TAKING STOCK OF PROGRESS IN SHAPING THE TOTAL OFFICIAL SUPPORT FOR SUSTAINABLE DEVELOPMENT (TOSSD) STATISTICAL MEASUREMENT FRAMEWORK

DAC Meeting, 16 September 2016

This document is submitted for DISCUSSION under Item 4 of the Draft Annotated DAC Agenda [DCD/DAC/A(2016)12].

It provides the basic structure and substantive contents of the SLM document describing work to develop a new statistical measure for monitoring support for sustainable development – TOSSD. Delegates are invited to focus on proposed adjustments to the TOSSD measurement framework and governance/oversight ideas outlined in the text. This feedback will provide helpful guidance to the Secretariat as it finalises SLM preparations.

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I. Introduction

1. This text provides, in summary form, the basic structure and substantive contents of the SLM document describing work to develop a new statistical measure for monitoring support for sustainable development – TOSSD. Ongoing efforts to secure feedback from the international community – in line with the request formulated in the Addis Ababa Action Agenda – on the components, features, statistical parameters and implementation of the TOSSD statistical measurement framework have not yet concluded. Importantly, the first online consultation of the TOSSD Compendium will not come to a close until 9 September, and conclusions from work on outstanding TOSSD issues being undertaken by DAC TOSSD Informal Task Force subgroups will not be available until 13 September. At the same time, findings from these and other consultations that have taken place over the summer provide a high measure of certainty regarding how the TOSSD framework could best be adjusted in the light of international feedback.

2. At the SLM participants will take stock of current progress towards fostering international consensus on the measurement framework and be asked to review and comment on the changes that have taken place in the structure of the TOSSD measurement framework as a consequence of consultation and outreach work. The SLM is also expected to provide guidance on the frame, principles and possible options for future governance/oversight arrangements.

3. For purposes of the DAC discussion on 16 September, it would be helpful for delegates to focus on proposed adjustments to the TOSSD measurement framework and governance/oversight ideas outlined in the current document. This will provide helpful guidance to the Secretariat as it finalises the SLM preparations.

4. The remainder of this document is organised as follows: Section II surveys the scope and nature of recent consultative processes with the international community on the TOSSD framework, followed by Section III which highlights changes to the structure, components and operational features of TOSSD in the light of these consultations. Section III also sets out a possible frame, some preliminary principles and possible options for progressive efforts across the international community over the next year to develop a representative, functional and legitimate governance/oversight mechanism for TOSSD going forward. The final section summarises next steps that will be carried out over the next year towards anchoring the TOSSD measurement framework in the international system as well as short-term activities leading up to the SLM.

II. Recent consultation processes to ensure open, inclusive and transparent TOSSD development

5. The Addis Ababa Action agenda called for development of TOSSD to be carried out in an open, inclusive, and transparent manner. An array of outreach and consultative processes have taken place since the February 2016 DAC High Level Meeting to ensure feedback from relevant constituencies – civil society, emerging providers, developing countries, multilateral organisations and leading global development policy experts – is secured and can be taken on board in shaping the TOSSD framework. The Secretariat has implemented the TOSSD workplan as agreed at the 24 March DAC meeting [DCD/DAC(2016)16]. Monthly progress reports have been provided to the Committee over the past six months. Highlights of main events and processes are provided below.

6. Discussions on TOSSD were featured at a number of major international events at the United Nations in spring and summer 2016, including the spring meetings of the International Monetary Fund and the World Bank Group, the 47th Session of the UN Statistical Commission, the UN ECOSOC Financing

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1. A comprehensive overview of events and summaries is available on the TOSSD website.
for Development (FfD) Forum, the Mid-Term Review (MTR) of the Istanbul Programme of Action (IPoA) for Least Developed Countries (LDCs), the UN ECOSOC High-Level Political Forum (HLPF) and the UN Development Cooperation Forum (DCF). These events created important opportunities to collect critical inputs from a wide range of stakeholders on the political appeal of the TOSSD framework.

