This note presents the main conclusions and action points from the 7th meeting of the TOSSD Task Force (the TF) as recorded by the co-Chair and the Secretariat. In brief:

- The Reporting Instructions on the TOSSD pillar I were approved (and will be frozen for the purpose of the Data Survey). They are available at: [http://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/Emerging-Reporting-Instructions%20-V1.3-validatedbyTF_WEB.pdf](http://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/Emerging-Reporting-Instructions%20-V1.3-validatedbyTF_WEB.pdf). In particular, Task Force members agreed to use Purchasing Power Parity factors for private consumption for in-kind technical co-operation. A few elements will need to be discussed after the Data Survey (e.g. the presentation of PPP-adjusted data in TOSSD, the definition of Triangular co-operation and the eligibility criteria using SDG targets based on survey results).

- Members invited the Secretariat to continue working on the issue of the geolocalisation of TOSSD activities, noting however that it could not be considered as an immediate priority.

- The Secretariat will develop a proposal on the metric for debt relief accounting in TOSSD. The absence of rules on this issue should not deter in any way reporters from participating in the Data Survey.

- In terms of outreach, Task Force members agreed to pursue four tracks: propose the replacement of indicator 1.a.3 (pillar I only) and a new indicator under target 17.3 (pillar I and II) to the IAEG-SDGs; create a City Group at the UN StatCom; and look for a co-custodian agency. A call will be organised mid-February with Task Force members and their counterparts at the UN StatCom. The Secretariat will send an agenda in advance of the call, as well as a discussion paper.


- On Pillar II, members agreed with the text proposed in the Preamble (to address the perceived risk of TOSSD crowding out ODA). Regarding the definition of International Public Goods, members decided to keep the minimum of two countries and to include “resources” in the definition of “goods”. The Task Force also agreed with the definition of global challenges and of development enablers, but preferred removing the word “themselves” in the latter definition.

- There was an agreement to include scholarships, traineeships and imputed student costs in TOSSD. Whether they would be included in pillar I or II will be further discussed. The Secretariat would explore further whether PPP factors could be applied to imputed student costs. There was also an agreement that the Reporting Instructions could include an aspirational principle of avoiding brain drain when providing scholarships or accepting students from developing countries.

- There was an agreement to include expenses for the temporary sustenance of refugees and protected people in TOSSD for their first 12 months of stay, and also beyond that period to the extent that a working visa has not been issued. These expenses would be classified in pillar II of TOSSD.

- Regarding the inclusion of research activities and their focus on developing countries, Task Force members decided that activities undertaken outside the territory of TOSSD-eligible countries would be eligible if they convey substantial benefits to, and/or are implemented in collaboration with, TOSSD-eligible countries or their institutions. Task Force members agreed on the inclusion of basic research, even if more discussions are required on this topic.

- The Task Force agreed to include administrative costs in pillar II of TOSSD. It was agreed that members will test the methodology proposed by the Secretariat and will share its feedback together with the TOSSD Survey. The Secretariat will then analyse feedback and refine the methodology if needed.

- The Secretariat will adjust the TOSSD material (i.e. the TOSSD reporting form and code lists) based on the feedback received and will launch the Survey in February 2019, with a deadline of end-April 2019. Task Force members are invited to fill in the Survey, and to reach out to the Secretariat for any assistance and advice they may need.

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1 The idea of the creation of a City Group had little chances of success and was therefore not pursued.
1. **Introduction and welcome**

   The Chair thanked the Secretariat for hosting the seventh meeting of the TOSSD Task Force as well as all participants for their attendance. The Agenda was approved.

2. **Emerging TOSSD Reporting Instructions for Pillar I**

   The Task Force had had the opportunity to provide comments by 11 January on the latest version of the Reporting Instructions, but no comment had been received. To ensure that the Task Force was comfortable with the version “V 1.3 to be validated by the Task Force”\(^2\), the Secretariat presented the Reporting Instructions page by page. The Reporting Instructions were validated with a number of editorial changes, recognising that the Reporting Instructions should now be frozen for the purpose of the TOSSD data survey. To finalise the materials for the data survey\(^3\), the Task Force also discussed the use of PPP factors and reviewed the TOSSD code lists (see below).

