

Total Official Support for Sustainable Development (TOSSD):

What can't be counted, doesn't count.

Will TOSSD help keep track of SDG financing?

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Outline of Presentation

- 1) **An overview of TOSSD and its current status:** What is it? What are seen to be its value propositions? How did it evolve?
- 2) **No consensus - Differing views on TOSSD:** Perspectives on TOSSD, derived from interviews with select stakeholders (CSOs, donors, TOSSD Secretariat).
- 3) **Is TOSSD becoming a credible metric:** Issues in meeting statistical standards and the expectations of the value proposition?
- 4) **Potential challenges to ODA for donor accountability:** Comparing ODA and TOSSD, the politics of accountability for development finance.
- 5) **TOSSD Dashboard:** Overview of first data reporting for 2019, opportunities and challenges in using the data.
- 6) **Outstanding Issues in Pillar Two:** An inflation of provider finance for SDGs in partner countries?
 - TOSSD and climate finance
 - Peace and security expenditures
 - Domestic refugees and migration related expenses
 - Global financial stability expenditures and treatment of debt cancellation
 - Tracking COVID-19 expenditures
- 7) **Inclusion of mobilized private finance:** Issues and coherence with a measure of official flows for SDGs?
- 8) **Responding to partner country needs:** Being true to a recipient-oriented metric?
- 9) **Governance of the metric:** A future for TOSSD in the UN?
- 10) **Conclusions:** Political and technical tensions in TOSSD as currently conceived - Can CSOs find common ground?

What is TOSSD?

Formal Definition:

“**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.” (*TOSSD Reporting Instructions*, §1)

Coverage:

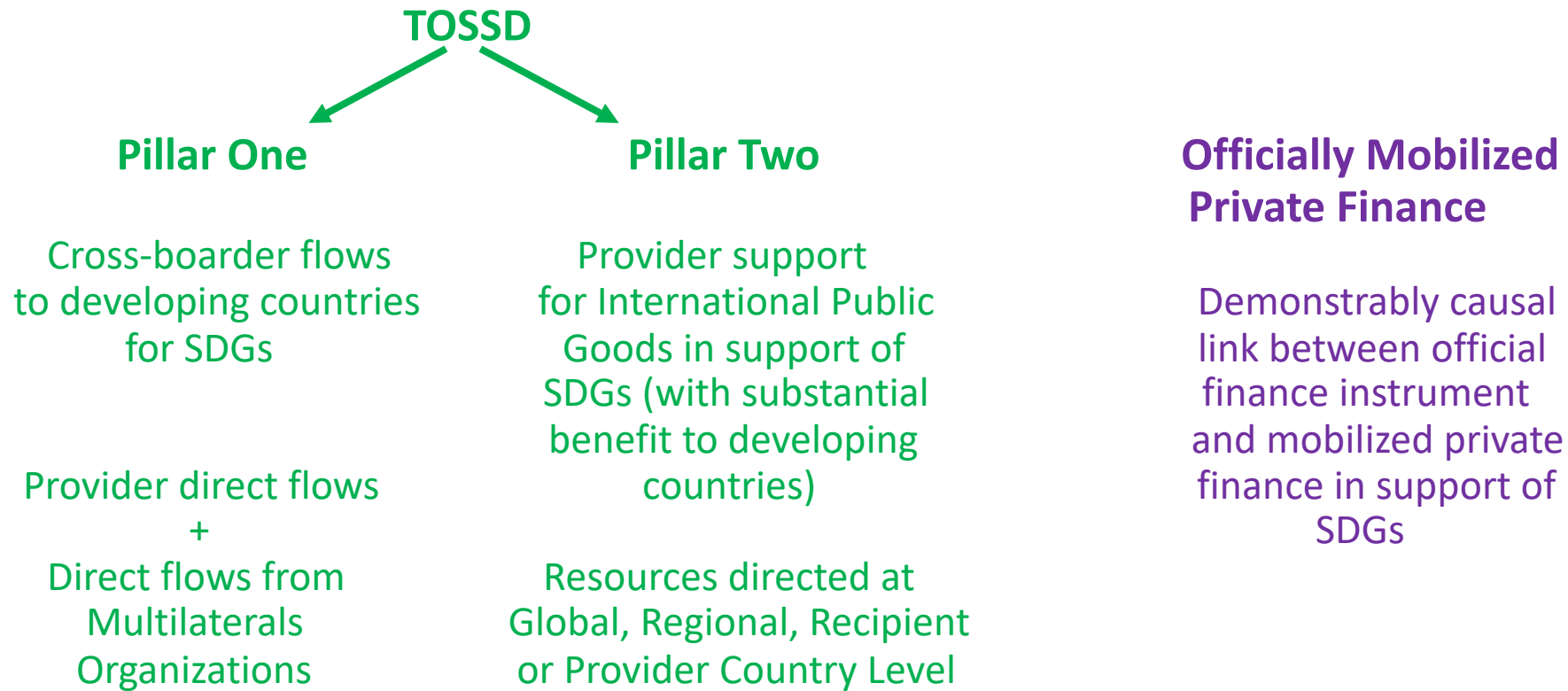
- All official concessional & non-concessions **cross-border flows** (including export credits and other financial instruments) to developing countries in support of the SDGs by all provider countries, including those in the global south. Data is collected from a **recipient perspective**.
- All official concessional & non-concessional flows by all provider countries, including those in the global south, in support of **International Public Goods (IPGs)** that *demonstrate substantial benefit to TOSSD-eligible countries*.
- **Private finance mobilized by official flows** in support of the SDGs in developing countries, by all providers, including those in the global south. Private flows are **reported separately** from TOSSD but are collected and aggregated alongside TOSSD official flows.

