



Implementation of the sector classifications and of the SDG field in TOSSD

TOSSD Task Force Issues Paper¹

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I. BACKGROUND

1. In May 2018 the Task Force discussed information to be collected on the purpose and sector of destination as well as the sustainable development goal (SDG) focus of TOSSD activities. Regarding the sector taxonomy, the Task Force considered both the International Standard Industrial Classification (ISICv4) and the OECD Creditor Reporting System (CRS) purpose codes, and requested that the Secretariat develop a correspondence table to explore the possibility of their concurrent use in the TOSSD system². Regarding the SDG focus field, the Task Force requested that the Secretariat make a concrete proposal for its inclusion in the TOSSD reporting format, encompassing the possibility of reporting both at the goal and at the target level.
2. This paper presents the results of the ISIC/CRS mapping and invites the Task Force to review draft text for Chapter 4 of the emerging Reporting Instructions relating to the sector/purpose codes and the SDG focus.

II. MAPPING OF THE ISIC AND CRS SECTOR CLASSIFICATIONS

3. The ISIC and CRS classification have many similarities but also many differences that make the mapping feasible for most codes, but not without several challenges and limitations, listed below.

Structure

4. The structure of the two classifications is quite similar, although ISIC has more codes and more levels than CRS (see table below). ISIC has a pyramid-shaped structure and codes may be used at two, three or four digit levels. In the CRS, the purpose codes are assigned at the five-digit level while the three-digit codes are only used for aggregation. The voluntary codes provide a further breakdown of some CRS purpose codes.

ISIC	CRS
21 sections – indicated by a letter	45 sector categories – three-digit codes indicating the main sector of the activity
88 divisions – indicated by a two-digit code	205 purpose codes – five-digit codes defining the coverage of the sector categories
238 groups – indicated by a three-digit code	54 voluntary codes – five-digit codes further specifying the purpose of the activity
419 classes – indicated by a four-digit code	
Total number of disaggregated ISIC codes: 419	Total number of disaggregated CRS codes: 259

Focus

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² See: [Action points of the fourth meeting of the TOSSD Task Force](#).

5. The CRS classification was originally derived from ISIC, so in several parts the wordings can be quite similar. Over the years, the CRS classification morphed into a specialised classification for development co-operation and as such no longer identifies the “*sector of economic activity*” as the ISIC does, but rather the “*sector which the transfer is intended to foster*”. The CRS also includes specific international development activities that do not have strong linkages with economic sectors, such as humanitarian aid.
6. In general, ISIC classification offers more detail to classify activities in the field of manufacturing and services, while the CRS classification has more disaggregated codes for public administration. For example, ISIC has 14 different 4-digit codes to identify various kinds of textiles (plus another 10 related codes at three, two and one digit levels) while CRS has only one five-digit code for *Textiles, leather and substitutes* (CRS 32163). At the same time, ISIC has only seven 4-digit codes for the whole sector of *Public administration and defence; compulsory social security*, while CRS has 63 five-digit codes for the roughly equivalent sector of *Government & Civil Society*. This trend has however some exceptions, for example in the case of *Energy* for which the CRS classification is more detailed than in ISIC.
7. The above differences mean that, when establishing a correspondence between the two classifications, the direction of the translation (from ISIC to CRS or vice versa) has a strong impact on the level of precision that it retains.

Asymmetries

8. Many asymmetries exist between the two classifications. As a general rule, given the different focus and level of detail of the two classifications we cannot assume that if A=B then B=A. Quite often one code can map to several codes, and/or to one or more codes at a higher aggregation level. For example, the CRS code for *Wind energy* (CRS 23240) maps to the ISIC code for *Electric power generation, transmission and distribution* (ISIC 3510). Mapping the codes the other way round, this ISIC code corresponds to sixteen different five-digit CRS codes (plus five three-digit sector categories).

Hierarchic inconsistencies

9. As regards the correspondence between the higher-level codes (three digits for CRS and one and two digits for ISIC), we note that, even when a good correspondence exists, at the levels beneath there might be codes that belong to other sections of the classification. For example, the one-digit ISIC code *Transport and Storage* (ISIC-H) fits quite well with the three-digit CRS code *Transport & Storage* (CRS -210). The ISIC code, however, has a sub-code for *Transport of oil and gas via pipelines* (ISIC 4930), that in the CRS classification belongs to a different sector, i.e. *Extractive industries* (CRS 322, more specifically code CRS 32262 *Oil and Gas* which includes also pipelines). To add a further complexity, translating CRS 32262 back to ISIC will not revert to the very specific pipeline code ISIC 4930, but rather to a more generic two-digit code *Extraction of crude petroleum and natural gas* (ISIC 06) that is a better fit for the ensemble of the oil and gas activities.

Sector-specific education and research activities

10. Another difference is how sector-specific education and research activities are treated. In the CRS classification they are part of the respective sector codes, while in ISIC they belong to separate sections or divisions that regroup all education or all research activities for all sectors. For example, *Agricultural Research* (CRS 31182) is included in the Agricultural sector in the CRS (code 311), but part of the *Scientific Research and Development* sector in ISIC (72). A mapping of codes from CRS to ISIC would translate the CRS code 31182 to ISIC 7210 *Research and experimental development on natural sciences and engineering*. The same is true for some sector-specific education codes in CRS that would be translated in education sector codes in ISIC (under the one-digit code P).

