

Detailed Comments on the TOSSD Reporting Instructions

May 2018

Comments and suggestions from the DAC CSO Reference Group are inserted in the current draft of the RIs (see green boxes) after the relevant sections so as to respond to specific areas.

Possible emerging excerpts of TOSSD Reporting Instructions

TOSSD Task Force Issues Paper¹

for discussion at the 4th Task Force meeting on 30-31 May 2018

1. Based on discussions on the statistical features and definitions of TOSSD by the Task Force, the Secretariat has started drafting reporting instructions for the TOSSD cross-border resource flows pillar. A first discussion on the emerging excerpts of these instructions took place at the 3rd Task Force meeting held in January 2018 and written comments were sought from Task Force members by 2 March 2018. This paper presents a revised version of the excerpts, incorporating comments received.
2. Task Force members are invited to review, in particular, the text that has been edited (see ~~strike through~~ for deleted text, **shading** for new text). In most cases only minor adjustments have been made.
3. It is recalled that the document, in its entirety, is a work in progress. In particular, the Task Force has not yet discussed all issues that need to be covered in the Reporting Instructions, so the document includes a number of “placeholders” for text that remains to be drafted. For a number of issues that the Task Force has addressed but not concluded its discussion on, options under consideration are indicated with [bracketed text].
4. In addition, it is recalled that at the December meeting of the Task Force members discussed the usefulness of complementing the statistical framework with additional indicators beyond TOSSD activities to provide the broader picture of developing countries' total resource receipts. These “satellite indicators” could primarily inform on private resource flows, including philanthropic resources, remittances and foreign direct investment (FDI). They could also capture official transactions beyond TOSSD. The satellite indicators would be derived, to the extent possible, from existing data in the international system (e.g. IMF, Balance of Payments). In general members were in favour of expanding the scope of flows captured in the new statistical system, in particular to compare TOSSD with other resource flows on a relative, “order of magnitude” basis. However, it was agreed that such additional indicators would be developed in a second phase, once technical work on the TOSSD framework will have been completed. No text on satellite indicators has been included in the present draft.

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TOSSD REPORTING INSTRUCTIONS - EMERGING EXCERPTS

PREAMBLE

1. The TOSSD statistical framework aims to provide a comprehensive picture of global, official and officially-supported resource flows provided to promote sustainable development in developing countries. It has been developed in response to the agreements of the international community to implement the most ambitious development agenda ever devised – the Sustainable Development Goals (SDGs) – and the equally ambitious financing strategy – the Addis Ababa Action Agenda (AAAA). The vast scope of the SDGs creates a new imperative to maximise the full potential of all resources – public, private, national and international – that finance development. The key to unlocking this potential is understanding the scope, nature and dynamics of the full range of resources being deployed to achieve the SDGs. This, in turn, requires a global framework for measuring resources in support of sustainable development, including external finance.

Comment - The TOSSD measure should not include mobilised private finance - i.e. “officially supported” flows. Not only would the “TOSSD” acronym no longer be valid - the *mobilised flows* are not ‘official’ - but also risks creating bad incentives and producing misleading figures.

2. ~~The TOSSD framework is established in the spirit of SDG 17 on revitalising the global partnership for sustainable development and is expected to serve for monitoring this goal and several other SDG targets.~~ The TOSSD framework is designed to provide a coherent, comparable and unified system for tracking resources investments for sustainable development that can inform strategic planning, identify emerging gaps and priorities, and assess progress in matching supply with needs. TOSSD thus fulfils the vision of the SDG 17 on revitalising the global partnership for sustainable development and is expected to serve for monitoring this goal and several other SDG targets.

Comment - The claim that this will deliver the partnership part of SDG17 is highly ambitious - though a critically important part of the 2030 Agenda; but, the vision in SDG17 is about more than data and must be an inclusive, country-led partnership. TOSSD currently does not fulfil all these aims; framing for directives along these lines could usefully reflect with greater specificity what parts and how they will deliver on this important principle of development effectiveness.

Comment - Current Reporting Instructions create too much space for providers to use their discretion in reporting on such important items as resource from private entities (Sections 13 and 20) and the link to SDGs (Section 38); the possibility of the reporting system’ providing data that is *coherent* and *comparable* is then very limited. As noted above, the reporting of private flows embedded with public flows provides a misleading picture for the financing of SDGs, as these two flows are very distinct in their rationale, with rules and principles that are very different.

3. The primary objective of the TOSSD measurement framework is to promote greater transparency about the full array of officially-supported development finance provided in support of the 2030 Agenda for Sustainable Development – including resources provided through South-South co-operation, triangular co-operation, multilateral institutions, emerging and traditional donors as well as private finance mobilised through official interventions. TOSSD data track resource flows regardless of the financial instrument used, the level of concessionality involved or whether they are delivered through bilateral or multilateral channels. Information about resource flows will facilitate learning and

exchange of good practice among developing countries about how to access and combine resources most effectively. Importantly, it will promote greater collaboration and synergies across development partners financing the SDGs and support more informed policy discussions about the ultimate quality and impact of development finance.

Comment - The primary objective of TOSSD should reflect the objective of improving recipient countries' access to quality data on development resources flowing into their countries, in view of strengthening their capacity to plan and manage their own development.

Comment - Throughout the text, comments highlight the risk associated with the decision to side-line the notion of concessional finance (see relevant comments below).

4. TOSSD will also provide insights about the extent to which the international community is financing development enablers and **responding to** global challenges [the Global Public Goods agenda] – essential for the implementation of the SDGs while not necessarily involving direct resource transfers to developing countries. This information is so far not systematically captured in international statistics on development finance.

Comment - Global public goods will clearly be fundamental to achieving the SDGs, but this is a controversial area, particularly given that the framework will give credit for contributions, but not include negative impacts on GPGs. As the proposals are not yet developed it is thus not possible to respond in detail.

Questions - What will be included or not? How will developmental vs less developmental goods be defined for the purposes of reporting? What sorts of flows (financial or non-financial) might be counted? How will this overlap with other existing measures (for example of climate finance)? How will net flows be measured?

Suggestion - Focus on the measurement of cross border flows going to developing countries. TOSSD should not include resources spent in provider countries - we have seen from recent controversies in ODA reporting rules, that including in-donor costs is controversial and does not provide transparency of flows for developing countries.

5. In line with inherent thrust of the SDGs – to promote a more sustainable, equitable and prosperous world for all people – this statistical framework implicitly assumes that all resources captured therein comply with prevailing global economic, environmental and social standards and disciplines. These safeguards ensure that TOSSD-eligible investments are sustainable, promote equal opportunities and rights, guard against negative environmental, social and climate impacts and risks, and – where necessary – limit damage through mitigation measures.