Reporting to TOSSD:

- Open to all countries, voluntary, and guided by the [TOSSD Reporting Instructions](#) (latest February 2020) and internationally agreed statistical standards.

A Two-Pillar TOSSD measurement framework

Measuring Flows in Support of SDGs in Developing Countries from a Recipient Perspective



What are the origins of TOSSD?

DAC launches modernization of ODA in 2012

- **Review of the scope of ODA** in relation to mobilizing private finance, in-donor refugee costs, migration and security issues, and need to better capture full range of provider resources for sustainable development in partner countries
- Other Official Flows (OOF) not developed over the years; TOSSD seen as more comprehensive than ODA & OOFs

Agenda 2030 and its 17 SDGs as a universal agenda

- Financing gap of \$2.5 trillion to reach the goals by 2030 with requirements well beyond ODA – How to track?
- DAC proposes TOSSD as a new metric at 2015 Addis Financing for Development to track SDG finance.
 - AAAA: “hold open, inclusive and transparent discussions ... on the proposed metric.” [\$55]

International TOSSD Task Force created in 2017 by OECD DAC

(<http://www.oecd.org/dac/tossd/tossd-task-force.htm>)

- **Purpose:** “to further elaborate the features of TOSSD and prepare a first set of Reporting Instructions for submission to a variety of international bodies and groupings.”
- **Members** drawn from DAC donor officials (9), developing country technical and development officials (16), International Organizations (3), China, Germany, Romania and Norway have observer status, CSOs have observer status. Technical support from the DAC DCD.
- EU and South Africa as Co-Chairs lead a **transparency and inclusive meetings**, with some country consultations and CSO engagement on various iterations of proposals for Reporting Instructions, and periodic Task Force side meetings at the UN.
- **March 2019 Task Force proposes TOSSD as a metric for SDG 17.3.1;** UN IAEG-SDG creates 21 member Working Group lead by Colombia and Norway to finalize a methodology for this metric (not necessarily TOSSD) by 2022.

What is the value proposition for TOSSD?

Ambitious TOSSD value proposition (derived from TF *Reporting Instructions* and Submission to the IAEG-SDG):

- **Build a comprehensive picture of resource flows** in support of sustainable development in developing countries.
- **Create a globally shared international statistical framework** relating to support for the SDGs.
- **Promote and enable greater transparency and accountability** for the full array of officially supported development finance.
- **Enable informed strategic planning**, identifying gaps and priorities, with credible information on resource flows, particularly at the country level.
- **Facilitate learning and exchange of good practice** among developing countries in relation to development resources.
- **Enable more informed policy discussions** about the quality of development finance.
- **Build insight into the extent to which the international community is financing global enablers** and responding to global challenges, hitherto unavailable.
- **Create appropriate incentives** for using international public finance and risk mitigation instruments to mobilize additional resources for development.

