



## TOSSD Strategy Paper by the co-Chairs of the International TOSSD Task Force<sup>1</sup>

05 February 2021

*As co-Chairs, our vision is that, within five years, TOSSD should become a pre-eminent measure of resources provided in support of sustainable development in developing countries. This vision is exemplified by the scope of Pillar I, which covers all external resources to recipient countries, regardless of their nature (financial or in-kind) or their concessionality. It is also reflected in the broad scope of TOSSD Pillar II, which includes for example expenditures on R&D for sustainable development, or climate actions that convey transnational benefits.*

*TOSSD has the potential of breaking the mould of the traditional aid narrative, moving from a “North-South” or “aid” logic to one of partnerships, where every country can potentially be both provider and recipient. It will also help to bring greater transparency in the financing for sustainable development landscape.*

*As co-Chairs, we are convinced that a development finance world with TOSSD is better than one without it. We invite the international community to join the TOSSD movement and support it, both politically, by creating a strong TOSSD governance structure, and technically, by promoting the availability of reliable data on financing for sustainable development by all providers.*

### I. A long-term vision for TOSSD

1. In the last two decades, the development finance landscape has seen major changes with the emergence of new actors (e.g. emerging providers, the private sector), the use of new financial instruments (e.g. guarantees) and, first and foremost, a greater focus on sustainable development. In July 2015, the Addis Ababa Action Agenda (AAAA) acknowledged this broad landscape and called for “open, inclusive and transparent discussions” on the new TOSSD measure. Since then, the International TOSSD Task Force<sup>2</sup> has worked to develop a **broad framework encapsulating all official (and officially supported) resources of financing for the sustainable development in developing countries, much beyond traditional development finance.** (The major achievements of the Task Force so far are recalled in Annex I.)

2. **The vision of TOSSD is exemplified by the scope of Pillar I, which covers all external resources to recipient countries, regardless of their nature (financial or in-kind) or their concessionality.** Through Pillar I, TOSSD will provide recipient countries with a comprehensive, additional and useful source of information for their development planning and budgeting processes. TOSSD will support the monitoring of the implementation of the SDGs, in particular by

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<sup>2</sup> For more information on the work of the Task Force, see: <http://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/tossd-task-force.htm>



facilitating access to data on all available external resources for sustainable development by the National Statistics Offices.

3. **The vision of TOSSD is also reflected in the broad scope of TOSSD Pillar II, which includes for example expenditures on R&D for sustainable development,** or peacekeeping operations that address a threat to sustainable development. Yet another example is the inclusion in this Pillar of climate actions that convey transnational benefits, acknowledging that these actions may take place in provider countries. In that regard, TOSSD will help to explore uncharted territory – the United Nations Framework Convention on Climate Change (UNFCCC) has confirmed that efforts made in provider countries have hitherto gone unreported. The COVID-19 crisis is an additional demonstration of the relevance and importance of TOSSD Pillar II for providing information on support to International Public Goods.

4. As co-Chairs, we are convinced that a development finance world with TOSSD is better than one without it. In a financing landscape that is growing in volume and complexity, TOSSD will bring **greater transparency** to the full array of officially supported resources provided in support of sustainable development in developing countries. TOSSD is expected to **facilitate learning and coordination** between all countries about how to access and combine resources most effectively, **build trust** and help **mobilise more private finance** through a better understanding of investment opportunities in developing countries. Importantly, TOSSD will support **more informed policy discussions** on how to **align financing with sustainable development, on the monitoring of the SDGs,** and ultimately **on the effectiveness and impact** of development activities. The measure will provide insights about how the international community is financing International Public Goods. Finally, yet importantly, TOSSD represents **an opportunity for all countries, including recipient countries, to design an international development finance standard** that suits their needs.

5. In this paper, the co-Chairs aim to solidify this vision and provide an answer to the question of how we see TOSSD evolving and, in particular, **where we see TOSSD in five years' time.** The answer to this overarching question will be structured around a series of strategic considerations.

