UPDATE ON WORK TO DEVELOP THE TOSSD MEASUREMENT FRAMEWORK

DAC Meeting, 10 July 2018


This document provides the Committee with an update on recent work in developing the Total Official Support for Sustainable Development (TOSSD) measurement framework, focusing on the dialogue with the Inter-Agency and Expert Group on Sustainable Development Goal indicators (IAEG), the outcomes of the 4th meeting of the TOSSD Task Force (29-30 May 2018) and the consultation with civil society organisations (31 May 2018), as well as the preliminary results of the TOSSD country pilot in Nigeria (30 April-11 May 2018). The Committee is invited to comment on the update and discuss two specific issues emerging from the CSO consultation.

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**Introduction**

1. Overall, the development of the Total Official Support for Sustainable Development (TOSSD) measurement framework is progressing very well. The reporting instructions for the first pillar are well advanced and are expected to be finalised by October 2018. The discussions on the second pillar started at the 4th Task Force meeting held in Brussels with strong engagement from the members, including developing countries and observers. The Secretariat is confident that the objective of having full-fledged reporting instructions ready by March 2019 for both pillars I and II remains an achievable and realistic target. The main challenge at present is how to ensure appropriate anchorage of TOSSD in the UN context, both in terms of including TOSSD in the SDG monitoring framework and finding the “political home” for TOSSD within the UN system.

2. This document provides the Committee with an update on recent work carried out by the Task Force, focusing on the dialogue with the Inter-Agency and Expert Group on Sustainable Development Goal indicators (IAEG SDG), the outcomes of the 4th meeting of the TOSSD Task Force (29-30 May 2018) and the consultation with civil society organisations (31 May 2018). The document also presents the preliminary results of the TOSSD country pilot in Nigeria (30 April-11 May 2018). The Committee is invited to comment on these updates and discuss two specific issues emerging from the CSO consultation.

**Update on recent work**

*Inter-Agency and Expert Group (IAEG) on Sustainable Development Goal Indicators, Vienna, 11 April 2018*

3. The TOSSD Task Force co-chair, Mr. Laurent Sarazin, made a presentation on TOSSD at the 7th meeting of the IAEG to raise IAEG members’ awareness about TOSSD and to signal the relevance of considering the measure as part of the comprehensive review of SDG indicators planned by the UN Statistical Commission in 2020.

4. From the meeting, it appeared clearly that many IAEG members are reluctant to consider adding new indicators in the SDG indicator framework [the reporting burden on national statistical offices (NSOs) is already important] and that at this point in time the IAEG will only examine indicators already identified in 2016.

5. However, several custodian agencies (including the OECD) flagged to the IAEG the need to fill identified gaps in the indicator framework. These agencies are strongly encouraged by their constituencies to propose new indicators and insisted that the IAEG clarify the process and set up a mechanism for proposing potential additional indicators.

6. The above suggests that there is little opportunity for TOSSD to be introduced in the SDG framework as a new indicator. However, the Secretariat is investigating if TOSSD could still be proposed as an update to (an) existing indicator(s) where relevant, i.e. indicators that encompass financing beyond ODA and flows from traditional donors. Given
the strong sensitivities amongst custodian agencies to maintain “their indicators”, it may be strategically important to focus on indicators where the OECD is custodian agency. In that regard, TOSSD appears particularly fit for purpose for several SDG targets that refer to “total official flows”, “international financial flows” or “total official international support” (targets 2.a.2, 7.a.1, 9.a.1, 10.b.1, 17.3.1, 17.9.1).

7. Although the meeting in Vienna confirmed that the process followed so far to develop TOSSD is well aligned with IAEG working methods (e.g. focus on policy relevance of the indicator, measurability and consistency/comparability; creation of an expert group to work on the methodology; involvement of NSOs/IAEG members), the IAEG has consistently given preference to established, available data. This implies that the next presentation of TOSSD to the IAEG will need to include both data (building on CRS data on ODA and OOF, the country pilots and possibly a data survey among emerging providers not currently reporting to the CRS) and methodological notes (metadata).

In terms of timing, an important milestone could be the 8th meeting of the IAEG to be held in Stockholm, Sweden in early November 2018. At that point in time, only the methodology for the first pillar (cross-border resource flows) would be ready. The second pillar (development enablers and global challenges) is planned to be finalised by March 2019.