To what extent are these propositions credible in relation to the current metric?

Oxfam/ActionAid/AidWatch Canada Report intended to shed light on how TOSSD works in practice and to inform different political perspectives on this new metric.

Differing Perspectives on TOSSD

Broadly Supportive of TOSSD metric

- Need for a **rigorous metric that systematically tracks** financial flows for SDGs with a common framework.
- **Different from ODA**, brings a unique recipient perspective to documented flows.
- Opportunity to **engage SSC providers**.
- **Profiles developing countries** that are making contributions to IPGs (e.g. hosting refugees, climate mitigation).
- **Focus is transparency, not accountability** - No target for TOSSD, unlike ODA.
- **Developing metric iterative over years**, learning from data collection, with revisions to Reporting Instructions.

Skeptical, but with conditional support

- **Value opportunity for greater transparency** for flows for SDGs in developing countries.
- **Current metric has significant issues in the scope of data collection** that undermine credibility of metric and need to be address.
- **Concentrate on recipient perspective** and rigorously clarify benefits to developing countries in Pillar Two.
- Donors with poor ODA performance, politically **motivated to marginalize ODA further** and focus on their TOSSD flows.
- **Little attention to development effectiveness**, human rights framework, leaving no one behind.

TOSSD not legitimate, Not needed

- TOSSD not a technical question, but **embedded in unequal politics of development finance**, in which donors marginalize developing countries.
- Any technical merits are superseded by **deep lack of trust** between country blocs at the UN.
- **Does not address country ownership**, which requires a comprehensive assessment of country needs, current limitations and solutions, led by country partners, but rather brings to the UN a pre-determined metric.
- **ODA marginalization part of a long history of inequality**; focus should be on strengthening its norms and committing 0.7% of GNI as a basis for incentivizing other flows.
- CSOs should **avoid becoming instrumentalized** in TOSSD process.

Is TOSSD becoming a credible metric?

Credibility of a statistical system: accuracy, relevance, reliability, consistency in what is being measured, comparability, systematically applied.

- **Reporting Instructions** creates the potential for systematic statistically consistent reporting of financial flows in support of implementation of SDGs in developing countries and related IPGs relevant to developing countries.

But ongoing Issues for TOSSD:

- **Undefined references to sustainability**, the SDGs and international standards, including development effectiveness, with no agreement on how to apply sustainability clearly and consistently in determining eligible activities.
- **Human rights standards are absent**, i.e. free, informed and prior consent in contested environmental and resource extraction situations.
- **No clear limits and/or very expansive guidance in reporting large in-donor expenditures** under Pillar Two (IPGs), leading to wide variations in reporting by providers (explored in detail later).
- **Wide mixture of financing instruments included in TOSSD aggregates**, but hard to reconcile with SDGs, i.e. grants, loans at face value, debt relief, export credits, loan and investment guarantees.
- **Provider pressure for pushing new areas of coverage**, such as IMF financial stability measures, in Pillar Two, when other areas remain unclear.

Can the broad scope and iterative approach of the Task Force address these issues to align with statistical standards and build trust in this new metric?

Comparing ODA and TOSSD

ODA

- 1. Eligibility:** Economic development and welfare of developing countries.
- 2. Reporting perspective:** Provider perspective (i.e. flows from donor countries) to ODA-eligible countries and multilateral organizations.
- 3. Who is reporting:** 30 members of the Development Assistance Committee for ODA-eligible countries.
- 4. Accountability:** UN 0.7% of GNI.
- 5. What flows are reported:** Concessional finance according to DAC rules (grants and concessional loans), net disbursements for grants and loans.
- 6. Transparency:** Activity level through CRS
- 7. In donor expenditures:** Substantial but limited by DAC rules, mainly for refugees, student costs and debt cancellation.
- 8. Inclusion of private sector:** Only finance for Private Sector Instrument or as partners in development.