Comment - This section should include a specific reference to development effectiveness principles, stating that all resources captured in TOSSD must comply with development effectiveness commitments and human rights standards.

6. Data generated through the TOSSD framework can also be used to compile aggregates on **sustainable development** SDG finance from the providers' perspective. These data should be seen as complementary to the figures on Official Development Assistance (ODA) reported by 50 provider countries including 30 members of the Development Assistance Committee of the OECD. TOSSD aggregates by provider will not by any means replace ODA as a measure of donor effort, nor will they undermine some providers' commitment to reach the UN ODA/GNI target of 0.7%.

Comment - While we appreciate the repeated statement that TOSSD “*should be seen as complementary to [ODA] figures*” and “*will not by any means replace ODA as a measure of donor effort, nor will [it] undermine some providers’ commitment to reach the UN ODA/GNI target of 0.7%*”¹, we would like the Task Force to take additional measures to ensure that this happens in practice.

Suggestions:

- Commit to move out of ODA and into TOSSD activities that don’t clearly comply with the ODA definition (e.g. certain private sector instruments, certain military and security expenditures, and in-donor costs, etc.), which could help relieve the ODA modernisation process from increasing pressure to expand the current ODA definition.
- Do not use a total TOSSD headline figure aggregating such diverse development flows, and provide instead a separate accounting of the different components that make up the TOSSD framework. Not only does a disaggregated measure make more sense statistically, but it could also take away the incentive for donors to take advantage of the opportunity to emphasize higher TOSSD figures as evidence of greater effort for sustainable development than may be reflected in ODA statistics. It would allow for the recognition that different flows have different roles and comparative advantages, thereby preserving ODA’s very unique characteristics.
- Include commitments to the full implementation of globally agreed targets both on quantity (see previous suggestion re 0,7%) and quality, including the effectiveness principles.

¹ Draft TOSSD reporting instructions

7. These Reporting Instructions – which have been developed by the international community² working together in an open, inclusive and transparent manner [Placeholder for describing the UNSC process] – are designed to assist countries and institutions wishing to report data regarding the resources they are providing to developing countries in support of sustainable development and the 2030 Agenda. They will be updated and adjusted as and when the need arises. It is expected that the TOSSD framework will continue to exist beyond 2030, to continue promoting greater transparency on flows in support of sustainable development.

Comment - We would appreciate CSOs to be acknowledged in the footnote #2.

² The TOSSD task force which contributed to develop the TOSSD reporting instructions is composed of representatives of

traditional and emerging provider and partner countries, from national statistical offices and development co-operation policy bodies as well as international organisations.

CHAPTER 1. MAIN CONCEPTS AND DEFINITIONS OF THE TOSSD STATISTICAL FRAMEWORK

1.1 DEFINITION OF TOSSD

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

9. The key concepts embedded in the TOSSD definition are clarified below.

Sustainable development

10. The concept of “Sustainable Development” is defined as development that meets the needs of the present without compromising the ability of future generations to meet their own needs.³

11. “Sustainable Development” in the TOSSD context is inherently linked to the Sustainable Development Goals as agreed in the 2030 Agenda^{4,5}. Activities recorded as TOSSD support the implementation of the SDGs by generating sustainable economic growth, ensuring social inclusion, without compromising the environment. As and when the 2030 Agenda is concluded and replaced by another framework, the TOSSD measure will be updated to link to that framework.

Comment - This is perhaps an area that could be further developed to more fully reflect the breadth of the SDGs to include interventions to help end poverty (a critical element that is not in the current text) and inequality, supporting people to exercise their human rights, supporting delivery of core social services such as health and education, etc.

Resource flows

12. In accordance with the Addis Ababa Action Agenda, the term “resources” in the TOSSD definition covers both financial and technical resources.⁶ The flow of resources covers monetary and non-monetary transactions⁷ with TOSSD recipients in support of sustainable development for any given year.

Officially-supported

13. TOSSD aims to capture the entirety of instruments and modalities of development co-operation provided by, or supported by, the official sector ~~implementing the SDGs~~, including mechanisms that mobilise resources from the private sector, **for sustainable development**. Therefore, in the context of TOSSD, “officially-supported resources” are defined as:

a) resources provided by:

i) official agencies, including state and local governments, or by their executive agencies,

³ Definition first used in the Brundtland Report. (See Report of the World Commission on Environment and Development: Our

Common Future”, Chapter 2 “Towards Sustainable Development”, p. 41, New York: UN, 1987.) It contains within it two key concepts: i) the concept of 'needs', in particular the essential needs of the world's poor, to which overriding priority should be given; and ii) the idea of limitations imposed by the state of technology and social organisation on the environment's ability to meet present and future needs.

⁴ See “Transforming our world: the 2030 Agenda for Sustainable Development”:
<https://sustainabledevelopment.un.org/post2015/transformingourworld>

⁵ Taking into account linkages with sustainable development frameworks established at regional level e.g. by the African Union Commission. See <https://au.int/en/agenda2063> .

⁶ The AAAA considers that international co-operation to support the implementation of the 2030 Agenda comprises both financial and technical resources. See http://www.un.org/esa/ffd/wp-content/uploads/2015/08/AAAA_Outcome.pdf.

⁷ This is also in line with the methodologies of the System of National Accounts and the Balance of Payments, which registers transactions between residents and non-residents, including transactions which do not involve the payment of money. See chapter 2, paragraph 26 in The IMF *Balance of Payments and International Investment Position Manual - Sixth Edition (BPM6)*.

- ii) state-owned companies and enterprises under government control⁸, and
- iii) other enterprises under significant government influence⁹.

b) private resources mobilised by official interventions, where a direct causal link between the official intervention and the private resources can be demonstrated.

Comment - The ambition to capture all kinds of development flows must stay coherent with the official nature of the efforts that TOSSD is supposed to track; private development flows should not be included in this picture and should not be part of TOSSD. Under point b), therefore, the objective should be to capture the official subsidy cost. Also, point A.iii extends the boundaries without providing robust benchmarks: as described in the footnotes, the *reporter* will ultimately be responsible for a decision on the eligibility of the flows from private companies. There are several risks to consider: discrepancies in reporting practices, inflating volumes with private resources, enlisting any kind of financial terms regardless of negative impacts (such as growing debt burden).

Suggestions.