8. To secure that TOSSD will indeed be positively received by IAEG members and considered for inclusion in the SDG indicator framework, it is essential that:

- the Secretariat follows future IAEG meetings to keep the Task Force informed of the process (in liaison with the OECD Statistics and Data Directorate);
- the Task Force includes one or ideally two members from the IAEG (noting that the Task Force has already several representatives of NSOs), to facilitate information-sharing about TOSSD at the IAEG;
- DAC members that are represented in the IAEG communicate and coordinate with their representative, as a whole-of-government approach is needed on this issue. In particular, the misperception that TOSSD could increase the reporting burden on NSOs should be corrected: TOSSD data would be derived from providers’ data using existing information from the OECD DAC CRS system, complemented with additional information related to the support to development enablers and global challenges and new data collection from a number of emerging providers.

4th TOSSD Task Force meeting and CSO consultation, Brussels, 29-31 May 2018

9. The TOSSD Task Force held its 4th meeting, in Brussels, Belgium on 29-30 May 2018 and main highlights, even though not all vetted yet by the Task Force, are presented below. The meeting was followed by a CSO Consultation on 31 May where CSOs had an opportunity to comment on TOSSD and the emerging reporting instructions.

10. The Task Force held a first brainstorming discussion on the second pillar of TOSSD (development enablers and global challenges) which helped provide orientations to the Secretariat for further work. In particular, the Secretariat will propose a criteria-based approach to define the eligibility of activities to Pillar II, drawing on potential criteria and challenges outlined by the Task Force. Criteria identified by the Task Force included for example the

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1 The Action points of the meeting will be uploaded on the TOSSD Task Force website upon their clearance by the Task Force.
necessity for activities to support “public goods” along the definition of the economic theory of non-rivalry and non-excludability of the good; the link with the concept of “development enablers” as put in the forefront of the Report to the UN Secretary General “Realizing the Future We Want for All”; the link with SDG targets and the fact that activities should be, as a minimum, non-discriminatory to TOSSD-eligible countries. The main challenges identified by the Task Force were the need to define “global challenges” and the treatment of “impure public goods” (where a barrier can be implemented for accessing a public good, making them excludable, such as when patent is put on a piece of research).

11. Task Force members were in principle in favour of the inclusion of peace and security related activities in TOSSD, within the scope of SDG16, but warned about the importance of establishing eligibility criteria and potential safeguards, and of involving experts in the process. Overall, they supported a cautious approach, in particular with regard to the use of force.

12. There was broad agreement on the Secretariat proposal of including international organisations which conduct global standard setting activities in Pillar II of TOSSD. There was also general agreement with the methodology proposed to identify global standard setting activities within a given organisation. There is a need to complete the proposed list of organisations with relevant international and regional organisations.

13. The Secretariat presented preliminary highlights of the pilot study carried out in Nigeria from 30 April to 11 May 2018 (see also the next section). A lot of support was expressed by Task Force members for the preliminary proposals for adjusting some elements of the reporting instructions to take into account the findings from the pilot study. The Secretariat will analyse all proposals that emerged from this study for discussion at the next Task Force meeting. The Secretariat will also produce a document that explains why some of the proposals by Nigeria were not retained so that Task Force members have an opportunity to also reconsider these items if needed.

14. With regard to the reporting on sustainable development goals or targets, the practical implementation of the reporting instructions is still open for discussion. One of the eligibility criteria for TOSSD is that activities should be linked to an SDG target. However, flexibility will be allowed in particular for cases where no target can be identified but where the provider believes that the activity supports sustainable development. A formulation was proposed and suited all members of the Task Force, except one country that will need to confirm its agreement on the proposed formulation. The Secretariat needs practical examples of projects that cannot be linked to SDG targets from Task Force members to further develop the reporting instructions.

15. Moreover, it was agreed that the TOSSD framework may use a dual sector classification to collect data classified either under the International Standard Industry Classification (ISIC) or with the Creditor Reporting System (CRS) purpose codes.