TOSSD

- 1. Eligibility:** Support for sustainable development (SDGs) and International Public Goods in relation to developing countries.
- 2. Reporting perspective:** Recipient perspective (i.e. resources received by TOSSD eligible countries from all providers and multilateral organizations).
- 3. Who is reporting:** All providers including SSC and IPG investments by developing countries for all TOSSD-eligible countries.
- 4. Accountability:** Transparency metric, no provider targets.
- 5. What is reported:** All monetary and non-monetary eligible transactions, based on cross – border flows and support for IPGs. Must contribute to one of SDG targets and no detrimental impact on other targets. Gross disbursements.
- 6. Transparency:** Activity level through TOSSD Dashboard.
- 7. In-donor expenditures:** Very substantial for relevant IPGs such as climate mitigation activities.
- 8. Inclusion of private sector:** Includes official and officially-supported finance, with mobilized private finance calculated and reported separately.

TOSSD, ODA and donor accountability?

Commitment: “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%.” [*Reporting Instructions*, §6]

Task Force Assurance: ODA is about DAC provider accountability in supporting development, addressing poverty and inequality, while TOSSD is only about transparency in resources made available by all providers for the SDGs, structured from a recipient perspective, with no aggregate targets. TOSSD is not the cause of ODA marginalization.

But some worrying signs for further marginalization of ODA as a relevant metric for accountability:

- TOSSD developed while continued **flatlining of ODA** by many donors, with no real commitment to reach 0.7% (UK rescinds 0.7% legislation);
- References to **TOSSD as “the pre-eminent measure** of resources in support of sustainable development” and assertion that TOSSD is in provider countries’ own interests by Task Force Co-Chairs (EU and South Africa) in Task Force Strategy Paper;
- **Notion of “partnerships” being promoted** by some donors in the context of TOSSD, as an alternative narrative that “breaks the mold of the traditional aid narrative” [Task Force Strategy Paper] with no acknowledgement of global inequalities;
- **Donor references to TOSSD aggregates** in donor reports on ODA (e.g. Canada);
- **Concern among developing country partners on inclusion of IPGs** in the context of a metric with a stated purpose of facilitating transparency for partner countries to enable SDG planning;

TOSSD Dashboard

A **TOSSD Dashboard and visualization tool** is managed by the DCD for the Task Force: <https://tossd.online/>

- Access data from **recipient perspective** (consistent with TOSSD mandate).
- **Activity level data accessible** through downloading into excel or related program (CRS format).
- **Provider perspective** only available through downloading of activity data.
- Data available through **visualization tool** by recipient, by pillar, by SDG and sectors (CRS format).

Potential analysis of activity level data (not all fields completed at this stage of reporting):

(See TOSSD detailed Codes for reporting activities: <http://www.oecd.org/dac/tossd/TOSSD-codes-Feb-2020.xlsx>)

- ❖ By pillars, DAC sector codes, SDG focus for each activity
- ❖ By recipient and provider
- ❖ Project titles and descriptions (descriptions vary in quality as they do in the CRS)
- ❖ Channel of delivery (detailed for donor government, multilateral, CSO, private, etc)
- ❖ Modality – project, technical assistance etc.
- ❖ Financial instrument - grant, loan, guarantee etc. and Financing Arrangement (blending, Islamic, export credits)
- ❖ Framework for collaboration (South South Cooperation, Triangular, etc)
- ❖ Amount disbursed / Amount received / Reflows to provider
- ❖ Amount mobilized (private finance) / Leveraging mechanism / Origins of funds mobilized
- ❖ Concessionality
- ❖ But no gender equality marker or climate finance markers (adaption, mitigation, loss and damage).

TOSSD Dashboard: Overview of 2019 Data

To be added when data is available for analysis

Critical issues in Pillar Two – Climate Finance

Climate finance included under both Pillar One and Pillar Two

- Subject to the **lack of clarity on rules for reporting climate finance** under the UNFCCC
 - ❖ No agreement on what is climate finance (e.g. coal related expenditures that reduce GHGs) not clear;
 - ❖ No agreement on implementation of “sustainability” in TOSSD activities.
 - ❖ No agreement on reporting mainstreamed climate finance.

Will not compete with biennial reporting to UNFCCC by providers or DAC’s report on climate finance disbursements relating to the US\$100 billion annual commitment by 2020.