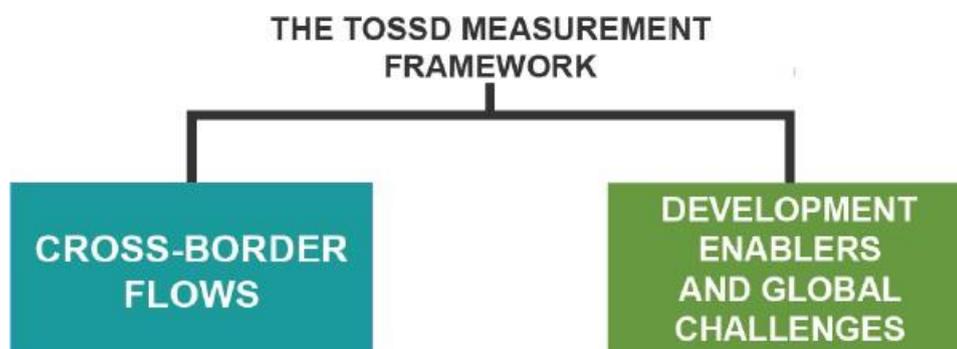
- Introducing clear standards to prevent reporting discrepancies and make provisions for the official authorities to ensure compliance with the fundamental development commitments, from human rights to the development effectiveness agenda.
- If the official subsidy mobilising private finance is being included as per A.iii and b, more and better data on leveraged flows (private finance, blended finance) would also be needed, but this amount should not be part of TOSSD as is currently suggested: it should be recorded in an addendum on mobilised finance.
- Officially-supported resources should also have stronger eligibility criteria. In particular, it would be important to demonstrate that the official support was necessary to leverage the private finance (financial additionality) and/or to enhance the private finance’s developmental focus (development additionality).

14. See Chapter 2.2 for concrete eligibility criteria on sustainable development and TOSSD recipient countries.

A two-pillar approach (Placeholder)

15. TOSSD is a two-pillar framework that tracks officially-supported i) cross-border resource flows to developing countries and ii) finance for development enablers and global challenges at regional and global levels [the Global Public Goods agenda], as illustrated in Figure 1.

Figure 1. The two-pillar TOSSD statistical measurement framework



16. Data generated through the TOSSD framework can also be used to compile aggregates on sustainable development finance from the providers' perspective. [Placeholder for a reference to a methodology to be developed for that purpose.]

Comment - This implies that the TOSSD data will be disaggregated, which is good for transparency. However, the aggregate methodology will have to be watched closely to avoid inflated outcomes. Aggregation should not be embedded in TOSSD itself.

⁸ Corporations over which the government secures control by owning more than half of the voting equity securities or otherwise controlling more than half of the equity holders' voting power, or through special legislation empowering the government to determine corporate policy or to appoint directors.

⁹ This category is included to recognise that governments can exercise influence in many different ways beyond the mere control of a company via voting powers. (See for example Chapter 6, Section B in The IMF *Balance of Payments and International Investment Position Manual - Sixth Edition, BPM6*.) TOSSD aims to capture the entirety of official interventions but given the variety of reporting countries, it is ultimately left at the discretion of the reporter to determine whether companies under significant government influence should be included.

1.2 REPORTING PRINCIPLES

1.2.1 STATISTICAL QUALITY STANDARDS IN THE TOSSD SYSTEM

17. Data collected on TOSSD under these Reporting Instructions should comply with the United Nations Fundamental Principles of Official Statistics (FPOS) which were adopted by the United Nations Statistical Commission (UNSC) in 1994 and by the United Nations General Assembly in 2014.

18. Moreover, the TOSSD statistical framework is subject to the United Nations Statistics Quality Assurance Framework.¹⁰ The TOSSD system is operated to ensure the quality of the statistical outputs (relevance, coherence, accuracy, reliability, timeliness and punctuality, interpretability and accessibility) and statistical processes (sound methods, cost efficiency and non-excessive burden on reporters)¹¹. The governance of the TOSSD measure will ensure the quality of the institutional environment (objectivity, impartiality, transparency and credibility), essential to build trust which is the very foundation of a statistical system.

Suggestions.

- Agree that governance is important and linked. Hence, until the governance is agreed, the statistical standards should not be considered final.
- Quality standards should state in words who are intended data users (governments, CSOs, general public), which should have open and timely access to the full set of disaggregated data.
- Suggest that a review of statistical quality is carried out at regular intervals (in UN Stats) and data users consulted as to whether TOSSD data is meeting needs.

1.2.2 ACTIVITY-LEVEL REPORTING

19. All TOSSD resource flows are reportable at the activity level ~~by the provider countries or multilateral institutions organising/managing the activity~~. The term “activity” covers various types of operations, ranging from budget support to project-type interventions, investments and technical co-operation activities. In certain cases, some aggregation is permitted to limit the reporting burden and number of records.

Comments- On aggregation: What cases, when and why would this be acceptable? There will already be an aggregate methodology developed (see point 16) so this seems unnecessary and counter to transparency.

Suggestions - Delete final sentence

20. All TOSSD data will be made publicly available, also at activity level. Any confidential information linked to TOSSD activities (e.g. company names) should be filtered out upstream by the data providers.

Comments: There needs to be more specific rules and transparency on what data is acceptable to be filtered out and on what rationale. Commercial confidentiality is a catchphrase used to hide anything DFIs don't want to share, but there's often no very good reason for them not to share it.

Suggestions: Delete second sentence and replace with 'clear guidance will be produced on what data may be deemed 'confidential' by providers/ a clear rationale for what information is acceptable to withhold and why. This guidance will be subject to change in line with international review of quality of TOSSD data'.

1.2.3 POINT OF MEASUREMENT

21. TOSSD resource flow data are reportable on a calendar year basis. Both commitment and disbursement data are collected. A commitment is a firm written obligation by the provider, backed by the appropriation or availability of the necessary funds, to provide specified resources under specified financial terms and conditions and for specified purposes for the benefit of the recipient. Commitments are considered to be made at the date the financial agreement is signed or the obligation is otherwise made known to the recipient. A disbursement is the placement of resources at the disposal of the recipient.

22. The main TOSSD measure is calculated on a gross disbursement basis. Gross figures reveal the full scope and nature of external resources provided for **sustainable development** ~~SDG investment purposes~~. The net measure is also calculated, whenever possible, for transparency and analytical purposes, based on information reported on reflows (amounts received by the provider).

Comment - Providing only gross figures, unbalanced by information on outflows, flows with negative impacts, etc. risks providing a rather distorted image of the financing available for development in a country or for a particular purpose. While the commitment to provide net figures wherever possible is welcome, the gross figure without that counter-weight is misleading and risks distorting provider behaviour, for example, in unproductive ways.

Suggestion - Provide both gross and net figures as a matter of course not only when possible.

¹⁰ See <https://unstats.un.org/unsd/unsystem/Documents-March2017/UNSystem-2017-3-QAF.pdf>

¹¹ See definitions in Annex.