#### **A. Filling gaps or stand-alone measure? Where does TOSSD fit in the development financing landscape?**

6. The question of whether TOSSD is a comprehensive measure or whether it should focus on filling the gaps left by the existing measures of development finance has surfaced during the deliberations of the Task Force. This is symptomatic of the need for the strategy to catch up with the reality of what TOSSD has already become and to foresee what it will be in the future. While TOSSD will remain complementary to other development finance measures, it should take one step further and shift focus more explicitly to measuring broader public financing for the SDGs. We argue that **TOSSD should become the pre-eminent measure of financing sustainable development in developing countries.**

7. Some of these financing flows are going from country to country (captured in Pillar I), but a lot of it follows a borderless (and non-hierarchical) logic (in Pillar II). To better explain the scope



of the statistical measure, however, the starting point should be the overarching concept and only then its division into the two pillars.

8. In light of this, and for the purpose of clarity, it would be desirable to adapt TOSSD's definition in paragraph 8 of the Reporting Instructions as follows:

### ***Definition of TOSSD***

*The Total Official Support for Sustainable Development (TOSSD) statistical measure includes all officially-supported resources ~~flows~~ to promote ~~the~~ sustainable development in developing countries ~~and to support development enablers and/or address global challenges at regional or global levels.~~*

*This includes i) cross-border flows to developing countries and ii) resources to support development enablers and/or address global challenges at regional or global levels.*

9. Aligning the scope of TOSSD with broader public financing for the SDGs would further imply that every country, capacities permitting, could report activities (both under Pillar I and Pillar II) that benefit TOSSD-eligible countries. It would also imply refining the definition of “provider country” in the TOSSD framework by lifting the requirement of being a country with a development co-operation policy in order to report contributions to sustainable development. Examples of such contributions have been seen in the context of the COVID-19 crisis where countries from the South have provided support in kind (e.g. doctors and equipment) to a wide range of countries. The massive operations of vaccination that have captured the entire world, and the exchange in vaccines and medical supplies, will require measurement from both provider and recipient countries.

10. With this strategic orientation, the Task Force should leave no stone unturned in identifying other areas of sustainable development for which reporting has been lacking so far. After all, the examples of research and development, peace and security as well as climate mitigation are indications of a possibly huge untapped potential for TOSSD to become the statistical yardstick for financing the SDGs.

### **B. Follower or norm setter?**

11. Another area where the vision for TOSSD could expand is in **defining and further refining the concept of sustainability**.

12. The detailed analysis of the TOSSD Data Survey highlighted that some activities, considered as non-sustainable by some reporters and excluded from TOSSD, had been considered as sustainable by others and included in TOSSD, e.g. in the field of non-renewable energy. Task Force members expressed various views on the interpretation of sustainability and it is clear that there is still considerable scope to refine the operational definition of the concept of sustainability. Overall, one could argue that the practical implementation of the concept of sustainability has not caught up with the prominent role it plays in the SDGs. In the area of sustainable finance especially, a lot of work remains to be done.



13. In the co-Chairs' view, TOSSD should build on and apply the work of others (e.g., UN concepts, the OECD-UNDP working group on SDG-compatible finance, the EU Taxonomy for sustainable activities, and the ECLAC work on the multidimensional measurement of poverty) to ensure consistency with other relevant frameworks, while the lessons learnt from future data collection processes will allow feeding into that work.

### C. What is TOSSD's broader purpose?

14. By focusing more explicitly on sustainable development as the overarching concept, TOSSD has the potential, from a measurement perspective at least, of **breaking the mould of the traditional aid narrative**. It would mean moving from the provider-recipient, North-South logic to a framework where every country can potentially be both provider and recipient<sup>3</sup>.

15. Following this approach would not only help in further mainstreaming the SDGs, but also in incentivising all countries to better align their financing with the SDGs. This could be politically valuable, as TOSSD would help in a concrete manner the broader movement of **shifting from a logic of aid to one of partnerships**.

16. It would also explicitly contribute to TOSSD's primary purpose of **introducing more transparency in the financing for sustainable development landscape and complementing reporting under SDG 17 and potentially other SDGs**. A higher number of reporting countries would lead to more knowledge about the different financial flows and resources, and would ultimately result in developing countries having more control of their finances. TOSSD would thus be a key building block of a country's Integrated National Financing Framework.

## II. Implications for TOSSD work

17. Naturally, such an expanded and ambitious vision for TOSSD has major implications for TOSSD outreach, products and services, governance and financing.