- Pillar One reporting will largely duplicate current ODA reporting of climate finance, plus non-concessional cross border flows for climate finance.
- Pillar Two will report provider activities relating to mitigation within their own borders, with the rationale that all developing countries benefit from such activities in lower GHGs.
 - ❖ Including activities in countries in global north and global south.
 - ❖ Including climate change research and knowledge creation, greenhouse gas (GHG) sinks (carbon capture, storage and reforestation), and all investments that limit or mitigate emission of GHGs.
 - ❖ Mitigation not reported under UNFCCC, but no rationale for why such reporting should happen under TOSSD instead.

Critical issues in Pillar Two – Peace & Security

Potential for TOSSD inflation and inconsistency between providers:

- Under both Pillar 1 and Pillar 2, providers can report peacekeeping operations, disarmament activities (including chemical and nuclear weapons), law enforcement activities, including the fight against crime and terrorism, and specific engagements with partner country military.

Implementation of safeguards:

- Reporting Instructions set out **significant safeguards for providers'** reported peace and security activities.
- At provider **discretion and with no external validation** of eligibility of reported activities.
- Some potential reportable activities **contested in developing countries**, such as donor support for security measures.
 - These activities were resisted in the development of SDG 16 and no agreement in the UN about what types of activities can support SDG 16.
- Safeguards are important principles but **open to interpretation, with no guidance** (e.g. “do no harm”).

Strong risk to the statistical consistency, comparability and credibility of TOSSD in relation to its overarching purpose in transparency of flows in support of furthering SDGs in partner countries.

Critical issues in Pillar Two – Refugees & Migration

Rationale for inclusion

- Pillar Two – “provide substantial benefit to TOSSD eligible countries or their populations...”
- Not an SDG, but consistent with the UN Global Compact on Refugees
- Strong push by developing countries for inclusion to acknowledge their considerable support for refugees in their countries as an IPG.

Greater transparency, broad scope of provider countries, but potential for TOSSD inflation

- Include costs for in-provider country refugees **beyond this 12-month period [allowed for ODA]** to the extent that the refugees do not have rights similar to the possession of residency or nationality of that country.
- Include costs related to **voluntary return of refugees** to their home country.
- Include costs associated with **the integration of refugees** up to a five-year limit.

May result in both **inflation of TOSSD** with in-provider country expenditures and **reduced consistency in comparisons between provider countries**.

Critical issues in Pillar Two – Global Financial Stability and Debt Cancellation

Provider support for global macroeconomic and financial stability through IMF/World Bank finance

- **Rationale** – precondition for sustainable development (system issue in 17.3).
- **Scope to be limited to international standard setting** and surveillance activities, but not financial bailout packages.
 - ❖ CSOs argue that such activities are beyond the scope of TOSSD.
 - ❖ Norm setting cannot be delinked from bailouts, both of which are highly contested by developing countries.

Undermines the credibility of the metric as demonstrable benefits to TOSSD-eligible countries.

Treatment of debt cancellation

- **Include all actions relating to debt restructuring** (forgiveness, conversions, swaps, buy-backs, rescheduling, refinancing), under Pillar One, even though no cross-border flow is involved.
 - ❖ What is **true value of debt cancellation** to developing countries – counted at face value but may not be paid and/or payments already exceed face value?
 - ❖ How can debt cancellation be **reconciled with recipient perspective** of TOSSD?
 - ❖ **Avoiding double counting** of both original loan and cancellation – principal cancelled will be subtracted, but all interest payment will continue to count.

Critical issues in Pillar Two – Tracking COVID-19 Expenditures

A potential area where TOSSD could demonstrate its value added

- A **comprehensive picture of the international community's response** to the pandemic, including providers in both the global north and global south.
 - ❖ Secretariat **developing a methodology for tracking** these investments
 - Secretariat will develop and manage a multiple purpose data field for TOSSD that would capture COVID-related activities with different policy objectives beyond the health sector.
 - Launch special survey in 2021 to test methodology.
 - ❖ **Include vaccine development** costs (not eligible for ODA)
 - Consistency with guidance on research and development activities – expected to be put in the public domain.

Inclusion of mobilized private finance

Private sector finance mobilized by official resources:

- ❖ official agencies, including state and local governments, or by their executive agencies, and
- ❖ public sector corporations (over which governments have control).

Mobilized private finance reported separately from TOSSD on Dashboard, but how transparent?