Sector-specific policy and administrative management codes and projects not elsewhere specified

11. All CRS sector categories include a code referring to “sector policy and administrative management” but, similarly to the cases of research and education exposed above, in ISIC these policy and administrative activities are regrouped under one section (ISIC 84) . So for example, *Energy policy and administrative management* (CRS 23110) would map to *Regulation of and contribution to more efficient operation of businesses* (ISIC 8413) that includes the regulation of the energy sector.
12. However, the CRS sector policy and administrative management codes are also used to categorise any other unspecified sector activity. This implies that the CRS classification does not allow for an easy extraction of data on policy projects, which requires a manual screening on the basis of titles and descriptions.

Conclusions

13. Two draft correspondence tables – from ISIC to CRS and from CRS to ISIC – are provided in [spreadsheet](#) form alongside this document. The tables are colour-coded to indicate a “decent to good fit” (green), a “limited fit” (yellow) and “no clear fit” (red). While testing with real-case scenarios will be necessary to further refine these tables, the ISIC to CRS conversion has the potential to work reasonably well, in the majority of the cases through a process that requires minimal human intervention. The CRS to ISIC conversion seems less satisfactory, and would likely require a case-by-case screening and higher levels of human intervention.
14. For practical reasons, only one of the two classifications can be used as the backbone of the TOSSD database, and the data submitted with the alternate option would need to be converted to the main classification. With this in mind, the CRS classification would appear to be the best choice as the backbone of the system. It is a more precise tool for classifying the support to various sectors and the conversion process of data eventually submitted in the alternate format is much easier from ISIC to CRS than vice versa. However, given that the CRS coding at 5-digit level can be complex, the possibility of reporting at the three-digit level could also be explored to provide an easier entry point for new reporters.
15. Given the issues signalled in the CRS to ISIC conversion process, it is unlikely that data could be automatically converted for analysis and publications in ISIC form. Manual conversion of subsets of the data for specific countries or sectors could be possible if the need arises.

Issues for discussion

- Does the Task Force agree to use the CRS purpose codes as the backbone of TOSSD sector taxonomy?
- Does the Task Force agree that any data reported using ISIC codes be converted into CRS codes?
- Does the Task Force agree that only subsets of data reported using CRS codes could be pertinently converted to ISIC? Does this have an impact on the usefulness of the data for national statistical offices?

III. SDG Field information

16. The SDGs are part of a global agenda and they are all inter-related. TOSSD activities will focus on specific SDGs, but might have longer-term impact on a broader set of goals and on the achievement of the whole 2030 Agenda. For example, a clean cooking project in a rural area could directly contribute to SDG 3 (health), SDG 5 (gender equality) and SDG 7 (energy); it could also have longer-term impacts on SDG 15 (life on land) due to reduced pressure on the surrounding environment for the collection of fuelwood, and on SDG 4 (quality education), thanks to more time that children, and particularly girls, could allocate to school once freed from fuelwood collection tasks. There might also be an impact on SDG 1, poverty reduction, or other specific goals or targets.
17. Given the strong interlinkages between the goals, it is important to distinguish between the SDGs the activity intends (and is capable) of directly contributing to, and the ones that the project might only influence indirectly, often in a longer timeframe. Drawing a line between direct and indirect contribution is not straightforward, but it is necessary to keep the information in the SDG field relevant³. In concrete terms, it should respond to the question “*which sustainable development goal or target does the activity aim to contribute directly to?*”. The word *directly* here implies that it would be possible to identify a direct link between the outcomes of the activity and the SDGs indicated in the field, leaving outside the indirect impacts that the project might have in a longer timeframe⁴.
18. On the basis of the discussion held at the TOSSD Task Force meeting in May 2018, the field would need to be able to accommodate both targets and goals. In June 2018, a similar SDG field has been approved for inclusion in the CRS database with the following characteristics:
- Allow up to ten values, separated by a semicolon “;”.
 - Allow recording at the same time goals and targets, identifying goals by “.0” (For example, “4.0; 5.1” indicates SDG 4 and SDG target 5.1.)

³ The distinction between direct and indirect contributions to SDGs is discussed in several papers from the UN, donors and NGOs. See for example 1) UNESCAP - https://www.unescap.org/sites/default/files/pre-ods/MCT3_2E.pdf , or 2) the Commonwealth Secretariat - <https://www.un.org/development/desa/dspd/wp-content/uploads/sites/22/2018/06/8.pdf> or 3) International centre for Trade and Sustainable Development - https://www.ictsd.org/sites/default/files/event/services_and_sustainable_development_-_a_conceptual_approach.pdf

⁴ Results frameworks often, but not always, make the distinctions between the outputs of the project activities, their outcomes and their impacts. See for example Stanford Social Innovation Review: - https://ssir.org/articles/entry/getting_results_outputs_outcomes_impact

- Record the goals or targets without percentages or qualitative scores.

19. Given that the Task Force arrived at similar conclusions on the desirable characteristics of the SDG field, it is advisable to propose the same format for TOSSD reporting to allow simple data collection and handling.

Issues for discussion

- **Does the Task Force agree that the SDG focus field should record the sustainable development goals and targets which the activity aims to directly contribute to?**
- **Does the Task Force agree with the characteristics and format of the SDG focus field as proposed in paragraph 18?**