1.2.4 CURRENCY

23. TOSSD data are reported in the currency in which the transaction takes place. However, for consolidated data presentations and dissemination, the reference currency is the United States dollar (USD). Data reported in currencies other than USD will be converted to USD using annual average exchange rates.¹²

1.3 MAIN STATISTICAL CONCEPTS

1.3.1 PROVIDER AND RECIPIENT

data are complemented by data from recipient countries, reported on a voluntary basis, with their capacities.¹³

25. Bilateral providers are countries and territories that have a development co-operation policy and undertake activities in support of sustainable development in third countries.

26. Multilateral providers are international agencies, institutions, organisations or funds whose members are governments and who are represented at the highest decision-taking level in the institution by persons acting in an official capacity and not as individuals. Multilateral institutions include i) United Nations agencies, programmes, funds and commissions; ii) the International Monetary Fund; iii) the World Trade Organisation; iv) the World Bank Group; v) regional development banks¹⁴; vi) the European Union institutions; and vii) other multilateral funds, partnerships, initiatives and financing facilities.

27. TOSSD data are collected mainly from provider countries and institutions. These data are complemented by data from recipient countries, reported on a voluntary basis, when possible and in line with their capacities¹⁵.

27. TOSSD recipients are defined in the list of eligible recipient countries and territories (cross-border resource flows pillar, see Chapter 2.2) but also include international institutions (see Chapter 3, global public goods pillar).

1.3.2 CHANNEL OF DELIVERY

28. The channel of delivery is the entity that has implementing responsibility over the activity and is normally linked to the provider agency by a contract or other binding agreement, and is directly accountable to it. It is a key element of the TOSSD framework since it helps to identify the

¹² See IMF International Financial Statistics at <http://data.imf.org/?sk=4C514D48-B6BA-49ED-8AB9-52B0C1A0179B>.

own systems to report and analyse TOSSD data.

¹⁴ Examples of regional development banks include the African Development Bank, the Asian Development Bank, the Inter-American Development Bank, the Asian Infrastructure Investment Bank, the Islamic Development Bank and the European Bank for Reconstruction and Development.

~~15. Technical capacity building should be provided for developing countries willing to set up their own systems to report and analyse TOSSD data.~~

institution responsible for the execution of the activity, which is essential in order to track flows and improve accountability in both provider and partner countries. (See paragraphs 49-50.)

1.3.3 FINANCIAL INSTRUMENTS

29. TOSSD resource flows are provided through numerous financial instruments. These are categorised as grants, debt instruments, mezzanine finance instruments, and equities and shares in collective investment vehicles. Included are also instruments that generate contingent liabilities but not necessarily a flow from the provider to the recipient (e.g. guarantees). [Islamic finance instruments are separately identified.] (See paragraphs 51-61.)

Placeholder (other main concepts, e.g. modality, sector/purpose)

2.1 SCOPE OF CROSS-BORDER RESOURCE FLOWS

PILLAR Categories of resource flows covered

30. The cross-border resource flows pillar covers resources extended to TOSSD-eligible recipient countries in support of sustainable development by bilateral and multilateral providers (Figure 2). The major breakdown is between grants and in-kind contributions on the one hand, and financial transactions on the other hand. No distinction is made between concessional and non-concessional transactions.¹⁶ Resources mobilised from the private sector by official interventions are also included. However, they are presented under a separate heading as the funds do not necessarily originate from the provider country and may even be domestic i.e. originate from the recipient country. [Officially-supported export credits are [excluded] [generally excluded] from TOSSD given that these operations are not generally designed with sustainable development objectives.]

Comments

- CSOs support concept of measuring cross-border flows and welcome Task Force attention on this. The SDGs are to be primarily implemented by governments. Cross-border flows are directly relevant to their efforts.
- However, important to achieve maximum transparency and disaggregation on cross-border flows, including terms so that info is useful to governments.

Concessional

- **Comments** - Important to be able to distinguish between concessional and non-concessional flows. Don't want to dis-incentivise providers to continue providing concessional flows to countries and purposes where such flows are essential.

- **Suggestion** - Providers should still have to report terms of flows so that concessionality can be distinguished by data users. Ideally, these would still be broken down in TOSSD.
- Also link with point 38.

Private sector

- **Comments** - Good that these will be clearly distinguished in the data and should be clearly separate in any reporting of TOSSD..
- Note: diagram indicates this is about private flows mobilised by official finance (blending)
- Concerns about 'state owned companies'. Often not under govt guidance and no assurances they are doing good development work. In some cases, they may cause harm to communities/economies.

Suggestions

- In line with our comments above rejecting the inclusion of private mobilised flows, the Task Force should propose guidelines for reporting so that private flows can be validated as 'development friendly' and linked with public subsidy cost used to 'mobilise' them for better data (linked identifiers etc) to be reported in an addendum.
- This should also be linked with principles outlined in the blended finance principles to ensure these flows meet strong development standards and eligibility criteria.

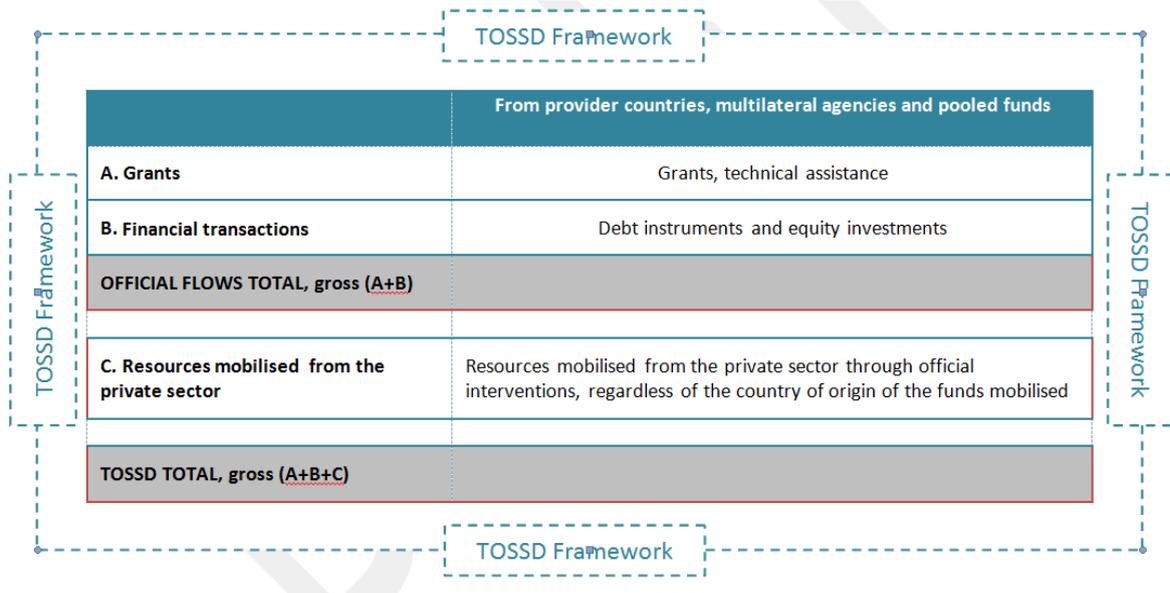
Export credits

- **Comments** - Not good enough to say they are 'generally excluded' they must be unambiguously excluded.
- If the rationale is to exclude them because they are not primarily about development, then this should also apply to private capital flows, which also have a very different (commercial) objective. ECs are already reported outside ODA, so it is unclear what would be added by counting them here and it muddies the waters (TOSSD should complement ODA).