### A. Outreach

18. It is clear that for the outlined vision of TOSSD to succeed, it will need a **broader base of support**. In that regard, it is important to take into account that, even though the statistical concept of TOSSD has been validated through the data survey and pilots, there is still political opposition. We co-Chairs believe that this opposition is grounded in the following:

- First, **TOSSD challenges the traditional "North-South" divide** since it invites all providers to join a single international standard for recording development finance resources. It moves away from a vision with "donors from the North" and "southern providers" to a partnership of all countries supporting the sustainable development of recipient countries.

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<sup>3</sup> Mindful of the mention in the AAAA that TOSSD "will not dilute commitments already made" (paragraph 55), this is without prejudice to the rationale and history of ODA, which concern DAC donors specifically. The two logics can co-exist in the same way the measures do.



- Second, the opposition finds roots in **the risk of TOSSD competing with the ODA measure**. TOSSD will not replace ODA, which will remain the measure of donor effort by the OECD Development Assistance Committee (DAC). The TOSSD Reporting Instructions spell this out and were devised by the Task Force with the clear purpose of limiting the risk to the maximum extent possible.
- Third, another possible reason for the opposition toward TOSSD is the **additional transparency** it aims to bring on resources supporting recipient countries. Some stakeholders (whether providers, recipients or the private sector) may be frightened by high levels of transparency, with underlying reasons ranging from security aspects to contractual obligations or reputational risks.
- Fourth, some providers hesitate to support TOSSD because they fear the data collection may be burdensome and **beyond their national statistical capacities**. As TOSSD data will be collected from providers, the burden will be on them and not on the recipients. For providers, it will indeed require an investment, but a critical one to provide transparency to recipient countries on resources invested in their countries and also at the regional and global levels. Reporting to TOSSD is also in the provider countries' own interest as they are under increased pressure by their citizens to tackle sustainable development challenges, including climate change. TOSSD makes publicly available evidence on resources invested in sustainable development, both at home (e.g. in climate mitigation) and abroad.
- Finally, the opposition is also around **the level of implication of recipient countries** in TOSSD. The Task Force is expanding, including with more recipient countries, and as co-Chairs we see TOSSD as a unique opportunity for the community of recipient countries to shape an international standard that truly suits their needs.

19. The political opposition means that, in its outreach efforts, the TOSSD Task Force has to become more political as well. Crucially, it would involve broadening the base of support for TOSSD along the following four dimensions:

- Reaching out to key Partner Countries.
- Widening the Task Force to achieve a critical mass of (developing and emerging) country support as well as buy-in from key international organisations (most notably, UN agencies).
- Convincing the few traditional donors at the DAC who have shown scepticism towards TOSSD.
- Actively collaborating with the Working Group created by the UN Statistical Commission to “further develop and refine the measurement of development support in line with the 2030 Agenda”.

20. In terms of the content of outreach, it implies continued targeting of recipient countries and major South-South co-operation providers in a self-confident and assertive manner to show the potential of TOSSD. TOSSD should be explicitly marketed as the measure of support to sustainable development in developing countries. It will also mean providing concrete support to providers and recipients alike on TOSSD reporting. For those concerned about their capacity to report, specific missions to these countries should be carried out to help them set up adequate reporting processes.



21. **The communication of the results of the first TOSSD Data Survey and of the first reporting cycles** will play a crucial role in that regard. The data visualisation tool that the Secretariat is developing needs to be fit for that purpose (demonstrate a clear mapping to SDGs, place emphasis on particular types of financing, etc.).

22. TOSSD reporting officially began in 2020. While there was broad agreement and support in the Task Force to start this process, a dedicated outreach strategy will be required for launching TOSSD. This has already involved for example a letter by the co-Chairs to development co-operation provider countries and organisations, supplemented by specific data solicitation by the Secretariat. Going forward, the Task Force should also be equipped with dedicated resources for communication, to address both the strategic aspects and the day-to-day TOSSD-related communications.