   However, several comments were made that will require further discussion after the data survey. One member mentioned that there is a UN working definition of Triangular co-operation and that multilateral organisations should be included as one of the three partners. Another member commented that the TOSSD eligibility criterion requiring a link to only one SDG target was not sufficient and that the provider should at least make sure that the activity does not go against another target. The same member indicated that it would be preferable that the assessment of concessionality be based on ODA rules rather than IMF rules (here the Secretariat clarified that, from the perspective of recipient countries, IMF rules are the most relevant ones). One member expressed its concerns that it was sometimes hard to demonstrate and document the causal link between the private finance mobilised and the intervention by the official sector. The same member called for a review of the number of targets that could be reported in the SDG focus field based on the use of the data.

**Use of Purchasing Power Parity (PPP) factors for in-kind technical co-operation (TC)**

   The Secretariat presented the results of an expert consultation on the use of the PPP factor in TOSSD. The main aim of the consultation had been to decide which type of PPP factor should be used to measure in-kind TC in TOSSD (PPP for private consumption, for actual consumption or for Gross Domestic Product). The main conclusions of the consultation were as follows:

   • The use of the “PPP factor for private consumption” was recommended, as it is the one that is available for most countries, including for non-OECD countries. Task Force members agreed to the recommendation and the Reporting Instructions were amended accordingly.

   • However, from the consultation also emerged a recommendation not to mix figures expressed in USD and those in PPP-adjusted USD for the total TOSSD figure. The Secretariat then proposed two main ways of presenting TOSSD data:

     o Show two headline figures for TOSSD, one for financial flows in USD and another for in-kind resources in PPP-adjusted USD.
     o Express all TOSSD figures in both USD and PPP-adjusted USD.

   There was no consensus among Task Force members on how to present TOSSD figures and it was agreed that the Task Force will further discuss data presentation once results from the Survey are available.

**TOSSD code lists**

   The Secretariat presented the contents of the Excel file (now available on-line) that includes the list of codes for each taxonomy developed for the purpose of TOSSD reporting. The code list file is complementary to the Reporting Instructions and will be a key tool during the Data Survey; it will be updated on a regular basis in the future, as and when new needs arise (e.g. new purpose codes).

   • The question was raised as to whether the codes for non-renewable energy should be removed from the list of purpose codes, as the related activities could be considered as non-sustainable by


default. Some participants felt that the assessment of sustainability should be left to reporters for the time being as some elements in the SDGs are still subject to controversy. All purpose codes will therefore be maintained, and TOSSD data collected will be analysed so that additional eligibility criteria can be developed in future.
  - A few proposals of amendments on the code list were made by members – and integrated in the online version.

Finally, the Task Force also discussed the topic of geolocalisation under this item. The Secretariat presented to the Task Force the paper on geocoding of TOSSD activities, showcasing examples of geolocalised data currently produced and some examples of their uses. The Secretariat highlighted that establishing a standard for geocoding TOSSD projects would imply technical discussions with data providers, academics and interested institutions, which could be started only after the Task Force agrees to the principle of including geolocalisation information in TOSSD.

Several members of the TF showed interest in adding the information on geolocalisation of TOSSD activities, when relevant and available, but cautioned about the possible complexities of such an exercise. Members invited the Secretariat to continue working on this issue, noting however that it could not be considered as an immediate priority.