7. On the margins of the HLPF, an expert consultation with the Inter-Agency Task Force (IATF) on Financing for Development, chaired by UN-DESA, was held to garner feedback on the TOSSD Compendium. Participants highlighted the importance of developing the recipient perspective (i.e. cross-border flows for sustainable development) to enhance transparency and learning across diverse developing countries regarding complex financing packages. Although the “provider perspective” was considered an important analytical tool, participants stressed that ODA commitments must not be diluted, and therefore the TOSSD framework should maintain a clear conceptual distinction. A high-level panel discussion was jointly organised by the OECD and the Committee for Development Policy during the DCF. This event served as an important platform to describe benefits and clarify misunderstandings - particularly regarding the aims of the TOSSD framework - to a broad cross-section of high-level government officials from around the world, including the G77/China negotiating group.

8. Numerous outreach efforts have also been undertaken in diverse fora beyond the United Nations context since the February DAC High Level Meeting (HLM). Meetings have included the OECD Global Forum on Development in Paris, LAC-DAC Dialogue in Santiago, the Civil Society Summit Europe in Brussels, an informal brainstorming workshop at the Gates Foundation in Washington D.C., the European Development Days Conference in Brussels, and a TOSSD workshop for domestic policymakers and constituents organised by the Austrian Ministry of Foreign Affairs in Vienna. Each event has made it possible to share information and secure feedback on TOSSD from key stakeholders. Focused consultations with the World Bank Group have also provided substantive ideas regarding the mobilisation dimension of TOSSD.

9. Both WP-STAT meetings (21 March and 4-5 July) and DAC formal and informal dialogues (24 March and 9 June) provided essential technical, political, and procedural inputs that advanced thinking about the statistical features of the measurement framework. These meetings provided crucial feedback on how best to structure the TOSSD Compendium and implement the online consultation process, and culminated in the creation of the TOSSD Informal Task Force.

10. With the support of France, a pilot TOSSD study was carried out from the perspective of Senegal in close consultation with government actors. The findings from this study have contributed to strengthening the appeal of the TOSSD measurement framework from the recipient perspective, particularly in identifying gaps to strengthen the transparency of external finance as a tool for strategic planning. The Senegal study provided valuable insights at the developing country level about data availability and relevant financial instruments and types of expenditures, and helped devise a useful approach and methodology for conducting future recipient country pilots.

11. These consultation processes proved to be critically important in developing the TOSSD Compendium, which set out an initial consolidated vision of TOSSD, including a political narrative and technical fiches spelling out the aims, structure and statistical features of TOSSD. The Compendium was launched for online consultation at end-June 2016, and has enabled the international community to reflect and exchange views on various aspects of TOSSD. It has also facilitated dialogue and improved understanding across various institutions and entities within DAC member governments. To date, twenty-two sets of comments have been received from ten DAC member countries, four civil society
organisations, three international organisations, two think tanks and three private individuals. Highlights from these submissions include:

- An observed consensus can be discerned on the following: i) the recipient perspective is most useful/importan in order to ensure that ODA is not undermined and that TOSSD becomes a key data source for developing countries on cross-border flows, ii) sustainable development finance calls for establishing a broader list of TOSSD-eligible international organisations and iii) all financial instruments, including those that mobilise private capital through official interventions, should be presented separately in the framework, allowing for transparent and granular information on finance made available to developing countries.

- Mixed views are held on the following: i) use of gross vs. net and commitments vs. disbursements, ii) criteria for establishing country-eligibility (e.g. multi-dimensional, income, DAC List), iii) the need to define what is meant by “majority of benefits” in the working TOSSD definition, iv) the use of an attribution methodology, and v) the concept of mutual benefit (how to define, boundaries, ex-ante vs ex-post?)

- CSOs felt there was insufficient clarity on the value-added of TOSSD, that the framework appeared to be geared to showcasing inflated numbers, and that damaging development “disablers” (e.g. fossil fuel subsidies) should not be overlooked in future monitoring of sustainable development finance.

12. In July the DAC agreed to establish a TOSSD Informal Task Force to carry forward work on outstanding issues that needed further reflection and focused discussion among members over the summer months. Three teleconferences took place between 13 July and 2 September during which participants identified and agreed a work agenda, formed subgroups, shared views on ideas and proposals, and formulated recommendations that could be drawn on in further shaping TOSSD. Two additional teleconferences will take place prior to the 16 September DAC meeting.