- ❖ Amounts [update with 2019 data]
- ❖ Limited description of mobilized finance for independent assessment [update with 2019 data]
- ❖ Balance in official mechanisms for mobilizing private finance (e.g role of guarantees)[update with 2019 data]

Outstanding issues in collecting data on mobilized private finance in TOSSD data surveys and reports:

- ❖ Demonstrating a causal link between official support and private finance and with SDGs.
- ❖ Avoid double counting with multiple providers involved in complex projects.
- ❖ Consistency: Two methodologies for reporting mobilized finance by the multilateral development banks and OECD.
- ❖ Demonstrated compliance with international standards, including human rights.

Responding to partner country needs

Will TOSSD be relevant and accessible for recipient country users?

- **Six country pilot studies:** Assessing the relevance of TOSSD and the challenges in deploying the data at country level.
 - ❖ Country respondents (mainly technical officials and some CSOs) **broadly supportive** of TOSSD in the context of the practical need for comprehensive data on international development finance entering the country, filling major data gaps.
 - ❖ **Political challenges** from some of the same countries at the diplomatic level in the UN not addressed in the pilots.
 - ❖ Documented the **importance of inclusion of China's development finance** for many countries.
 - ❖ Issues raised at country level (often by CSOs) similar to those outlined in this report.
 - ❖ Pointed to the **central importance of cross border flows** for developing country partners, not IPGs.
- **Little attention to date to recipient country validation of data** largely reported by providers
 - ❖ Random verification of sample data by central agency (e.g. DCD)
- **Essential importance of strengthening developing country statistical systems**, addressing unique challenges in each country.
 - ❖ External support for statistics and data in these countries largely stagnant since 2014 [PARIS21].
 - ❖ A funding gap of \$5.6 billion annually, of which \$1.3 billion from external funders, double the current level of funding, and required up to 2030 [PARIS21].

Governance of TOSSD

Global governance or another OECD generated metric?

- **Key issues set out by the Task Force**
 - ❖ **Whether a governance home in the UN** to be determined by outcome of Working Group on new metric for SDG17.3 (outcome by early 2022).
 - ❖ **Task Force sees UN as “natural home,”** with technical support from various agencies, including the DCD.
 - ❖ Compromise possible , but unlikely agreement by China and India, and the G77.
- Task Force also proposing an **“International TOSSD Forum”** as a voluntary inclusive inter-governmental political house outside the UN (similar to the GPEDC), with technical support from a much smaller Task Force body.
 - ❖ What is the opportunity cost of not continuing with a TOSSD metric, however it may be reformed to get agreement?

CSO perspectives on governance

- All agree that UN is the basis of maximum legitimacy, but CSOs at UN view current process for TOSSD as an illegitimate basis for a UN role.
- Reference Group welcomes more transparency for SDG-related flows to partner countries, and has critical engagement with current process through observer status with Task Force.
- Continued critical engagement is possible, without any need for CSO endorsement, but best if based on common ground on key principles guiding an effective metric.

Concluding Summary: Political & technical tensions in TOSSD

Constructing a legitimate, consistent and credible metric?

- **Different starting points** – Some reject TOSSD as politically illegitimate; others see substantial opportunity costs for Agenda 2030, while continuing to highlight TOSSD gaps and substantial challenges.
- **Are current tensions irresolvable or can they be subject to iterative process resulting in a useful metric?**
 - ❖ **Transparency** – Possibility of greater open and systematic access to non-ODA data, but in tension with incomplete / inconsistent data in some areas (Pillar Two) reducing credibility of metric.
 - ❖ **Scope** – Explicit recipient country focus, but in tension with documenting flows to SDGs embedded in universal Agenda 2030, with many goals and targets, creating complexity & potential confusion.
 - ❖ **Strengthening ODA as a resource for poverty and inequality reduction** – TOSSD as a metric that potentially addresses different flows that are now crucial for developing country development options (China, non-concessional flows), in tension with the increasing marginalization of ODA.
 - ❖ **Opportunities for engagement with different development actors** – Task Force / International TOSSD Forum, with transparency and openness to CSO participation and views, in tension with further marginalization of the UN as a forum in assessing development finance.

Can a shared understanding underpin different CSO strategies for engaging TOSSD's future evolution and the data it profiles for financing sustainable development?