16. Finally, there was general agreement with the updated version of the emerging Reporting Instructions. The document will be updated as per the discussions of the 4th TOSSD Task Force Meeting. In this updated version, a few words would be added in the Preamble to reinforce the concept of sustainability and explain what it means for economic and social dimensions, and to make reference to the development effectiveness principles. A new formulation on the treatment of export credits shall be included and proposed for adoption at the next Task Force meeting.
17. The fifth meeting of the TOSSD Task Force will take place in Ghana on 25-26 September 2018, followed by a regional consultation on 27 September.

*Consultation with CSOs on TOSSD, Brussels, 31 May 2018*

18. The 4th TOSSD Task Force meeting was followed by a consultation with CSOs on 31 May. In preparation for this consultation, CSOs had provided two documents: an overview document of general comments on TOSSD and on the reporting instructions entitled “Reflections on the TOSSD reporting instructions”, included in Annex, and a more detailed document “Detailed Comments on the TOSSD Reporting Instructions”.

19. The discussions between Task Force members and CSOs focused on the overview document and provided an opportunity for CSOs and members of the Task Force to exchange views on TOSSD. It was agreed that the TOSSD Task Force would answer in writing every comment included in the detailed document. The Secretariat will prepare a draft reply to the CSOs to be discussed during the 5th TOSSD Task Force meeting in Ghana.

**Update on the Nigeria pilot**

20. In order to establish TOSSD as a viable, relevant and robust international statistical standard, the support and engagement of developing countries is fundamental. In 2016 and 2017, the OECD carried two country pilot studies in Senegal and the Philippines to scope the potential of TOSSD as a global framework. The pilot studies proved very useful to inform the international community about the usefulness and potential of TOSSD as a global statistical framework and to better understand statistical boundaries (e.g. inclusion of costs incurred in provider countries), measurement approaches (e.g. use of purchasing power parities), and features required to help inform country policy and planning needs (e.g. budgeting, balance of payments, debt sustainability).

21. Thanks to additional support provided by the European Commission, six additional pilot studies will be undertaken in the course of 2018 and 2019. These pilots will be particularly relevant as a tool to inform the work of the Task Force and specifically to test the various parameters and methodologies of TOSSD. The methodology of a pilot study consists of three phases: (a) a desk review of existing documentation and statistics, (b) an in-country mission of 10 to 20 days where a team of experts carries out a series of semi-structured interviews with relevant institutions, including central and line Ministries, NSOs, providers of development co-operation and civil society and (c) the final report of the study.

22. The first of the six pilots was carried out from 30 April to 11 May 2018 in Abuja, Nigeria. The mission was coordinated by the Nigerian Ministry of Foreign Affairs and the Directorate of Technical Aid Corps. The Islamic Development Bank also dispatched a

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2 This is subject to additional funding.


senior statistician during the second half of the in-country mission to help shed light on issues related to Islamic finance and short-term finance.

23. The preliminary highlights have not yet been vetted by the Government of Nigeria, so elements in the present document should be considered as preliminary until further discussions are held with the Nigerian government. It is worth noting that, at the time of writing, not all data were yet received to complement some of the conclusions of the mission.

24. Nigeria represented an ideal candidate for hosting a TOSSD pilot. The country is a very active member of the TOSSD Task Force. It attracts substantial amounts of concessional and non-concessional finance and a recent OECD survey has shown that Nigeria is ranked the second largest receiver in the world of private finance mobilised through official development interventions. Nigeria also has long-standing experience in providing development co-operation programmes to other partner countries, including through its full-fledged Directorate of Technical Aid Corps. Finally, Nigeria is one of the most prominent demographic and economic actors in Africa, which has led the country to play a leadership role in many international fora in recent years. In this regard, Nigeria’s hosting a TOSSD pilot helps ensure the appropriate dissemination of the findings in other international settings (UN ECOSOC, General Assembly, Statistical Commission, African Union, etc.).

25. There was a strong ownership of the process by Nigeria. Nigeria covered some of the mission costs (hotel costs and a car at the team’s disposal for the entire duration of the 2-week mission). All ministries warmly welcomed the OECD team and had instructions to share the maximum level of information with us.