13. The Task Force subgroups have focused on the following issues:

- How to ensure TOSSD will be relevant and attractive to non-DAC providers (co-led by Japan and Australia);
- Definition and measurement issues related to the different proposed TOSSD perspectives e.g. the recipient measure, the provider perspective and global challenges (led by the United States);
- Identifying and measuring development enablers and global challenges (led by the Netherlands);
- TOSSD governance/oversight issues and options (led by Canada).

14. The leads from the various sub-groups will be invited to provide feedback to the DAC on the work that they have carried out.

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2. By the 10th of September, all submissions for which permission has been received will be posted online under the TOSSD public consultation website.

3. The following members have participated in the Task Force meetings to date: Australia, Austria, Canada, Denmark, EU, France, Germany, Italy, Japan, Korea, Norway, Poland, Portugal, Sweden, Switzerland, the Netherlands, United Kingdom, United States (and IADB as observer).
III. Adjustments, clarifications and further work needed regarding the TOSSD measurement framework, including its governance mechanism

15. The consultation process has highlighted concerns, challenges, views and insights that need to be accounted for and integrated into the scope and specifics of the TOSSD measurement framework. Proposals for changes in the design and focus of the framework are summarised below.

A. TOSSD to focus on cross-border flows and finance supporting development enablers and/or addressing global challenges

16. TOSSD could become a two-pillar framework based on the following components:

i) Cross-border flows at country level

ii) Global and regional finance for development enablers and global challenges

17. This change to the structure of the framework would improve the utility, relevance and political acceptance of TOSSD in its broadest sense because it better reflects the new sustainable development agenda by focusing on financial instruments/actors/partnerships at country level and by highlighting the importance and visibility of international support for development enablers and global challenges (heretofore “invisible” in global development finance statistics). Further it will eliminate, from a layperson’s perspective, confusion between ODA and TOSSD and dissipate political fallout over whether the ODA/TOSSD overlap could have implications for ODA commitments.

18. This adjustment would further strengthen the value proposition of TOSSD in a number of respects. In additional to helping partner countries better understand and manage sustainable development finance through exchange of experience based on TOSSD data, this adjustment will i) inform UN system monitoring of FfD and SDG follow-up, ii) enable the international community to have informed policy discussions on the scope, targeting and relevance of broader development finance towards SDG implementation and iii) support whole-of-government approaches and improve policy coherence when programming FfD.

19. Implications of this structural change include: i) the provider perspective moves out of the TOSSD measurement framework because it can easily be perceived as competing with ODA; ii) private flows mobilised would be captured under cross-border flows, but separately identifiable alongside other instruments; and iii) in-donor expenses that contribute to development enablers (e.g. peace and security, refugees, etc.) as well as core contributions to multilateral institutions working in relevant areas would be captured in the development enablers and global challenges component.

20. Cross-border flow data will be tracked at a sufficiently granular level to ensure clarity about the nature of flows (e.g. contingent liabilities). The ultimate aim is for the TOSSD database to include activity/project level data and information about the financial instruments used, the sectoral and policy focus of resource use, as well as the origin of the flow (bilateral, multilateral, public/private entities, etc.). The collection of data on cross-border flows would be sourced from the providers of officially supported finance (bilateral, multilateral, and public/private entities), not from the countries receiving the finance. A unique project identifier system will need to be established to ensure that discrete financing elements of a specific project could be connected up. As the TOSSD system gets rolled out, it will be essential to address prevailing constraints regarding data availability and related capacities.
21. The development enablers/global challenges component will mirror these aspects of the SDG framework. While most of the targets grouped within the SDGs are sector-specific and are long-standing areas for development co-operation activities, many of the targets relating to development enablers and global challenges are new, have a cross-sectoral/indirect character, and are often delivered through global or regional initiatives. They thus will need to be assessed in greater depth in order to clarify whether expenditures towards them can count as TOSSD. This TOSSD component will require specific work in the future to identify different types of eligibility criteria (e.g. TOSSD-eligible activities, TOSSD-eligible institutions, TOSSD-eligible sectors).

