

**DAC CSO Reference Group**  
**TOSSD - Submission for the Second Task Force Meeting**  
**San José, Costa Rica, 6/7 December 2017**

We welcome the opportunity to submit our reflections on TOSSD within the broader context of better relationships between DAC and civil society. It is very encouraging that the CSOs' expectations and concerns are reflected in the agenda for the meeting as well as in the background papers for the Task Force. This paper presents five crucial issues that we consider require further consideration by the Task Force: incentives in the TOSSD measurement framework, including on the difference between ODA and TOSSD; the key principles for TOSSD, inclusive governance; the notion of mutual benefit; what is missing.

Because of the short timeline for input, the views in the paper are by necessity topline and we look forward to developing more detailed recommendations in these areas over the next few months. We trust that the Task Force will agree on new opportunities for a productive dialogue - including associating a CSO observer and organizing face to face consultations - as key decisions on the future of the TOSSD are being debated.

The stated ambition for TOSSD to become a *functional international standard to be used by a broad range of actors* within the framework of the 2030 Agenda really sets the tone of the conversation. The ambition to develop a more comprehensive picture of the development flows is really appreciated. On the other hand, there is an acknowledgement of the far-reaching implications that may stem from the current discussions; several key aspects of the development discourse may be affected: from a new range of issues to be incorporated, starting with the whole set of the SDGs, to a different taxonomy of the financial instruments and to a governance system to include new players.

We duly notice that the backgrounders for the meeting seek to consider the key CSOs' concerns by including critical issues such as the principles relevant to all the TOSSD flows, the risk of undermining ODA and the benefit for partner countries from such a new measure of official support for development. As such concerns are still relevant and need to be fully addressed, we also believe that it is of the utmost importance that there is clarity on the definition of TOSSD, which is still evolving from its early incarnations; we see this as an issue of credibility and legitimacy.

**Incentives in the TOSSD measurement framework, including on the difference between ODA and TOSSD**

The distinction between ODA and TOSSD needs to be further safeguarded by ensuring exclusive accounting for ODA and TOSSD estimates; separate accounting for the two is needed to prevent donors from using TOSSD to dilute their ODA commitments - both on the quantitative and qualitative level - while aiming for higher TOSSD targets, which can lead to replacing ODA.

The proposal to report TOSSD as a single gross figure also presents other risks that require attention. For example, we remain concerned that this single headline figure will include resources mobilised from the private sector even though in many cases the purpose of such flows is primarily commercial, not developmental. In this regard, we would like to see greater clarity on the rationale and modalities for including in “officially supported resources” those coming from “enterprises under significant public influence” as we sense the current options may be very hard to be understood by policy makers and public opinion at large.

We also urge the Task Force to reconsider the relative merits of reporting the headline figure on a net rather than a gross basis, as net figures provide particularly valuable data on the resources available to recipient countries over the long-term, whilst also representing more transparently the extent to which providers are making returns from their investments.

### **The key principles for TOSSD.**

The focus on development results and effectiveness is essential to the definition of TOSSD; moreover, there is no ground to object to the highest possible transparency and mutual accountability standards, which are also a safeguard to the recurring public arguments that question the role of development cooperation at large. In the case of ownership and inclusiveness, we acknowledge that there is the need to understand how to operationalize them if and when the impacts of the flows under TOSSD apply to a regional or global level.

Since TOSSD will be set within the framework of the Agenda 2030, it is essential that donors apply the “leave no one behind” principle, which also implies that resources would be safeguarded for ODA compared to other flows. It is essential that the other basic principles in the preamble of Agenda 2030 are mandatory principles governing all TOSSD flows; these principles include human rights, gender equality and the empowerment of all women and girls, and all three pillars of sustainable development.

Northern donors’ potential preference for TOSSD due to “mutual benefit” could challenge developed countries’ historical responsibility to provide support for the Global South. Also, due to the wide scope of TOSSD, it could also divert from aid’s essential focus on poverty eradication. ODA, which focuses on poverty reduction, should remain the priority of donors in order to ensure that flows into developing countries would contribute primarily to the latter’s development, thus helping reduce global inequality.

For South-South Cooperation (SSC), TOSSD should integrate SSC principles from major declarations of the key SSC conferences in Bandung (1955), Buenos Aires (1978), Nairobi (2009), Bogota (2010), and Delhi (2013). The Bandung Conference and its Declaration on Promotion of World Peace and Cooperation condemned different forms of colonialism, called for horizontal development cooperation, and underscored the fundamental principles of human rights as a common standard of achievement for all

peoples and nations. The principles of respect for human rights, respect for sovereignty, equality, non-interference, mutual interest and collaboration, and international justice were upheld in Bandung.

The Nairobi Principles of SSC are enshrined in the outcome document of the UN High-Level Conference on SSC held in Nairobi, Kenya in 2009. These include the normative principles of respect for national sovereignty, partnership among equals, non-conditionality, non-interference in domestic affairs, and mutual benefit; and the operational principles of mutual accountability and transparency, development effectiveness, coordination of evidence- and results-based initiatives, and multi-stakeholder approach. It is important to note that these principles are rooted in the results of the 1955 Bandung Conference; and work in accordance with development effectiveness standards produced in the Paris, Accra, and Busan High-Level-Fora, and the principles of Agenda 2030.

### **Inclusive Governance**

How might an inclusive, representative, technically competent governance arrangement for TOSSD be structured? Development results and impact on the ground becomes more sustainable if all development actors are engaged in the process, especially those that represent the marginalized and vulnerable sectors. This is why 'democratic ownership' as a guiding principle is important for achieving a genuinely inclusive and competent governance arrangement for TOSSD. Democratic ownership requires that recipient countries' own needs and priorities drive the development partnership, and that these priorities and policies have support and legitimacy not only within government but also by people and civil society. Country ownership is democratic when the control that donors and recipient governments exercise over their chosen policies is rooted in the participation of and accountability to stakeholders and citizens.