3. **Treatment of debt relief in TOSSD Pillar I**

   The Secretariat presented the issues paper on debt relief.
   - Task Force members generally agreed that debt relief should be counted in TOSSD. A representative of a developing country stated that the relief of debt repayment burden was indeed an important contribution to sustainable development. There were diverging views on whether debt relief should be included in pillar I or II.
   - Task Force members were not in favour of a differentiated treatment of countries for accounting debt relief (the target 17.4 was rather considered as a political statement and should not be interpreted to justify differentiation), as this could create perverse incentives. Debt relief should instead be provided on a case-by-case basis, considering the needs of countries. By contrast, a differentiation can be made when publishing statistics.
   - On the exact metric to be used for accounting debt relief in TOSSD, several comments were made:
     - It is foreseen that implementation will be tricky as TOSSD is measured on a gross flow basis, and some debt restructuring operations do not involve any new flows. In these cases, recording the entire operation as TOSSD would result in double counting if the original loan had been reported as TOSSD.
     - A Net Present Value calculation, or a grant equivalent measure, would not fit the gross-flow measurement of TOSSD.
     - Given the foreseen difficulties, the possibility was raised of recording debt relief as a satellite measure of TOSSD, on a net basis.
     - The metric should include interests, which are not reflected elsewhere. Offsets will be needed.
     - Two members signalled that it could be advisable to postpone the discussion on the features of debt relief accounting in TOSSD, given that the issue of debt accounting in ODA was still debated in the DAC (it was reported that the Paris Club Secretariat also advises to wait).
   - The Secretariat will develop a proposal on the metric for debt relief accounting in TOSSD on the basis of this first discussion. The absence of rules on this issue should not deter in any way reporters from participating in the data survey.

4. **Roadmap for outreach**

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4 The Target 17.4 is: “Assist developing countries in attaining long-term debt sustainability through coordinated policies aimed at fostering debt financing, debt relief and debt restructuring, as appropriate, and address the external debt of highly indebted poor countries to reduce debt distress”
The Secretariat presented two complementary tracks of work, first through the UN Statistical Commission (StatCom) and the second through the Inter Agency and Expert Group on SDG Indicators (IAEG-SDGs).

- **UN StatCom:** The Task Force agreed that the Secretariat should go ahead with the proposed actions at the next UN StatCom – the organisation of a side-event, a proposal for a City Group and a presentation of a room document – pending discussions with the UN Statistics Division.5
  
  - City Groups are created as informal groups of the UN StatCom to tackle specific issues of statistical methodology. The Task Force could be expanded to include statisticians from the UN StatCom and become a City Group. It was deemed that the UN StatCom would welcome a TOSSD City Group that provides the intellectual and financial resources needed to develop a measure of resources in support of sustainable development, as this measure is missing at present.
  
  - The message on TOSSD at the side-event should be kept simple and focus on i) the potential of TOSSD to fill the existing data gap and ii) showcase the pilot studies carried out on the ground to gauge the relevance of the proposed measure for developing countries.

- **IAEG-SDGs:** the Task Force considered that the proposal to this group needed to be clear. There might be no time to make a proposal for the March meeting, but there will be another opportunity at the time of the open consultation (or possibly earlier). The OECD is a custodian agency for a number of existing indicators, which should facilitate advancement of a proposal on TOSSD. The proposal can only cover Pillar I at this stage, which is appropriate for example for indicator 1.a.3. Proposals for indicators under target 17.3 should cover both pillars I and II, and can be developed only later in the year. It needs to be clarified whether the timeline of the consultation planned in the context of the comprehensive review during the second half of 2019 will allow for new proposals.

- UN StatCom or IAEG-SDGs is not necessarily the ultimate objective for anchoring TOSSD in the UN system, but the recognition of TOSSD by such a UN body that has credibility would help to solve the governance issue in the longer term.

- There have been changes in the mandate of the UNDP (no longer only the coordinator) and the agency could be considered when looking at oversight / governance options for TOSSD. In that respect it was highlighted that the statistical capacity will need to be with the OECD, not the co-custodian agency, so there is no specific need to find an organisation with statistical capacity.

- In terms of action points:
  
  - Task Force members noted that work could pursue four tracks: propose the replacement of indicator 1.a.3 (pillar I only) to IAEG-SDGs; propose a new indicator under target 17.3 (pillar I and II) to IAEG-SDGs; propose the creation of a City Group at the UN StatCom; look for a co-custodian agency.6
  
  - A call will be organised mid-February with Task Force members and their counterparts at the UN StatCom. The Secretariat will send an agenda and a brief paper in advance of the call.
  