22. The previously proposed provider perspective would become a supplemental, “separate track” analytical tool. The data available from the TOSSD database will allow estimates to be derived capturing sovereign country investments and support for achieving sustainable development in developing countries. It would be shaped according to the needs and interests of providers and/or groups of providers: indicators and, eventually, specific commitments could be established and progress and trends could be measured and tracked in line with providers’ priorities and communication needs (e.g. vis-à-vis their domestic constituencies). This analytical tool could help to inform the commitment of developed countries to mobilise, by 2020, USD 100 billion per year for climate action in developing countries.

23. Feedback has also highlighted the importance of ensuring TOSSD financing arrangements do not give rise to economic distortions (e.g. investments benefitting from different types of trade and investment subsidies or inducements, special concessions, soft finance, etc.). There will be a need for associating relevant global norms and standards with TOSSD operations to ensure a level playing field. In this regard, it will be important for the international community to advise on the standards and disciplines that could apply to TOSSD flows. In the first instance, multilateral agreements and standards are relevant (e.g. UN Guiding Principles on Business and Human Rights, UN Principles for Responsible Investment, Core Labour Standards of the ILO, etc.). The Equator Principles, which uphold social and environmental standards for banking activities, are promising but wider consultation is needed regarding their broad acceptance as a standard for all providers in the TOSSD framework.

B. Additional research and discussions to be undertaken

24. Further work and clarification is needed by the international community on a range of issues:

- A broad-based debate across the international community will be needed to identify and agree criteria for determining TOSSD-eligible countries.

- A list of TOSSD-eligible international institutions (for purposes of scoring core contributions) will need to be developed and agreed, factoring in both their respective mandates/work activities and how they contribute to global governance arrangements (developing and maintaining norms and standards, promoting international policy co-ordination), which also enables sustainable development.

- Clarity regarding TOSSD-eligible sectors and activities for both measures will need to be developed and agreed, particularly in relation to development enablers and global challenges – which are often cross-sectoral, can involve operations at both global and regional levels, and may be conceptually complex (e.g. encompassing such notions as equality, empowerment, sustainable consumption, and social/economic/political inclusion and opportunity).

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4. The 19/20 September Lisbon expert workshop will launch thinking in this area.
- Techniques and methodologies of measuring technical assistance and in-kind/non-monetary resources will need to be developed.

- More specific plans regarding TOSSD data-gathering and reporting arrangements (e.g. who will collect, process, and analyse data and manage the consolidated data system) will need to be developed. The TOSSD measurement system could build on existing institutions, reporting capacities and constituencies e.g. the Co-ordination Secretariat for Arab providers, UNCTAD for South-South providers, OECD for OECD providers (including multilateral institutions).

- More reflection is needed to establish guidance regarding situations where a provider and a partner country have differing views about whether an investment is sustainable e.g. fossil-fuel technologies.

SLM participants will be invited to provide reactions to these proposed adjustments and future work as identified through TOSSD consultation and outreach processes.

**C. Emerging outlines of a possible TOSSD governance/oversight mechanism**

- The many consultation processes that have been pursued over the past year have consistently underscored the importance of associating developing countries with efforts to operationalise TOSSD. They have also highlighted the centrality of the UN as a key player in governance/oversight arrangements by virtue of its role in FfD follow-up, its position as convener of the HLPF, its locus for the UN Statistical Commission and the legitimacy conferred on it as a universal institution. They have also acknowledged the importance of capitalising on existing international centres of excellence and technical expertise with statistical processes and repositories of data, including the OECD.

- The international community will need to decide how the TOSSD governance/oversight framework might best be structured. In its broadest sense, it calls for establishing a global system that favours exchange, access to technical expertise, reach into the broad diversity of providers of development co-operation, and the UN in a prominent role alongside an array of development actor groupings and communities. Possible guiding principles for thinking about governance/oversight arrangements include:

  - Aim to establish a functional, legitimate and representative arrangement of actors and institutions.

  - Primacy placed on the important role to be played by international institutions with solid statistical technical capacity and access/working relationships with associated stakeholders/experts.

  - The centrality of linking governance arrangements to a prominent, representative international entity e.g. the UN.