26. The three main objectives of the proposed pilot study were to:

- Refine and test the statistical methodology of TOSSD to establish sound eligibility criteria (e.g. link with the SDGs) and measurement boundaries (e.g. extent of coverage of short-term trade finance).
- Provide estimates of TOSSD flows to Nigeria.
- Carry out a light assessment of the capacity of Nigeria to access, collate, analyse and use data on external official finance in support of sustainable development.

27. Preliminary highlights of the pilot are as follows:

- Overall, there was wide support for the various parameters of TOSSD as designed by the Task Force. From the current definition of TOSSD to the eligibility criteria, Nigerian stakeholders supported the various parameters and methods proposed by the Task Force in the emerging reporting instructions.
- Anchoring TOSSD to the SDG framework provides an adequate way to operationalise TOSSD. However, the country context cannot be ignored at least during a transitional period. (In Nigeria more than 70% of government revenues and 90% of export revenues come from oil.)
- The inclusion of private finance mobilised was highly supported, with the caveat that the effectiveness of operations involving the private sector should be closely looked at in parallel of recording them in TOSSD.
- The pilot highlighted the necessity to include short term finance in TOSSD. Traditionally development finance includes financing of more than one year, but
short-term finance of less than one year of maturity also responds to local needs for critical SDGs. For instance in agriculture, many factors prevent financial institutions from lending to farmers and small producers: natural hazards (e.g. droughts), lack of collaterals (e.g. lack of title to land) or price volatility. These actors need adequate funding to support production, marketing and transport to be able to sell their products to domestic and international markets. Including short term finance in TOSSD would allow to better reflect the support of Development Banks, such as the Islamic Development Bank.

- Estimated TOSSD for Nigeria amounted to USD 3 bn of official finance and USD 1.9 bn of private finance mobilised. However, these figures are likely to be largely underestimated due to information gaps, notably on Chinese and emerging providers’ official support to Nigeria. As a point of comparison, gross disbursements of ODA and other concessional finance from DAC, non-DAC and multilateral institutions amounted to USD 2.7 billion in 2016.

- The pilot also included a light capacity assessment of the government to collect, analyse and use development finance information, which will be helpful to inform future activities by Development Partners. The current institutional set up of Nigeria, both from an institutional and an IT system perspective makes it challenging for the government to collate and present an overview of external financing. Recommendations will include the necessity for a mechanism that would allow the government to present such an overview.

28. A summary report will showcase the main final findings of the pilot. The next pilot study will take place in the second semester of 2018 in a country still to be confirmed.

Next Steps

29. In the coming weeks, the Secretariat will carry out several activities in parallel including:

- The organisation of the next Task Force meeting in Ghana on 25-26 September 2018, which will focus on continuing to develop the statistical parameters of the second pillar of TOSSD. Funds permitting, a regional consultation will also be held on 27 September.

- Targeted outreach activities towards IAEG members in the lead up to their next meeting in Stockholm early November.

- Finalisation of the report of the Nigerian pilot study and implementation of the remaining two pilots for this year.

Conclusion and questions for discussion

30. The Committee is invited to:

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5 Since the production of the estimates of official flows were produced, additional data were received from the Government of Nigeria. These data are currently being analysed and revised figures will be included in the final report.
• Comment on the outcomes of the IAEG meeting (see in particular paragraph 8),
of the 4th TOSSD Task Force meeting (paragraphs 10-16) and the TOSSD pilot in
Nigeria (paragraph 27).

• Provide inputs, complementing the already existing FAQs6, on how to respond to
CSO concerns over:
  o The continued perceived risk that TOSSD could undermine ODA.
  o The issue that, as currently outlined, the TOSSD measurement framework may
give rise to inflated figures if the total amount of official support is added to the
amount of private finance mobilised by official interventions.

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6http://www.oecd.org/dac/financing-sustainable-development/development-finance-
standards/180514_TOSSD_QA%20document_FINAL.pdf
Annex

DAC CSO Reference Group

REFLECTIONS ON THE TOSSD REPORTING INSTRUCTIONS

May 2018

--- General comments ---

TOSSD: an outline of CSO principles and considerations

The DAC CSO Reference Group has been following the work of the international Task Force on Total Official Support for Sustainable Development (TOSSD), which first met in July 2017 (Paris) and then came together again in December 2017 (Costa Rica) and in January 2018 (Canada); in spite of challenges in terms of access to documents and of time for feedback, we submitted a policy paper (November 2017) and a formal letter (January 2018) to present our comments and suggestions throughout the process.