  - The Secretariat will prepare key messages to share with Task Force members in advance of all side events and meetings where TOSSD can be promoted.

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5 In the meantime, discussions with the Task Force have led the Secretariat to not pursue the idea of the creation of a City Group, which had little chances of success. Also, the UNSD advised that no room document can be circulated at the StatCom unless the item is on the agenda.

6 As mentioned above, the idea of a City Group was not pursued.
During this session, members discussed new text for the emerging Reporting Instructions to reflect the decisions on Pillar II. The item covered the general definitions on development enablers, global challenges and international public goods, as well as additional features specific to Pillar II. Members were invited to agree on the text to complement the Reporting Instructions and the results of the discussion were as follows:

- Members agreed with the text proposed in the Preamble (which aimed to address the perceived risk of TOSSD crowding out effect on ODA) but considered the word “implicitly” as too vague and decided to remove it from the text. This word was also removed from the text related to the issue of social, environmental and economic safeguards.
- Regarding the definition of International Public Goods, members decided to keep the minimum of two countries and to include “resources” in the definition of “goods”.
- Members agreed with the definition of global challenges.
- Members agreed with the definition of development enablers, but preferred removing the word “themselves”.

Questions were raised regarding the reporting of contributions to multilateral organisations which do not yet report on TOSSD. In the TOSSD framework, all the funds channelled through multilateral organisations should be reported by the multilateral organisations themselves. However, it was decided that pending the reporting by some multilateral organisation, bilateral providers would include in their TOSSD data their contributions to the multilateral organisations, so that all TOSSD-relevant organisations can be identified.

7.a. Eligibility of costs in provider countries: Scholarships and imputed students costs

The Secretariat presented the issues paper on the possible inclusion of scholarships, traineeships as well as imputed costs in TOSSD. Reactions from Task Force members were as follows:

- There was a general agreement on including all three in TOSSD.
- Some members questioned whether they should be included in Pillar I since they do not imply a cross-border flow to developing countries, even if they are treated as such in the Balance of Payments. Concerns were raised especially over imputed student costs, since those are ex-post estimations of total costs of universities in provider countries and it is difficult to monitor which recipient countries benefit from these expenditures.
- Some members felt that, in practice, scholarships would better fit in Pillar I and imputed student costs in Pillar II, but it was agreed that since the benefit for the recipient country is the same, they should be included in the same pillar, also for the sake of simplicity.
- Members also discussed the differences among countries in tuition costs per student and the impact these differences make for the calculation of imputed student costs. One member proposed to impute student costs as per the market price of providing similar services in private sector universities. The use of PPP factors was also mentioned as a possibility and it was agreed that further work from the Secretariat would be needed in this regard.
- With regard to the risk of brain drain, the Task Force agreed that it was an important aspect to take into account, but that a mechanism to prevent this brain drain (such as the one implemented in Costa Rica, where the host countries inform the country of residence of the student before issuing a working permit) was very difficult to implement in practice. However, an aspirational principle could be included in the Reporting Instructions in this regard.
- It was agreed that providers should be encouraged to establish mechanisms such as the coordination mechanism of Costs Rica to avoid brain drain in developing countries.

7.b Eligibility of costs in provider countries: Refugees

The Secretariat presented the issues paper on the possible inclusion of refugee costs incurred in provider countries and more generally costs for economic grants based on insights from the TOSSD pilot study in Costa Rica. Reactions from Task Force members were as follows:

