

## DAC CSO Reference Group

# Reflections on the ongoing discussions on TOSSD, Pillar 1 and Pillar 2 Sept 2018 <sup>[1]</sup>

1. The CSO DAC Reference Group would like to thank the global Task Force for their efforts to consult with CSOs, in particular through the outreach session in Brussels of May 31st, the extensive feedback to the CSO written submissions as well as the forthcoming outreach session in Accra on 27<sup>th</sup> Sept. We appreciate the reiteration, in the background papers to the fifth meeting of Task Force (Accra, 25<sup>th</sup>/26<sup>th</sup> Sept), of the commitment to continued consultations with CSOs and other stakeholders, including a public consultation.
2. We acknowledge that the stated objective for TOSSD is to address information gaps on the resources that are and can be mobilized to support the realization of the SDGs. However, we remain concerned about the extent to which the stated rationale behind such efforts - the ambition to mobilise more resources through greater transparency - can be translated in practice.
3. We are aware that key aspects of TOSSD are still being discussed, in particular: the definition of “officially-supported finance”; whether the level of concessionality will be recorded; partner countries’ role in confirming data; the final governance arrangements especially in relation to the UN System; the detailed contribution of TOSSD to the realization of specific SDGs. While this is still work in progress, we wish to share in this submission i) a response to the draft feedback <sup>[2]</sup> on the CSOs’ comments on Pillar 1 of May 2018, and ii) our preliminary reaction on the initial documentation on for Pillar 2. <sup>[3]</sup>

### Comments on Pillar 1.

4. We welcome the consideration given to the following points.
  - The recognition of the importance of TOSSD compliance with the **development effectiveness principles**, including ownership and the acknowledgement of the countries’ leadership on development, which is a cornerstone of the 2030 Agenda, the SDGs and the Addis Ababa Action Agenda. While application of these principles to global and regional development enablers is challenging, we maintain that the effectiveness principles are a valid framework in designing and implementing all development initiatives. We appreciate the proposal to include a reference to the development effectiveness principles in the Preamble and urge that these principles - including transparency & accountability, inclusive partnerships and development results - guide the resolution of outstanding issues for TOSSD noted above.
  - The assurance provided in terms of **transparency and access to disaggregated data**, in particular through the availability of activity-level reporting (although the background documents do anticipate the use of headline TOSSD aggregations in parallel to activity level data) and the separate reporting of public and private flows within the TOSSD metric.
  - The recognition that reporting on the level of **concessionality** is key to improving accountability, while we await a clear indication as to how concessionality will be addressed in practice.

- The agreement to establish and conduct **regular reviews of data quality** as part of the overall quality assurance framework for TOSSD statistics and reporting. Common and transparent rules are an essential element of quality assurance.
  - The openness to establishing a **system whereby recipient countries can raise a dispute/concerns** on whether the reported flows reached their country and contributed to achieving the SDGs.
  - The agreement to **report on both gross and net figures at all times**.
  - The proposal to **reconsider the inclusion of “other enterprises under significant government influence”** (relevant amendment included in the revised Reporting Instructions).
  - The agreement to maintain a **reference to the 0.7% ODA commitment** in the Reporting Instructions.
  - The commitment to reconsidering **the TOSSD acronym** as the current use of the word *official* doesn't reflect the fact that non-official (but officially-supported) resources will be included.
5. However, we remain concerned about some problematic and unresolved issues, which we would urge the Task Force to address.
- In general, **the Reporting Instructions are still too broad** and leave too much room for interpretation by the reporting parties, which in turns will limit comparability, usability, consistency and therefore credibility of the metric. For instance, the outstanding issues regarding concessionality levels and consistency with SDGs require clearer guidance.
  - The suggestion to *'evolve towards more tightened'* rules overtime seems unlikely to happen as it is always **difficult to tighten-up rules once they are agreed on**. Starting with a narrower but clear framework, which can evolve overtime to include different flows as the methodologies to do so are developed, would be a sounder approach.
  - The current approach reflects a **disproportionate focus on quantity over quality** as it leans towards a stronger priority given to tracking volumes (quantity) rather than establishing tight eligibility criteria and solid monitoring and evaluation to ensure the recorded resources are truly developmental (quality).
  - The Reporting Instructions do not yet establish a **clear set of eligibility criteria to ensure that non developmental flows are excluded**; the only eligibility criterion is a link to an SDG target or more broadly to a SDG goal. For instance, there is no agreement to include emphasis on eradicating poverty and reducing inequality as a basic requirement. Also, The Reporting Instructions are not accompanied by a strong commitment to **establishing ex-post monitoring and evaluation**; such M&E arrangements would be critical to assessing TOSSD flows' impact on development and compliance with development effectiveness principles.
  - As for the **inclusion of mobilised private finance**, we remain convinced of the importance of the fact that the TOSSD statistical measure's focus is on official support. Increased transparency of private flows is crucial, which must include both investments and outflows; however, it is of central importance that public and private flows are separated at both the detailed and the headline levels.