  - Combining both political and technical roles and capacities in a judicious balance that provides for adequate leadership and oversight while ensuring technical quality and relevance.
28. Reflections by the TOSSD Informal Task Force subgroup working on governance/oversight arrangements identified the following questions⁵ that will need to be considered by the international community:

- At what level and for what purpose would decisions be needed and taken?
- Would decisions require consensus, a simple or proportional majority of members, or some combination depending on the significance of the decision?
- What representation/membership in a governance structure is necessary for TOSSD credibility and broad support? How would that representation be selected/validated for different constituency groups if there are to be constituency groups?
- Are there limits to representation, or should the structure provide for a level of executive decision making and a broader plenary group that is periodically consulted?
- Are there costs for technical and logistical support, and how would those be paid?

29. Fashioning a governance arrangement underpinning a workable system for operationalising, consolidating and maintaining acceptable standards for the TOSSD measurement framework must be undertaken in an open, inclusive and transparent manner. Anchoring TOSSD firmly in the international system will call for sustained and inspiring leadership by OECD DAC members in various international fora. The Secretariat has worked diligently to embed TOSSD in the leading international frameworks and processes that will shape development efforts in the years to come. Next steps in the transition to anchoring TOSSD as a global statistical standard in the international system will call for strong, abiding leadership at political level by OECD DAC champions, particularly in the UN context, e.g. General Assembly Second and Third Committees, ECOSOC, Statistical Commission.

30. SLM participants will be invited to provide guidance on emerging core principles and critical international milestones to establish a multi-stakeholder governance mechanism for the framework, as called for in the Addis Ababa Action Agenda.

IV. Next steps

31. The next year will be crucial in bringing TOSSD squarely into the international arena.

32. In the short-term, ongoing outreach and dialogues processes within the DAC – including meetings of the TOSSD Informal Task Force and its sub-groups, the 19-20 September Lisbon workshop on development enablers and global challenges, and the 26 September CSO event – will feed into SLM preparations. Following the SLM, the TOSSD Compendium will be revised to integrate the feedback, proposals and insights provided by the international community, including DAC members.

33. In the medium-term, the following steps are currently in view to strengthen the TOSSD framework and gain insights into possible TOSSD governance and oversight arrangements:

- Focused consultations with the G77/China negotiation block will be carried out in the United Nations context during the slower periods, particularly following the 71st session of the General Assembly in September 2016.

⁵ The questions were submitted by the delegation of the United States.
Regional dialogues will be held on TOSSD in Asia at the end of October, through a partnership with the Asia Pacific Development Effectiveness Platform (AP-DEF) and with the support of Australia.

A proposal for a TOSSD side event during the 2nd High Level Meeting of the Global Partnership for Effective Development Co-operation (28 November – 1 December) is being pursued to strengthen consultation and outreach, particularly with South-South Cooperation providers, via the network of southern think tanks (NeST) and potentially other partners (UNDESA, a partner country, etc.).

A second round of consultations on the next iteration of the TOSSD Compendium will be carried out between end-October and early 2017, ahead of major international events in 2017 to secure further international buy-in (Financing for Development Forum, HLPF, DAC HLM, etc.)

Continuing technical work on the TOSSD measurement framework will be carried out by the Secretariat in partnership with the DAC, other international institutions and in close consultation key stakeholders and development actors. It will be essential for a core group of DAC members, supported by the Secretariat, to play a proactive role in ensuring concrete political progress to establish the TOSSD governance/oversight mechanism.

The 2017 Forum on Financing for Development (date to be confirmed) and the subsequent 2017 HLPF will create important opportunities to review the second version of the TOSSD Compendium, and to explore synergies for multi-stakeholder approaches to governance and oversight with the UN system, possibly through an international roundtable on TOSSD governance options to be held on the margins.

These next steps will ensure that discussions on TOSSD across the international community will continue in an open, transparent and inclusive way – including possibly further adjustments to the framework and to the proposed management mechanism. A successful transition from work to develop the TOSSD measurement framework within the context of DAC discussions and outreach/consultation efforts towards work to engage across the international community to forge and finalise TOSSD will call for continuing DAC support and leadership in collaboration with, and on equal footing with, an array of international institutions, actors and stakeholders.