Inclusive governance for TOSSD will require broad dialogues/forums (local, country, and international level) where all development actors, including civil society organizations, have a formal voice. CSOs are independent actors who should complement the efforts of government and private sector, thus the need to ensure that CSOs are enabled to systematically participate in TOSSD processes. At the national level, both donor and partner governments should facilitate democratic policy and accountability processes for TOSSD initiatives through the following: a ) establishing permanent institutionalized spaces for multi-stakeholder dialogue and accountability on development policy; b) facilitating inclusive engagement of a diversity of civil society actors particularly those representing grassroots-based organisations, women, and marginalised populations; c) building open and timely access to information and transparent accountability mechanisms and processes, protected by legislation; d) implementing full transparency for budget documentation with direct citizens' engagement in the budgetary processes; e) building inclusive fully participatory processes from the country to the global level to aid in achieving development goals at the country-level; e) supporting the capacities of a wide range of CSOs to enable them to systematically participate in policy processes.

## **The Notion of Mutual Benefit**

The principle of mutual benefit, when applied to traditional North-South flows, could undermine the historic commitments to support global development through the imperative to achieve the UN target 0.7% of a donor's GNI for ODA. The origin of ODA is in fact premised on historical responsibilities from a period of Northern domination and the provision of humanitarian aid became then an international obligation enshrined in the Geneva Convention and International Humanitarian Law. In this regard, the international community should refrain from undermining the principle that the primary and guiding motivation of any activity to be counted as ODA should be the economic development and welfare of developing countries. However, the possibility of promoting TOSSD as a measure that captures commitments to development impacts in a broad sense – which allows providers to aim for other motivations where they can also benefit – may incentivize reductions or less ambition for donor ODA commitments, and lead to further neglect of the historical basis of providing aid to the Global South.

It is important to note that mutual benefit cannot exist separate from equality and therefore can only be applied in the context of horizontal relations. The principle of mutual benefit, where there is substantially unequal benefit, stands in conflict with vertical North-South relations, and more so with private sector entities. Mutuality and equality cannot apply to two profiting entities that are competing with each other in terms of development purpose. The issue is not simply that of equality, but the issue of equality of character. Mutual benefit cannot be achieved between substantially unequal partners.

Mutual benefit is applied in the context of SSC on the basis of solidarity among peoples and countries in the Global South. SSC is based on the realization by the countries of the South that they have similar realities and relevant developmental experiences, and technical capacities and practical know-how for exchange that could fast-track their own development and economic growth. The principle of mutual benefit and equality applies to SSC with due respect to unequal conditions of partnership that can prevail even between South-South cooperating countries. This implies that the interests of the weaker program country should be respected in an affirmative manner as genuine solidarity, mutuality, and equality demand.

## **What is missing?**

### *Country ownership*

The effectiveness agenda highlights the importance of country ownership, which means that countries/national governments (not the donors/providers) should ensure democratic ownership and have leadership over their development policies and strategies, and country systems should be used for aid delivery. Such key values and principles were reasserted in the conclusions of the Addis Ababa FFD conference (AAAA, 2015), which, not only reaffirms countries' leadership, but also states that cohesive national strategies will be at the heart of global community' efforts. With such deliberations in mind, donors should not overlook the need to strengthen the governance systems of the partner countries so as

to safeguard their space to carry out their own country strategies. Moreover, using only provider data for the TOSSD recipient measure undermines this principle because it prevents the recipient country from using its own country systems to determine its perspective on the TOSSD measurement. TOSSD should take advantage of recipient data as well as provider data in tracing aid contributions, for instance through such platforms as the International Aid Transparency Initiative as well as the experience of the Global Partnership for Effective Development Cooperation in carrying out partner country-led monitoring, in which partner countries put forward their own data on aid receipts.

### *Poverty eradication*

In the Issues Paper for this December Task Force meeting, there is acknowledgement that poverty eradication is essential to Sustainable Development. But the definition put forth for TOSSD ignores this dimension. We would propose that the TOSSD definition of Sustainable Development be revised as follows: “The concept of “Sustainable Development” in the context of TOSSD is defined as development that meets the needs of the present without compromising the ability of future generations to meet their own needs, for which the eradication of poverty in all its forms and dimensions is an indispensable requirement.” It could be argued that eradication of poverty is covered by linking TOSSD to the SDGs, but this particular goal is one among 17 and this latter approach leaves the field wide open as to what is included.

### *Double counting*

The issue should get undiminished attention to avoid the risk of TOSSD inflation. In this regard, the background paper on multilateral institutions suggests an approach that focuses on all multilateral institution cross border flows rather than the source of the funding. But such an approach raises issues: “multilateral institutions would report information on all finance they provide to developing countries, including outflows they have funded themselves (e.g. through leveraging operations, retained earnings) and outflows they have received from provider countries (e.g. earmarked funding)”; one question might be what would be included in leveraging operations, similar to issues CSOs have raised around bilateral blended finance and ODA leveraging.

### *Developing Countries*

In the context of the issue of country coverage options being discussed by the Task Force, CSOs are concerned about stretching country coverage into high income countries. We suggest that current list of ODA eligible countries includes both lower middle and upper middle income countries, which in our view is sufficiently broad to ensure the important notion of leaving no one behind is taken into account. On the other hand, using the UNDP’s human development index or its index on multi-dimensional poverty as this approach would also be consistent with CSOs’ notion of multidimensional poverty, moving away from GNI as the sole determinant of country selection. If the latter were to be chosen, it would require further discussion on the cut-off point and annual adjustments in HDI for individual countries.

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