Suggestion - ECs Should be clearly excluded

¹⁶ Different definitions of concessionality are applied by different providers and developing countries depending on the context.

Figure 2. Overview of TOSSD cross-border resource flows pillar



31. In the TOSSD system, bilateral providers report activities they undertake directly with a recipient country or that they fund through earmarked contributions to multilateral organisations for specific, usually project-type, interventions (A + B in Figure 3).

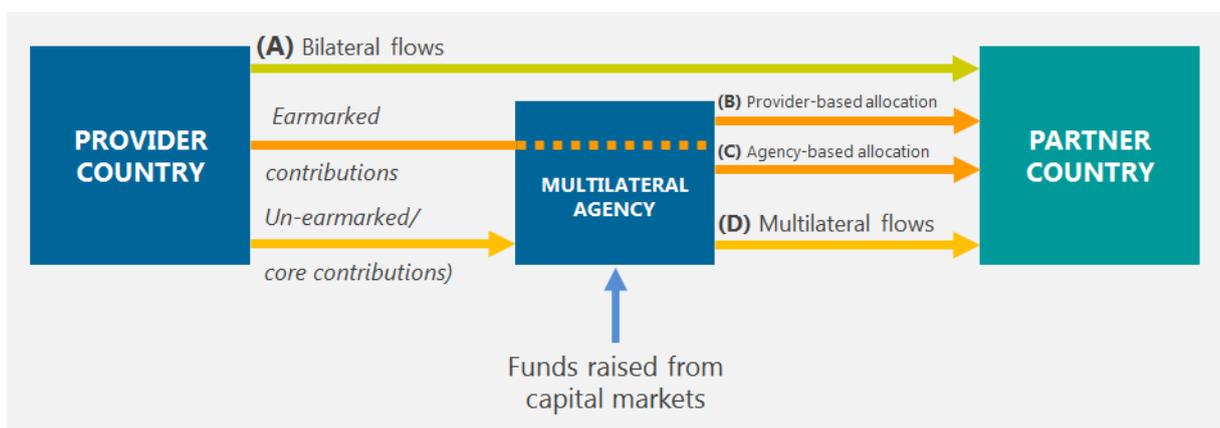
Comment - A single headline figure risks encouraging donors to put forward higher TOSSD figures as evidence of greater effort for sustainable development than reflected in ODA statistics.

Suggestion - TOSSD should not result in a total headline figure aggregating all development flows (A+B+C), and should instead report a separate accounting of the different components that make up the current TOSSD framework.

Suggestion - Activities that don't clearly fit within the ODA definition should be moved to TOSSD (e.g. certain private sector instruments, certain military and security expenditures, in donor costs, etc.). This would relieve the current pressure to expand the ODA definition to achieve 0.7%.

Figure 3. Reporting on TOSSD by provider

Provider countries report on A and B. Multilateral providers report on C and D.



32. In the TOSSD system, multilateral providers report on activities that they undertake under their own responsibility (decisions on resource allocations to specific purposes are made by the institutions themselves) (C + D in Figure 3). The original source of funds can be official providers (through core contributions or pooled funds¹⁷) or the private sector (through funds raised in the international capital markets or private charitable contributions to multilateral organisations). In the case of funds for which a multilateral institution only provides Trustee services, the organisations implementing the activities, and not the Trustee institution, should report on TOSSD.¹⁸

¹⁷When funds are pooled they lose their identity and become an integral part of the recipient institution's financial assets.

¹⁸Such funds are also referred to as Financial Intermediary Funds. An example of these could be the Global Environment Facility (GEF) for which the World Bank acts as a trustee but decisions on the allocation of the funds are made by the GEF itself.

33. In the case of trust funds managed by several multilateral organisations, it should be considered, on a case-by-case ~~an ad-hoc~~ basis, which institution is better placed to report on TOSSD outflows, usually the lead institution.

Comment - This needs to be consistent. or data will contain discrepancies.

Suggestion - The lead official development institution should report. Guidance should be provided as to what constitutes the 'lead' institution.

Maturity of transactions covered

34. For capital flows, the scope of the TOSSD cross-border resource flows pillar is generally limited to long-term operations (i.e. with a maturity exceeding one year), in line with balance of payments statistics and/or systems of national accounts.

Comment - Again, why 'generally limited'. Need to be consistent and decide one way or the other or the data will be a mess.

Suggest - Delete 'generally'. Add 'Data on short term transactions may also be collected but will be clearly delineated (See point 34).

35. Data will also be collected on short-term financial transactions by multilateral development banks to support sustainable development ~~SDG implementation~~ in TOSSD recipient countries. [Placeholder for a sentence on collecting data on short term finance from all development finance institutions.] To avoid a proliferation of records, these data should be reported at aggregate level (by recipient country). In TOSSD data presentations, short-term and long-term finance will be presented separately.

Comment - As above, these should probably be distinguishable from long term ones in the data (separate categories)?

2.2 SPECIFIC ELIGIBILITY CRITERIA

2.2.1 ELIGIBILITY CRITERIA REGARDING SUSTAINABLE DEVELOPMENT

36. In the context of TOSSD, an activity is deemed to support sustainable development if it directly contributes to at least one of the SDG targets as identified in the official list¹⁹ of SDG targets developed and maintained by the United Nations Statistical Commission (UNSC).

Comments – Would it be possible for recipient countries to raise a dispute or concern if they don't feel a reported flow contributed to their efforts to achieve the SDGs in line with their own development plans/results frameworks? Should TOSSD flows be subject to rigorous monitoring at the country level, similar to the structured monitoring rounds implemented by the Global Partnership for Effective Development Cooperation?

37. There may be cases where reporters cannot find a direct link with one of the SDG targets. This is due to the fact that SDG targets represent a global ambition and may therefore not encapsulate all dimensions of a given developmental issue in their final agreed

wording.