## B. Products and services

23. Operating the TOSSD framework would require the following core functions:

- **The collection and processing of TOSSD data:** This function mainly entails engaging with potential new reporters, managing the data collection process and ensuring the necessary quality assurance to verify that TOSSD data received from reporters are in line with the TOSSD Reporting Instructions, before storing these data in a centralised database. This function mainly requires staff and support for the necessary IT System to store the TOSSD data received from providers.
- **The online publishing of TOSSD data, communications and outreach:** This function includes the maintenance of an online TOSSD public portal, where data will be released on a regular basis and accessible free of charge. This portal would also serve as the website for releasing any TOSSD relevant data and information to the general public. Communications and outreach activities will also be necessary, including to engage with the United Nations (e.g. UN StatCom and UN ECOSOC) and to promote TOSSD in other relevant fora (e.g. African Union, G7 and G20), as appropriate. The function entails staff time, travel costs and other costs related to the organisation of specific events.
- **The maintenance of the TOSSD standard through the organisation of meetings of the governance body (see next section on governance):** This is needed to maintain the TOSSD methodology and to provide technical guidance on the implementation of the TOSSD framework. The function may also include coordination with other relevant technical bodies maintaining databases on development finance (e.g. UNCTAD, IATI and the OECD Working Party on Development Finance Statistics).

24. Additional functions, not currently carried out by the Task Force, could be included as core functions:

- **The production of analytical reports using TOSSD data:** Once TOSSD data are published, it will be important to demonstrate how the data can be deployed in various contexts (e.g. to provide a first landscape of Islamic Finance). This function would give rise to specific analytical reports on various policy issues.



- **The provision of advisory services to recipient and provider countries for collecting, reporting and analysing TOSSD data:** This function would allow the building of national capacities and would be demand-driven. For example, recent TOSSD country pilots have shown the needs of recipient countries to build their capacities to collate and manage TOSSD data.

### C. Governance

25. The ambition of TOSSD is to become a global measure for sustainable development in support of developing countries. Such a measure needs an inclusive governance structure where all stakeholders, including CSOs, are represented, can engage, exchange experience and find solutions for sustainable development. Ideally, this structure should allow for discussion on both political and technical aspects of the TOSSD measure with whole-of-government/organisation representation and expert inputs.

26. The natural home for TOSSD as the global measure on support for sustainable development, as norm setter and as instrument for altering the aid narrative, would clearly be at the **United Nations**.

27. Given the ongoing discussions, including at the UN, the Task Force will continue its operations in its present form. This continuity is needed to provide a forum for discussing TOSSD issues, such as data collection or broader outreach efforts, much beyond the work carried out by the IAEG-SDGs working group on Measurement of Development Support. While the focus of the Task Force is essentially technical, with a continuously expanding membership, governance issues will become increasingly prominent.

28. By July 2022, TOSSD will have benefitted from two data collection rounds in 2020 and 2021 as well as the conclusions of the UN Statistical Commission on the inclusion of a measure of development support in the SDG global indicator framework. The Task Force will re-assess the governance situation at the latest by then, to hopefully transfer ownership to the United Nations or, if conditions do not yet allow, possibly and as needed complete its transformation from an expert group to a more comprehensive governance structure.

### D. Financing

29. For a statistical framework that aims to treat all countries on an equal footing, and that tries to escape the hierarchical logic of LDCs, MICs and developed countries, the financing should start from the premise that everyone contributes. The following main models could be envisaged:

- **Voluntary contributions model:** This is the model currently used to fund TOSSD. In practice, most of the funds to support TOSSD development and the functioning of the Task Force so far have emanated from OECD DAC members and other members of the TOSSD Task Force, mostly through voluntary contributions and in-kind support (e.g. organisation of meetings). In the future, this could be complemented by staff secondments to the Secretariat.



- **A fee-based model combined with voluntary contributions:** In this model, members of the TOSSD framework would fund the core functions. The levels of the fees would be differentiated by type of stakeholder: for example, recipient countries or CSOs would contribute a much smaller amount than provider countries. The fee-based system would be complemented by voluntary contributions to help carry out additional activities as appropriate.

### III. Conclusions and recommendations

30. **We co-Chairs are convinced that TOSSD is a major breakthrough in the development finance landscape. Going forward, work should be focused on the following key dimensions:**

31. **On the political side,** the engagement with the UN, South-South Co-operation providers and developing countries is fundamental to make the Task Force stronger, dispel any myths about TOSSD and attenuate the current geopolitical divide.