We really appreciate the opportunity to meet the international Task Force in Brussels, May 31st, back to back with its fourth meeting. Ahead of such a key moment, we are setting out here principles and concrete recommendations we would consider critical to a TOSSD framework that provides common ground for discussion as well as to further analysis of the emerging reporting instructions. This note, however, should not be taken as an endorsement of TOSSD, nor as a concrete CSO position, but, rather, we hope it assists in facilitating an open discussion that can help us further understand the magnitude of the decisions in the making.

As we note that there are still some differences in views and outstanding questions, primarily because some of the details of TOSSD are still emerging, it is important to clarify that CSOs remain unconvinced on the TOSSD initiative and on the fact that the existing approach represents an effective, high-impact way forward to developing a useful measure of all official development finance. There is still concern that the core objectives and rationale for TOSSD is somewhat confused and that the case has not yet been made, particularly not in the context of the urgent need for attention and resources on other developmental issues.

CSOs are champions of transparency and believe that enhancing the visibility of a wide range of flows can contribute to development and is a worthwhile endeavor. We believe, however, that while TOSSD as a statistical measure may appear to be a purely technical initiative, it could also have significant and lasting repercussions for development finance. If TOSSD is to be legitimate, therefore, it must be based on shared principles common to development finance stakeholders and with strong leadership from developing countries and people. These principles can be drawn from:

- the UN 2030 Agenda on Sustainable Development (where TOSSD derives its mandate from);
- existing commitments and policies on official development assistance (ODA) - an essential resource for developing countries. (TOSSD aims to ‘complement’ and not undermine ODA);
- existing commitment on effective development cooperation as reiterated in the 2030 Agenda, AAAA and the development effectiveness principles agreed in the 2011 Busan Partnership for Effective Development Cooperation.

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There is a risk of TOSSD resulting in both political capital and financial resources being invested in a measure that does not drive delivery of SDGs and perhaps even hinders development progress. It could also exacerbate existing challenges in the development finance landscape that concern CSOs, such as the decrease in ODA available to the poorest countries. We would also highlight that a major cause for concern is the emerging direction of travel on how flows from the private sector will be captured in the TOSSD measure; in particular, counting private ‘officially supported’ flows appears to present several challenges for the core principles, as we highlight below. A clearer focus on development impact and effectiveness, practical ways of measuring and assessing the developmental nature of TOSSD flows and stronger pro-poor SDG-related results-focused standards are needed for TOSSD to be an effective and valuable contribution to the development data landscape.

**Incentivise more and better development finance, aligned with the SDGs, including eradicating poverty, reducing inequalities, and ‘leaving no one behind’:**

With 767 million people still living in extreme poverty and 2.1 billion people living on less than $3.10 a day, TOSSD must focus on capturing flows that are demonstrably developmental, truly focused on ending poverty and reducing inequalities, which is indispensable to leave no one behind. The financing gap is substantial, but the money is there: it is a case of mobilising it effectively for poverty and inequality reduction, not just mobilising more. TOSSD can play a direct role here by incentivising the most valuable, developmental flows.

**This means:** TOSSD should focus on capturing only official flows that are demonstrably developmental in nature, linked with the achievement of the SDGs and have a clear theory of change to deliver effective development impact. It should not credit flows which are purely commercial in nature, which are entirely driven by the military/security interests of providers or which undermine countries’ ownership and leadership of their own development. The definition of ‘officially supported’ flows must be clarified, and cannot include private companies- even state-owned enterprises. In regard to the TOSSD measure on Global Public Goods, it is essential that all stakeholders are engaged in a consultation on how GPGs are defined to ensure that those relevant to TOSSD are truly developmental in nature.

**Produce high quality, transparent statistics that enhance efforts to monitor progress on the SDGs**

Transparency plays a critical role in enabling effective mutual accountability, planning and efficient use of valuable and scarce resources. Statistics are the foundation on which SDG monitoring will be built; however, achieving transparency requires technical as well as political commitment. To meet its intended objectives, TOSSD will need to not just claim transparency as an objective, but drive real, practical change in how data is produced and provided. TOSSD appears to sit in the context of a ‘post-2015’ step change in expanding development finance; it should embody such a change by playing a key role in the ‘data revolution’.

