<tr>
<td>Restricted</td>
<td>CRS/OOF</td>
<td>• Other official flows (except export credits)</td>
<td>• Sectoral and geographical distribution of other official flows</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• External indebtedness</td>
</tr>
<tr>
<td></td>
<td>CRS/Export</td>
<td>• Official export credits</td>
<td>• External indebtedness</td>
</tr>
<tr>
<td></td>
<td>credits</td>
<td>• Private loans and credits under official guarantee or insurance</td>
<td>• Exposure and new obligations of export credits (Trade Directorate)</td>
</tr>
</tbody>
</table>

Source: OECD (2007)

Data on export credits are confidential and made available only in aggregate form.
World Bank Debtor Reporting System
Data Dissemination and Access Policy

• Debt data publicly available
  – Publicly available, **aggregate data** include time series of stocks, disbursements, principal, and interest payments along with various breakdowns of the data

• Debt data not publicly available:
  – **Loan-by-loan data** (record level data) are not accessible publicly.
Request for access to World Bank Debtor Reporting System Data

• Submit a written proposal to the World Bank that includes the following information:
  – Describe the data and countries or regions for which access is requested.
  – Detailed project description including
    • The context of the research proposal;
    • The state of the literature on the topic;
    • Expected results, intended use, and dissemination plans.
Declaration of confidentiality.

• The data will be used only for statistical purposes.
• The results of the research must either be published or made available upon request.
• The results of the research will be published only at the aggregate level used in *Global Development Finance* unless permission has been granted to publish in greater detail. For that purpose, the version of the research to be published should be provided to the World Bank prior to publication to verify compliance.
• The calculations and documentation underlying the research will be provided to the World Bank, if requested.
• Further dissemination of the data to third parties is prohibited; however, requests from other scholars to access the data for the purposes of validating or critiquing results will be looked on favorably.

Non compliance to these rules may have legal consequences.
When the debt stock data for export credits was last reported?

• ‘Discussions about processing the debt stock data for export credits have not progressed since the time of the last report, in spite of the continued interest among the World Bank, IMF and many Export Credit Agencies’

• ‘In view of resource constraints and a lack of consensus amongst members of the export credit committees on the importance of collecting and maintaining data on export credit stocks, it is not likely that the stock data will be addressed in the near future’ (Inter-Agency Task Force on Finance Statistics, 2011:3)
Why transparency and data disclosure?

• We argue that greater transparency through open export credits data will help understand the debt accumulation of developing countries and help determine the level of sovereign debt due to export credits flow.
What’s the Current Policy Thinking?

• Export Credits Guarantee Department (Regulation and Reporting) bill going to the UK parliament in November 2011 contains transparency requirements. It calls for ‘the publication of an audit of all sums owed to the department, an annual impact assessment and a real-time disclosure policy on all supported projects.