Comments - It would be useful to know what kind of issues the Task Force anticipates falling under this comment. There are a very few important development goals that aren't explicitly mentioned in the SDGs (e.g. LGBT issues)? And, given the rationale for TOSSD is rooted in SDGs (and national governments who created the SDGs), SDGs should have their express priorities reflected in the TOSSD measure? We are very uncomfortable about this departure and fail to see the rationale.

38. [If a reporter cannot find a direct link between one of its activities providing a critical contribution to sustainable development and an SDG target, the reporter will still be able to report it, linking it to a **goal** SDG and providing an appropriate justification in the relevant field of the TOSSD activity-level reporting form (see figure 4 in chapter 4).²⁰]

Comment - This will complicate the data; also, we do not agree with the rationale: it risks making TOSSD appear illegitimate (See above). This rule opens the door to unlimited discretionary reporting that will seriously undermine the quality of the measure.

Suggestion – Delete section 38. Replace with concrete guidance for how to report while linking with SDG targets and making it clear that this is essential to qualify as TOSSD. Additional eligibility criteria could be: only include flows with a clear developmental rationale; exclude flows that have a purely commercial or military/security objectives.

2.2.2 TOSSD-ELIGIBLE COUNTRIES

39. To count as TOSSD, an activity should involve a cross-border resource flow to a country on the List of TOSSD recipient countries. For any reporting year, this List includes:

- i. All countries and territories that are present on the “DAC List of ODA recipients”²¹.
- ii. Other countries and territories that have activated the TOSSD opt-in procedure.

Suggestion - The procedure could involve CSOs engaged at national level before countries send the letter? (eg to comment on what kind of flows are needed).

Suggestion - Add reporting requirement in cross-border data (provider measure) to indicate whether the TOSSD recipient is on the ODA list or not. Otherwise TOSSD will have perverse incentives for donors to give more to countries not in need of concessional resources.

¹⁹ <https://unstats.un.org/sdgs/indicators/indicators-list/>

²⁰ In addition, the first TOSSD data collection exercises to be carried out starting 2019 will help provide further guidance and criteria to improve TOSSD eligibility criteria over time.

²¹ See <http://www.oecd.org/dac/stats/daclist.htm>.

40. Any country or territory can activate the opt-in procedure at any point in time. The procedure is voluntary but needs to be motivated through the specific economic, social or environmental context that the country faces. Traditional donors are expected to not use the TOSSD opt-in procedure.

See comments to Section 39.

41. The opt-in procedure is described in detail in Annex B.

2.3 SPECIFIC METHODS

2.3.1 MEASUREMENT OF TECHNICAL CO-OPERATION

42. The implementation of technical co-operation activities may involve hiring experts or consultants in the international markets or deploying public officials of provider countries. In the first case TOSSD records the costs incurred by the provider because those costs are already internationally comparable in monetary terms; in the second case a specific methodology is used to estimate the costs in an internationally comparable manner.

[Placeholder for spelling out the specific methodology.]

Comments

DAC current reporting practices in ODA TC have been criticised for several shortcomings:

- TC is underreported: donors do not reliably report on the amount of Investment-related Technical Cooperation (IRTC) which is embedded within their aid projects. (TC is bundled in with other project components.)
- Inflation of value due to high salaries of international consultants. (In line with SDGs, inappropriate to keep encouraging expat consultants over local capacity building)
- TC is still not demand-led despite repeated commitments. Recipient country governments feel they have insufficient ownership of Technical Cooperation
- Difficulty of quantifying financial value of in-kind support in a way that accurately reflects donor effort and benefit to the recipient country.

Suggestions

- Due to sensitivity of this topic it is essential that CSOs and partner countries have the chance to scrutinise this methodology.
- Important to not embed similar issues into TOSSD as have been concerns in ODA
- Until clear rules are accepted by these stakeholders and agreed, TC should be left out of TOSSD

Experts contracted in the international market

43. If experts are hired in the international market, the price of the contract will be recorded in TOSSD, regardless of the country of residence of the expert.

See above comments to Section 42.

44. For locally-hired experts²², technical co-operation is measured applying a specific

methodology by which the costs can be estimated in an internationally comparable manner. the same rules as for public officials (in-kind technical co-operation). [Placeholder for spelling out the specific methodology.]

See above comments to Section 42.

In-kind technical co-operation (placeholder)

2.3.2 MEASUREMENT OF RESOURCES MOBILISED FROM THE PRIVATE SECTOR (PLACEHOLDER)

45. Reporting on resources mobilised from the private sector is subject to specific rules regarding causality and methods of pro-rated attribution in order to avoid artificial inflation of the volume of TOSSD flows and double-counting of these resources at the international level in cases where more than one official provider is involved in a project mobilising private finance.

Comments – Narrative in Section 45 needs clarification as the overall message is confusing. For instance, it should also refer to the ‘lead institution should report’ point.

Suggestion - Any reporting of these flow should be clearly separate and distinct from TOSSD. Clarify wording- define ‘causality’, refer to ‘additionality’ instead?. Link with point 33 (or else merge the two points for clarity).

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²² Experts hired in TOSSD recipient countries receive a remuneration which is equivalent to national salary levels. An indication of local hiring could be remuneration in national currency or using the procedures of the partner country.

CHAPTER 4. REPORTING FORMAT AND DETAILED INSTRUCTIONS

4.1 REPORTING CYCLE AND DATA COLLECTION (PLACEHOLDER)

4.2 REPORTING FORMAT AND OVERVIEW OF ITEMS COVERED

46. Data on TOSSD resource flows (including private finance mobilised through official interventions) are reported using a single file format. For transparency purposes, data are reportable at the activity level, although not all data fields of the TOSSD reporting format are necessarily filled for all types of financial instruments. Thus, a certain level of aggregation in the information provided is possible. Reporting on TOSSD is done electronically, either using a spreadsheet where each column would correspond to one data field and each row to one activity, or a machine-readable format. [Placeholder for further clarification of the reporting format.]

Overall comment on chapter 4

We would like to see a commitment to establishing solid partner-country led monitoring and evaluation arrangements to track and assess the quality and impact of TOSSD flows. Self reporting on the basis of a link with the SDGs isn't sufficient. It needs to be complemented with a strong oversight mechanism that checks the eligibility of reported TOSSD flows (we'd like clarification as to which institution would be in charge of this), as well as independent monitoring and evaluation of TOSSD flows' contribution to the SDGs, with a specific focus on the impacts on poverty, inequality and LNOB.