- TOSSD will include the **face-value of the flows rather than the grant equivalency**; the rationale put forward is that TOSSD should capture the full spectrum of officially supported flows arriving in a recipient country so as to better help them manage their flows, while the grant equivalency is captured in ODA as a reflection of *‘donor effort’*. The issue in our view is that such an approach would create a misleading metric: if the purpose is to ensure recipient countries have an accurate and comprehensive picture of what resources over time are at their disposal to reach the SDGs, TOSSD would need to track not only the inflows, but also the outflows, including repayments as well as other flows that are leaving the country such as IFF or tax evasion.
- While we acknowledge the challenges of including **additionality** - both financial and developmental - as an ex-ante eligibility criterion, we encourage the Task Force to commit to a robust assessment of additionality within TOSSD M & E arrangements. The current suggestion that the activity-level reporting will *‘provide sufficient transparency for relevant organisations, including CSOs, to scrutinise the data, and if needed, raise concerns with regard to the additionality of flows’* is insufficient and impractical given the large number of expected flows that will be reported.
- The proposed changes still do not provide sufficient safeguards to ensure that **commercial confidentiality** is not unduly used to constrain transparency.
- Inclusions of **export credits**, when they are *‘specifically designed to contribute to sustainable development (e.g. financing of a wind power plant)’*, remains problematic and it should minimally relate very directly to the achievement of the SDGs.
- The Reporting Directives continue to include **“state-owned enterprises”** without a clear delimitation as to state-owned enterprises rooted in metric that is focusing on official flows. We fear that this inclusion will reduce the comparability between providers.

Preliminary thoughts on the proposed definition for Pillar 2.

6. We would like to commend the efforts by the Task Force to explore the definition issues inherent in the second pillar that TOSSD intends to capture. Our commentary is limited by the conceptual nature of the discussion paper on Pillar 2, which is not yet at the stage of practical proposals for capturing specific flows. We are pleased to have the opportunity to contribute to this initial phase, but somewhat concerned by the high level of generality attached to such areas as “trade” or “security” and their relevance to the purposes of TOSSD. Given the scale, scope and importance of the agenda at stake, we look forward to continuing to refine our reflections and feeding in as the a proposed framework becomes more specific.
7. Defining the boundaries of global public goods, and development enablers and their relevance to achieving Agenda 2030 is a significant challenge and requiring addressing multiple perspectives, angles and layers of questions and issues; as the discussions in the paper GPG/IPGs demonstrates. While we can see some merit in the International Public Goods approach - especially in light of the *non-rival* and *non-excludable* principles - the discussion is too abstract to reach a judgement about its practical relevance to the purposes of TOSSD. We suggest a more specific approach, starting from the SDG framework and the relevance of

particular GPG/IPGs to these Goals. This approach would ensure greater alignment to the main purpose of TOSSD.

8. The inclusion in Pillar 2 of costs incurred at the domestic level raises some difficult questions and may open the door for extremely large sections of national expenditures to be factored in. This would be controversial for several reasons including in particular that: first, defining clear, accountable rules for inclusion would be very difficult as we have seen recently around the much more limited issue of in donor refugee costs; and second, it undermines the focus and potentially credibility of TOSSD to identify resources that directly promote sustainable development in developing countries.
9. At the same time, we would also like to note the conversation on international public goods and development enablers offers the opportunity to acknowledge the multiple roles that countries play in development. Some countries may play a dual role as both recipient and provider of development assistance; they may also play an important role in addressing regional or global crises and thus contribute significantly to GPGs/IPGs and other development enablers.
10. We would welcome an opportunity for a substantive consultation with the Task Force on these issues and the many others that will emerge as Pillar 2 is developed. The discussion paper has started to build a conceptual understanding of some of these challenges, but there remain, in our view, many issues that arise in determining the relevance, scale of contribution and importance of many global or other flows to the core purpose of TOSSD. A metric that does not have transparent and clear guidance on identifying such flows, but rather aggregates flows on the basis of different categories of IPGs, will have limited credibility as a metric for Agenda 2030.

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<sup>[1]</sup> Reflection paper from the CSO DAC Reference Group with inputs from Amy Dodd, Jorge Rivera, Julie Seghers, Asa Thomasson, Brian Tomlinson and Luca De Faia.

<sup>[2]</sup> See: [Item 2: Proposed responses to General Comments on the TOSSD Reporting Instructions from the DAC CSO Reference Group](#) and [Item 2: Proposed responses to Detailed Comments on the TOSSD Reporting Instructions from the DAC CSO Reference Group](#)

<sup>[3]</sup> [Item 5: Definition of the second pillar of TOSSD](#)