**This means:** data provided should be timely, accessible, disaggregated and high quality and be meeting the needs of all data users, including developing country stakeholders. This data should also be linked to results and development impact; it should reflect actual flows (not be based on subjective calculations) and focus on filling important gaps including on the results or impact of non-ODA flows, where data and evidence are currently lacking, rather than repackaging up information that already exists. Monitoring and evaluation should be robust, open and inclusive. In particular, we highlight the need for better data on ‘amounts mobilised’ using ODA in blended finance mechanisms and on the concessionality (or not) or flows provided. If TOSSD is to be an accountability metric, the measure of official flows and their purpose cannot be constrained by issues of commercial confidentiality.
**Actively support and complement ODA and efforts to meet 0.7%**

Donors are not living up to their ODA commitments: total ODA slightly decreased in 2017, and only 5 DAC donors – Sweden, Norway, Luxembourg, Denmark and the United Kingdom – have reached the target of 0.7% of GNI to ODA. TOSSD should not undermine donor accountability or distract donors’ political attention away from ODA commitments, including achieving the UN goal of 0.7% of GNI; it should only be seen as a complement to ODA efforts, accounting for flows that are truly developmental but beyond the criteria for ODA. Incentives and disincentives embedded within the TOSSD measure itself are crucial in this regard.

**This means:** ensuring that TOSSD aggregates are not misleading and do not detract from the urgency of increasing ODA, particularly for the poorest countries. CSOs have concerns about how TOSSD aggregates may be used and presented as well as about how concessionality of flows is reflected. In many of the poorest countries, including lower middle-income countries, concessional ODA flows are still essential. It is critical for achievement of the SDGs that TOSSD statistics do not present flows in a way that disincentivises donors in continuing to maximize concessional ODA for developing countries.

**Facilitate developing countries to drive their own development**

Agenda 2030, the Addis Ababa Action Agenda on FFD and the development effectiveness principles encapsulated in the Global Partnership for Effective Development Cooperation all recognise the importance, both in principle and practice, of countries being in charge of and responsible for their own development. This is critical not just on a moral level - important as that is - but also pragmatically as it enables more long term, sustainable development results and impact.

**This means:** Development effectiveness principles - designed to both strengthen development efforts and countries’ leadership - should inform what flows are counted as part of TOSSD and provide a critical test for eligibility. Flows which cannot or do not meet these principles - alignment and country ownership in particular - should be excluded and TOSSD flows could usefully be included in GPEDC monitoring to assess this in practice. Independent verification of the developmental nature of flows/SDG relevance could be considered to enhance ownership of TOSSD by developing countries. Investments in TOSSD should not distract resources from donor efforts to strengthen national statistics systems, and TOSSD should not burden developing countries with undue additional reporting requirements. The intention to capture ‘amounts mobilised’ in TOSSD should not compound the issues of ‘tied aid’ that already plague the quality of ODA and increase development costs for developing countries. The TOSSD metric should track the tying of official flows to donor country commercial interests.

**Be governed in an open, inclusive and participatory manner**

TOSSD can only be legitimate, useful and impactful if its governance is inclusive of all the parties providing, receiving and impacted by TOSSD flows as accountable public funds: DAC and southern providers, recipient country governments, and civil society. Since TOSSD sits in the context of a multi-stakeholder approach to development with the financing efforts of national governments at its heart, embodied in the UN 2030 Agenda, its governance should also be anchored in this context.

**This means:** A governance structure that is situated in the UN with a clearly outlined hierarchy, roles and responsibilities for all actors. The initiative should be developed, endorsed and implemented in an open and transparent process, consulting with all parties. The key role of all stakeholders, who have a central role to play in delivering the SDGs, including parliamentarians, civil society and local government should be respected. So far, engagement with the TOSSD initiative has not been easy, and CSO inputs to consultations have not always been acknowledged or reflected in subsequent drafts. We hope for a more transparent and consultative process before reporting instructions are finalised, including consultations with Southern partners.