Specific comment on Section 46 - Clarification is needed on the "certain level of aggregation" that is possible

47. The TOSSD Reporting Form (see Figure 4 below) builds on existing requirements used in the DAC-CRS statistical system²³ and comprises three sections:

- Section A identifies the activity: identification numbers to link different components (a loan, a guarantee, an equity stake) of an investment activity or project together, thereby facilitating database management and the tracking of project implementation over time (commitment, disbursements, etc.).
- Section B requests basic data on the activity, including its title and description, recipient, modality, implementing agency (channel of delivery), SDG focus, sector of destination and whether the transaction reported is part of a broader financing arrangement (e.g. blended or project finance schemes, PPPs, etc.).
- Section C groups all volume data related to the activity including commitments, gross disbursements, loan repayments, and the amount of resources mobilised from the private sector.

²³ i.e. CRS++ item-level reporting and Busan-common format.

Figure 4. Activity-level Reporting Form for TOSSD cross-border flows to developing countries

Reporting Items	Clarifications
1. Identification data	
1. Reporting year	Calendar year for which data are reported (e.g. reporting in 2019 on 2018 resource flows).
2. Provider country/institution	Each reporting country or multilateral institution has its own code.
3. Provider agency	The provider agency is the government entity (central, state or local government agency or department) financing the activity from its own budget. For multilateral organisations, it refers to the department or fund financing the activity within the institution. The provider agency has budget responsibility and controls the activity for its own account.
4. Provider project number	The project number field facilitates tracking activities in provider institutions' internal databases which may be necessary, for example, to respond to requests to verify the data regarding certain reported activities.
5. TOSSD ID Number	In addition to the provider project number TOSSD ID number is needed to ensure the uniqueness of each transaction in the database and to link the original commitments and subsequent disbursements over several years or between different components of the same project. The format needs to be common to all providers. Set the ID at thirteen digits, with the first three digits equal to the provider country/institution code: e.g. for institution number 901 TOSSD ID number would be 901YYYYxxxxx.
3. Basic data	
5. Project title	The official project title.
7. Description	In English, French or Spanish (over time the aspiration will be to collect this information in all UN languages).
8. TOSSD recipient	Each recipient country has its own code.
9. Channel of delivery	The channel of delivery is the <u>first</u> implementing partner. It is the entity that has responsibility over the funds and is normally linked to the provider agency by a contract or other binding agreement, and is directly accountable to it.
10. Type of resource flow	A distinction is made between official and officially-supported activities, i.e. resources mobilised from the private sector. For financial transactions, a distinction is made between long-term and short-term transactions.
11. Financial instrument	A distinction is made between grants, debt instruments, mezzanine finance, equity and shares in collective investment vehicles and guarantees and other unfunded contingent liabilities. [Islamic finance to be developed]
12. Modality	A distinction will be made between various development co-operation modalities (to be developed).
13. SDG focus (multiple choice)	The "targets" as identified in the UNSC list of SDG targets (e.g. 2.1; 3.3). Multiple choices will be possible. In case no direct link can be found to an SDG Target, report the goal [and provide justification for inclusion of the activity in TOSSD]
14. Sector/Purpose code (multiple choice)	Classification and codes to be discussed developed .
15. Co-financing arrangements	Descriptive information, if applicable, on the broader co-financing arrangements such as the name of the public and private co-financiers, the type of co-financing arrangements (syndication, investment funds, project finance, etc.) and counterpart funding from the recipient government.
2. Volume data (Amounts in thousands, to be adjusted in the light of some currencies if needed)	
16. Currency	Amounts are reported in the currency in which the transaction has been undertaken.
17. Amounts committed	New amounts committed during the reporting year, i.e. the face value of the activity.
18. Amounts disbursed	Amount disbursed during the reporting year.

19. Amounts received	Covers recoveries on grants, amortisation of loans and gains or losses from equity sales (a positive amount means that the provider country has made capital gains; a negative amount means it has suffered capital losses). Amortisation relates to principal payments received from the borrowing country during the reporting year, including any payments of arrears of principal.
20. Leveraging mechanism	Indicates the leveraging instrument used, e.g. guarantee, syndicated loan, shares in collective investment vehicles.
21. Amount mobilised	Report the amount of resources mobilised following the methodologies in Annex X.
22. Origin of the funds mobilised	Distinguishes between funds mobilised in provider, recipient or third country.
<i>For loans only</i>	
23. Maturity	Repayment period in months.

4.3 REPORTING INSTRUCTIONS ITEM BY ITEM (PLACEHOLDER, ONLY TWO ITEMS ARE COVERED BELOW)

Item 2. Provider country/institution

48. In order to track multilateral activities, a list of multilateral institutions from which outflow data may be collected needs to be established. (See Annex C.) The objective of establishing such a list ~~is~~ ~~will be~~ twofold: on one hand it ~~will serve~~s to operationalise the TOSSD framework by establishing a list of multilateral reporters; on the other hand, especially for the global public goods pillar, it ~~will serve~~s to identify TOSSD-eligible multilateral organisations, that might not conduct activities in TOSSD-eligible countries but that contribute to promote enabling conditions for sustainable development and to address global challenges.

48. The criteria for including multilateral institutions in the list are:

- ~~The multilateral character of the institution, as per the definition of multilateral provider in section 1.3; and~~
- ~~The institution conducting all or part of its activities in favour of sustainable development and developing countries; or~~
- ~~The institution contributing to promote development enablers and to address global challenges²⁴.~~

49. ~~The list aims to be as inclusive as possible, and therefore there will not be a minimum budget threshold as a condition for the inclusion of a multilateral institution in the list. As a starting point, all multilateral institutions included in the list of ODA-eligible multilateral organisations will be added to the TOSSD list, provided that they commit to report their sustainable development related outflows to the TOSSD system. The list will be then completed with other relevant organisations at the regional or global level.~~

~~Opt-in procedure~~

50. ~~Multilateral organisations willing to be added to the TOSSD multilateral organisations list can request their inclusion to the institution governing the TOSSD measurement framework. Once the institution governing TOSSD verifies compliance with the established criteria for inclusion, they will be added to the list, provided that they commit to reporting their sustainable development related outflows to the TOSSD reporting body on an annual basis.~~

Item 7. Channel of delivery

49. Where several levels of implementation are involved (e.g. when the provider agency hires a national implementer which in turn may hire a local implementer), report the first level of implementation as the channel of delivery. Where activities have several implementers, the principal implementer should be reported (e.g. the entity receiving the most funding). In the case of loans, report the borrower (i.e. the first entity outside the provider country that receives the funds).

50. The channel of delivery classification includes six main categories as follows:

²⁴Specific criteria for the organisations contributing to global public goods have not yet been established and will be developed together with the global public goods pillar in 2018-2019.