- Some Task Force members questioned whether the inclusion of refugee costs in provider countries in TOSSD would be criticised by developing countries since inclusion of in-donor refugee costs in ODA had been put under question by some G77 countries and also because there is no specific SDG target for refugees (only in the Preamble of the 2030 Agenda). The Secretariat clarified that the large majority of refugees are actually hosted by developing countries. Most members favoured the inclusion of those costs in TOSSD.
• Task Force members did not agree with the inclusion of support to economic migrants in TOSSD.
• Some members asked to consider that eligible expenses under TOSSD should be the same as those under the ODA framework, while others highlighted that most of potential TOSSD providers that host refugees are not DAC members, so the ODA framework would not be an adequate one to refer to. It was agreed that expenses on the temporary sustenance of refugees for the first 12 months of stay will be included in TOSSD, and also beyond that period to the extent that a working visa has not been issued (in which case the refugees are considered to have integrated in the provider’s economy).
• Members agreed with the inclusion of expenses for protected people by countries that are not signatories of the 1951 Geneva Convention on Refugees, but showed some reservations. It was agreed that additional safeguards in line with the Convention would be needed and the Secretariat will look into that.
• Some members argued for the inclusion of refugee costs in pillar I, while others expressed a preference for pillar II. The Secretariat cautioned however against their inclusion in pillar I, since the expenses are usually ex-post estimates and are not actual cross-border flows. Moreover, inclusion of expenses beyond the 12 months would not be possible in pillar I, since as per the balance of payments, there is no flow between residents and non-residents. Members finally agreed to include those expenses in pillar II.

7.c Eligibility of costs in provider countries: Research

This item discussed the treatment of research expenditures in TOSSD, focusing on the activities undertaken in provider countries. It examined the role of research, and more broadly Science, Innovation and Technology (STI), in the 2030 Agenda and initiated the discussion regarding the issue of intellectual property protection. Task Force members were invited to discuss the scope of research and STI activities to be included in TOSSD Pillar II and agree on how to deal with these activities in the upcoming TOSSD Data Survey. Based on the discussions:

• Regarding the issue of focus on developing countries, Task Force members decided to retain the following criteria: activities undertaken outside the territory of TOSSD-eligible countries would be eligible if they convey substantial benefits to, and/or are implemented in collaboration with, TOSSD-eligible countries or their institutions.
• Task Force members agreed on the inclusion of basic research. However, one member pointed out that the proposed eligibility criteria would not apply to basic research as the benefits often arise years after the research is undertaken. Basic research should therefore be treated separately. The ideas of retaining only the “collaboration with TOSSD-eligible countries” criterion or introducing a coefficient that would reflect the benefits to these countries were proposed.
• One member raised the issue of private funds (e.g. from the Gates Foundation) raised by public institutions and whether they should be reported by the official provider as officially supported resources.
• One member asked to further clarify the notion of collaboration (e.g. signature of a contract, invitation to a workshop, etc.).
• Members supported the organisation of an expert meeting to address the issue of Science, Technology and innovation in TOSSD.

The Task Force co-Chair concluded the session by inviting members to provide additional comments within a week’s time (by Friday 8 February).

7.d Eligibility of costs in provider countries: Administrative costs

The Secretariat presented the issues paper on the possible inclusion of administrative costs in TOSSD. Discussions were as follows:

• Members generally favoured their inclusion and it was agreed that they would be included in pillar II of TOSSD, since there are no cross-border flows involved for such costs.
• In principle, it was agreed that administrative costs could be reported exceptionally against goal 17 and justify that they cannot be assigned to an SDG target.
• Some members cautioned against the difficulty to estimate administrative costs for agencies that are not fully committed to developmental activities, but the methodology proposed by the
Secretariat was generally welcomed, as it seemed easy to implement. Members were invited
to test the methodology proposed in paragraph 14 of the issues paper and send feedback to the
Secretariat together with the Survey. Based on the results, the methodology could be revised
or refined if needed.
- One member questioned whether flight costs should be included in TOSSD, since they are not
  sustainable from an environmental point of view.

8. **TOSSD data survey (cancelled)**
   This session was merged with the session: “hands-on” work on TOSSD reporting (item 10).

9. **Communication materials**
   Due to time constraints, this session was deprioritised during the Task Force meeting. A session on
   communication materials will be included in the next meeting.