32. **On the technical side,** for the coming months and years, efforts should focus on collecting and publishing TOSSD data, so as to show the major potential of this measure for recipient countries, but also various policy communities such as those working on blended finance, refugee issues or climate change. The key success factor of TOSSD will be the data collected and their subsequent use by recipient countries and these various communities. Launching data collection in 2020 was therefore the top priority in the short term and all efforts should tend to completing it. All providers should be encouraged, and supported, to report their TOSSD data starting 2020 on both Pillar I and Pillar II.

33. Results of these data collection exercises should be made publicly available online and widely distributed for analytical purposes. Finally, the next TOSSD pilot should ideally be carried out in a provider country from the South, so as to consolidate learning on TOSSD, from the South-South Co-operation provider perspective.

34. **By way of conclusion, we would like to invite the international community to join the TOSSD movement** and to support it both politically, by creating a robust governance structure for TOSSD with strong UN involvement, and technically, by promoting the availability of reliable data on the financing of development by all providers. We expect all actors to build the necessary bridges for implementing TOSSD as the new standard for measuring support to sustainable development. As co-Chairs, please be assured that we will put all our energy into this adventure, driven by our strong determination to advance sustainable development in developing countries.



## Annex. Main achievements of the International TOSSD Task Force to date

After more than three years of operations since July 2017, the International TOSSD Task Force has reached a number of key strategic objectives.

The Task Force completed the **first set of TOSSD Reporting Instructions** in June 2019 and updated them in February 2020<sup>4</sup>. The **data Survey** carried out in 2019 provided a proof of concept for the TOSSD framework. The overall results of this survey were presented in New York on 4 October 2019<sup>5</sup> and the survey data<sup>6</sup> were released online in September 2020. The Survey also allowed the Secretariat to set up and test a **database** that can be used to store TOSSD data in the coming years, and to develop an **online data visualisation tool**<sup>7</sup>.

The various **TOSSD pilot studies**<sup>8</sup> carried out in Senegal, the Philippines, Nigeria, Costa Rica, Burkina Faso, Indonesia and on the theme of Peace and Security have greatly helped to demonstrate the **potential of TOSSD for recipient countries**. The pilots planned for 2020 and 2021 will continue to feed the Task Force with concrete country experiences to further enrich the TOSSD framework. The pilots, together with other outreach efforts, have also helped to increase ownership of the TOSSD framework across various communities, which translates into **gradual expansion of the Task Force** – even though the Task Force has recognisably not yet reached a critical mass of countries and organisations.

In June 2019, with the finalised methodology and a first TOSSD data set, the Task Force submitted **a proposal for including TOSSD in the global framework of SDG indicators** (under target 17.3). In October 2019, the Inter-Agency and Expert Group on SDG Indicators (IAEG-SDGs) took a tentative decision to finalise the TOSSD methodology<sup>9</sup> with a view to including TOSSD in the SDG indicator framework in 2022. The UN StatCom on 3-6 March 2020 provided a formal mandate for this work, to be carried out by a **working group under the IAEG-SDGs**. The group is comprised of countries from all regions, including representatives of the TOSSD Task Force, and is supported by the UN Statistics Division, the UNDESA Financing for Sustainable Development Office, UNCTAD and the OECD.

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<sup>4</sup> Available at : [http://www.oecd.org/dac/tossd/TOSSD%20Reporting%20Instructions\\_February%202020.pdf](http://www.oecd.org/dac/tossd/TOSSD%20Reporting%20Instructions_February%202020.pdf)

<sup>5</sup> See the presentation of the main results of the TOSSD survey at : [http://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/TOSSD\\_Data\\_Survey\\_Main\\_results.pdf](http://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/TOSSD_Data_Survey_Main_results.pdf)

<sup>6</sup> Activity-level data will be released for those providers that have agreed to make their survey results public.

<sup>7</sup> See <https://tossd.online/>

<sup>8</sup> See: <http://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/tossd-country-pilot-studies.htm>

<sup>9</sup> See: <https://unstats.un.org/sdgs/files/meetings/iaeg-sdgs-meeting-10/10.%202020%20Review.pdf>