- Public sector institutions include central, state or local government departments (e.g. municipalities) and public corporations in provider or recipient countries.
- Non-governmental organisations (NGOs) and civil society.
- Public-private partnerships (PPPs) and networks are collaborative arrangements between private actors and bilateral/multilateral agencies or governments to address specified developmental issues.
- Multilateral organisations are international institutions with governmental membership.
- Universities, colleges or other teaching institutions, including research institutes or think- tanks.
- Private sector institutions include all “for-profit” institutions, consultants and consultancy firms that do not meet the definition of a public sector institution. Sub-categories further distinguish between private sector in provider country, private sector in recipient country and private sector in third country (developing country, high income/OECD country).

Item 11. Financial instrument

51. The main categories of financial instruments are defined as follows.

Grants

52. Grants are transfers in cash or in kind for which no legal debt is incurred by the recipient.

Debt instruments

53. Debt instruments require the payment of principal and/or interest at some point(s) in the future. Debt instruments can take the form of loans, reimbursable grants and debt securities.

Loans

54. Loans are transfers in cash or in kind for which the recipient incurs legal debt (and the resulting claim is not intended to be traded). This includes loans repayable in the borrower’s currency whether the lender intends to repatriate the repayments or to use them in the borrowing country.

Reimbursable grants

55. Reimbursable grants consist of contributions provided to a recipient institution for investment purposes, with the expectation of long-term reflows at conditions specified in the financing agreement. The provider assumes the risk of total or partial failure of the investment; it can also decide if and when to reclaim its investment.

Debt securities

56. Bonds are fixed-interest debt instruments, issued by governments, public utilities, banks or companies, tradable in financial markets. The issuer of a coupon bond pledges to pay the par value of the bond to the bondholder on a fixed date (maturity date) as well as specified interest over the life of the bond. Alternatively, bonds can be issued at a price lower than their par value in lieu of the periodic interest, with the full par value being paid to the bondholder on maturity (discount bonds). Asset-backed securities are securities whose value and income payments are derived from and backed by a specific pool of underlying assets. Asset-backed securities also cover the financial characteristics of Islamic finance, especially in the form of Sukuks.

Mezzanine finance instruments

57. Mezzanine finance, also called hybrid finance, refers to instruments relating to the layer of financing between an entity's senior debt and equity, with features of both debt and equity. Providers of mezzanine finance have claims that are subordinated to senior lenders and possess priority over equity investors. Consequently, mezzanine investors normally expect returns that are higher than traditional bank lending rates and lower than the returns required by most equity investors.

58. A subordinated (or junior) loan, in the event of default, will only be repaid after all senior obligations have been satisfied. Preferred equity, in the event of default, will be repaid after all senior obligations and subordinated loans have been satisfied; and will be paid before other equity holders.

Equity and shares in collective investment vehicles

59. Common equity is a share in the ownership of a corporation that gives the owner a claim on the residual value of the corporation after creditors' claims have been met.

60. Shares in collective investment vehicles refer to collective undertakings through which investors pool funds for investment in financial or nonfinancial assets or both. These vehicles issue shares (if a corporate structure is used) or units (if a trust structure is used).

Guarantees and other unfunded contingent liabilities

61. Guarantees refer to risk-sharing agreements under which the guarantor agrees to pay part or the entire amount due on a loan, equity or other instrument to the lender/investor in the event of non-payment by the borrower or loss of value in case of investment. Other unfunded contingent liabilities include insurances and other instruments that do not constitute a flow.

ANNEXES

ANNEX A. Data collection tools and procedures (Placeholder)

ANNEX B. Description of the TOSSD opt-in procedure and instructions to report on activities carried out in opt-in countries

A country willing to become TOSSD-eligible should send a formal letter to the Chair of the institution governing the TOSSD measurement framework.²⁵ The letter should contain:

- The motivation for opting in and therefore becoming a TOSSD-eligible country, justified by the specific economic, social or environmental context of the country.
- The requested date of inclusion on the List, if different from the date of the request.
- The requested duration of the eligibility, indicating the anticipated period for which the country wishes to be TOSSD-eligible but which should not exceed three years. Should the country wish to extend the period of TOSSD eligibility at a later stage, it should send a new request indicating a new period of TOSSD eligibility.

Reporting on TOSSD provided to opt-in countries follows the same rules and methods as for other countries. By default, transactions are reportable as TOSSD from the date of the official request by the country opting-in, unless the country indicates a specific start date from which activities can be reported as TOSSD. In case the opt-in procedure is triggered because of an event that can be anticipated (e.g. a hurricane), prevention activities which occur before the official request by the country or the date of the event can be reported under TOSSD, provided that they directly contribute to mitigating the negative impact of the said event.

The list of TOSSD-eligible countries will be reviewed every three years to take into account any changes to the DAC List of ODA Recipients. Any country that has opted in should at the time of the review confirm its wish to remain on the TOSSD list.

²⁵ At the time of writing, the TOSSD governance arrangements are not yet defined. An interim procedure should be put in place

until a formal body is designated to oversee the TOSSD Statistical framework.

ANNEX C. List of multilateral organisations from which TOSSD data will be collected

The criteria for including multilateral institutions in the list are:

- The multilateral character of the institution, as per the definition of multilateral provider in section 1.3; and
- The institution conducting all or part of its activities in favour of sustainable development and developing countries; or
- The institution contributing to promote development enablers and to address global challenges²⁶.

The list aims to be as inclusive as possible, and therefore there will not be a minimum budget threshold as a condition for the inclusion of a multilateral institution in the list. As a starting point, all multilateral institutions included in the list of ODA-eligible multilateral organisations will be added to the TOSSD list, provided that they commit to report their sustainable development related outflows to the TOSSD system. The list will be then completed with other relevant organisations at the regional or global level.

Opt-in procedure

Multilateral organisations willing to be added to the TOSSD multilateral organisations list can request their inclusion to the institution governing the TOSSD measurement framework. Once the institution governing TOSSD verifies compliance with the established criteria for inclusion, they will be added to the list, provided that they commit to reporting their sustainable development related outflows to the TOSSD reporting body on an annual basis.

ANNEX D. TOSSD taxonomies (Placeholder)

ANNEX E. Deriving aggregates on TOSSD (Placeholder)

- Aggregates on cross-border resource flows and development enablers/global challenges
- Method for deriving aggregates by provider from data on cross-border resource flows
- Method for deriving aggregates by provider from data on global public goods

ANNEX F. TOSSD and ODA (Placeholder)

²⁶ Specific criteria for the organisations contributing to global public goods have not yet been established and will be developed together with the global public goods pillar in 2018-2019.