10. **“Hands-on” work on TOSSD reporting**
    The Secretariat presented the objective, scope, timeline and methodology for the survey. Task Force
    members recognised that the survey was a highly strategic exercise, but also highlighted a number of
    issues that could hinder their participation (e.g. limited resources, conflicting reporting requirement
    on preliminary ODA figures, availability of data for 2017 and incomplete instructions for pillar II). SESRIC indicated it would be able to provide some data as well. The Secretariat offered to provide
    assistance and advice bilaterally in the course of the survey. The co-Chair emphasised that participation by Task Force members in the survey was critical as it was now a credibility issue to be
    able to present first data on TOSSD.
    During the “hands-on” session, Task Force members formed four groups and were invited to test
    TOSSD reporting in practice by filling a form in Excel on the basis of various project documents. Rapporteurs for each group then highlighted the issues faced during the exercise, and suggested
    possible improvements to make before launching the Survey:
    - **Technical comments:**
      - The exercise was more difficult for non-CRS reporters. CRS reporters felt TOSSD
        reporting is simpler than CRS reporting, but the material must be adjusted to become
        self-explanatory for non-CRS reporters as well.
      - Short explanations ought to be added to the code lists tab, to avoid back and forth with
        the Reporting Instructions.
      - The use of drop-down menus should be considered.
      - The list of currencies should be presented in alphabetical order.
      - The grant element calculator should be made more user-friendly.
    - **Substantial comments:**
      - One needs to know the Reporting Instructions to fill in the form, e.g. the definition of
        concessionality.
      - The most confusing item was the channel of delivery, and understanding whether it
        was about the recipient or provider channel.
      - Assigning SDG targets is not straightforward and clear-cut.
      - The assessment of sustainability requires the reporter to make a judgement call. The
        coal project that was examined in the exercise was contributing to one SDG, but was
        detrimental to another one.
      - In contrast to challenging discussions on the definition of pillar II, assigning projects
to pillar II was easy.
    The Secretariat will adjust the material (i.e. TOSSD reporting form and code lists) and will launch the
Survey in February 2019, with a deadline of end-April 2019. Task Force members are invited to fill
in the Survey, and to reach out to the Secretariat for any assistance and advice they may need.

11. **Continued discussion on sustainability**
    Under this item the Directorate-General for Financial Stability, Financial Services and Capital Markets
of the European Union (DG FISMA – Mr. Maarten Vleeschhouwer) made a presentation to inform the
continued discussions of the Task Force on sustainability. As part of the EC Action Plan on Financing
Sustainable Growth, DG FISMA is pursuing three goals: i) Scale up sustainable finance and meet the
SDGs; ii) Help the private sector to better manage sustainability risks (e.g. risks of investments in fossil energy-related companies); and iii) Promote transparency in the financial industry and on sustainability. To achieve those goals, DG FISMA adopted a comprehensive approach, including the development of a taxonomy on sustainable finance. An expert group had been established to develop a taxonomy of economic activities that are considered sustainable, starting with the environment dimension. In a few years’ time, work would be expanded to social sustainability. Ultimately, the taxonomy aims to help the private sector in identifying sustainable investments.

The Task Force was impressed by the tool, even if it is still in development. Several questions were asked (e.g. how to take into account the intersection of the various environmental and social dimensions). The Secretariat recognised that the taxonomy could in the future be used to identify specific areas or activities that would be considered as “green”. Overall, the Task Force however highlighted the necessity to remain simple in the context of the development of TOSSD and consider a more detailed approach, including the possible use of actual taxonomies, only at a later stage.

12. **Wrap-up and next steps**

The Chair thanked the participants and congratulated them on the work accomplished, notably on finalising the methodology for Pillar I on TOSSD, on clarifying the necessary outreach activities and on progressing on some of the important aspects in the life of the Task Force (e.g. the TOR). The Chair also recognised the necessity to involve experts to further develop the various areas under pillar II. The Secretariat added that good progress had been made on the treatment of costs incurred in provider countries during the Task Force meeting. The immediate next steps that were mentioned included a meeting with the UN Statistics Division, the UN StatCom meeting (with a side event, a room document and the proposal for a city group) and the TOSSD Data Survey.