FOURTH MEETING OF THE TOSSD TASK FORCE
BRUSSELS, BELGIUM, 29-30 MAY 2018
MAIN CONCLUSIONS AND ACTION POINTS

This note presents the main conclusions and action points from the 4th meeting of the TOSSD Task Force (the TF) as recorded by the co-Chair and the Secretariat. In brief:

- The discussion on item 2 consisted of a first brainstorming on pillar II to help provide orientations to the Secretariat for further work. The Secretariat will work on a criteria-based approach to define the eligibility of activities to pillar II, drawing on the criteria and challenges as indicated by the TF.

- TF members were in principle in favour of the inclusion of peace and security in TOSSD (item 3) within the scope of SDG16. However, they signalled the importance of establishing eligibility criteria and potential safeguards, and of involving experts in the process to discuss concrete examples. Overall, they supported a cautious approach and noted that defining the modalities would be challenging.

- TF members discussed approaches for developing the eligibility criteria of peace and security activities as well as potential safeguards, recognising that the delineation between pillars I and II in this area was particularly challenging. The session helped identifying international organisations active in the field of peace & security.

- There was broad agreement on the Secretariat proposal of including international organisations which conduct global standard setting activities in pillar II of TOSSD (item 4). There were no objections to the methodology proposed to identify global standard setting activities within a given organisation. There is a need to complete the list of standard-setting organisations with relevant international and regional organisations. TF members can send further suggestions to the Secretariat by e-mail.

- The Secretariat presented preliminary highlights of the pilot study carried out in Nigeria from 30 April to 11 May 2018 (item 5). TF members expressed a lot of support for the preliminary proposals for adjusting some elements of the Reporting Instructions to take into account the findings from the pilot study. The Secretariat will analyse all proposals that emerged from this study for discussion at the next TF meeting. The Secretariat will also produce a document that explains why some of the proposals were not retained so that TF members have an opportunity to reconsider these items if needed.

- With regard to the reporting on goals or targets, the only issue still for discussion was about the cases that cannot be linked to SDG targets. A formulation was proposed and suited all members of the TF, aside from one that will need to confirm its agreement. The Secretariat recommended flexibility to allow reporting also in cases where a provider is not yet in a position to report on targets or goals. This could be over a transition period and consist of providing a justification of sustainable development for the entire project portfolio without necessarily coding each activity. TF members should send examples of projects that cannot be linked to SDG targets.

- The TOSSD framework may use a dual sector classification – the CRS purpose codes that had been developed specifically for development co-operation activities and the International Standard Industry Classification (ISIC) often used by National Statistical Offices. The Secretariat will attempt to develop a mapping to link these two classifications. TF members agreed that some wording in the Preamble of the Reporting Instructions could be added to reinforce the concept of sustainability and explain what it means for economic and social dimensions. The Preamble should also make reference to the development effectiveness principles.

- TOSSD could be proposed as an update to existing indicators of the SDG framework where relevant, i.e. when the target makes reference to broader international co-operation (e.g. "total official flows", "international financial flows" or "total official international support") – item 7.

- TF members generally agreed with the FAQ document, called for its further development and advised to use CSO concerns as a basis for its development.

- Most TF members agreed that export credits which are specifically designed to contribute to sustainable development should be included. The Secretariat proposed an amended text for paragraph 30 and additional wording for the Preamble (paragraph 5) to signal the need to avoid trade distortions. Both amendments were accepted by all TF members aside from one that had reservations and needed to consult internally.

- There was a general consensus that multi-country projects should be included in pillar I and a general preference to include projects implemented at the regional level in pillar I, except if they pass the test for Global Public Goods in which case they could be included in pillar II. A decision-tree could be developed to determine if projects are in pillar I or II.

- There was general agreement with the updated version of the emerging Reporting Instructions, which remains a living document and will be updated again as per the discussions of the 4th TOSSD TF meeting.

- The Secretariat will prepare a detailed response on the points made by CSOs for the next TF meeting and a formal response will be provided to them after that meeting.

1.	**Item 1. Introductory remarks by the co-Chairs**
	The Chair thanked all participants for their attendance, and extended a warm welcome to Brazil, who recently joined the Task Force as an observer.
	The Chair informed the Task Force that Lisa Bersales would no longer be in a position to serve as co-Chair of the Task Force due to her pressing duties as the national statistician of the Philippines. The Secretariat will be making contacts to find a new co-Chair.
2.	**Item 2. Tackling the second part of the TOSSD definition: Support to development enablers and response to global challenges at regional or global levels**
	The discussion consisted of a first brainstorming on pillar II to help provide orientations to the Secretariat for further work. The Secretariat presented a list of examples of support to development enablers and global challenges based on AAAA and the 2030 Agenda. Task Force members were asked to comment on these first and whether additional areas of support should be considered. Discussion was first in small groups, followed by reporting back to plenary.
	• There was no clear conclusion on the question of whether pillar II should be kept broad, to capture as many aspects of development enablers and global challenges as possible, or rather narrow and concrete, to facilitate uniform reporting. Rather than using the list of examples in the background document for this item, the Task Force requested the Secretariat to work on a criteria-based approach to define the eligibility of activities to pillar II. Potential criteria include that activities in pillar II should: o Support "public goods" (along the definition proposed in Box 1 of the background document, i.e. be non-rival/non-excludable). o Be linked to the concept of "development enablers" as put forth in the Report to the UN Secretary General "Realizing the Future We Want for All"[1]. o Have a direct link to an SDG target (which is valid for any TOSSD activity). o Provide some benefit to TOSSD-eligible countries (whether primarily or secondarily) and definitely be non-discriminatory to them. • Some challenges with the criteria-based approach were also identified: o With regard to the definition of public goods, it was noted that "impure public goods" also exist (for example when there are barriers to accessibility, such as a patent for research, making the good excludable). Their inclusion in or exclusion from TOSSD will need to be further discussed. o The definition of the "global challenges" concept may be complicated as challenges change over time. • With regard to whether pillar II should exclusively focus on TOSSD-eligible countries, the Task Force deemed that a strong focus was necessary but recognised the challenges in establishing criteria. Some aspects discussed were: o Bilateral contributions: ▪ Contributions to address global challenges (e.g. cancer research) might not benefit only TOSSD-eligible countries.

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[1] See : http://www.un.org/millenniumgoals/pdf/Post_2015_UNTTreport.pdf

- In the field of climate change, both feasibility and credibility issues may arise (e.g. measurement of green taxation, North-North climate finance; discussion on the latter may not be acceptable to some constituencies).
  - o Contributions to international/global organisations:
    - It would be difficult to identify the share of contributions to international/global organisations benefitting TOSSD-eligible countries; for this reason it could be better to count the full contribution.
    - Task Force members preferred starting with a broad approach, learning by doing, and deciding over time whether part of these global contributions should be excluded from TOSSD.

- Task Force members requested that a dedicated session on climate change be organised in a future meeting (keeping in mind that TOSSD should not be perceived as a competitor for mechanisms to report on climate finance to the UNFCCC). This discussion should also cover the support for the cost for countries transitioning to a low-carbon economy.

- Migration was mentioned as another area for further study, both as a global challenge and as an enabler of development.

- One member advised against including trade in pillar II.

- Regarding the delineation between pillars I and II, Task Force members agreed that standard setting activities fell under pillar II and specific cross-border initiatives to implement the standards under pillar I, including capacity building. Traceability was of the essence: if a connection can be made between provider and recipient, the project should fall under pillar I, even if it has global externalities (e.g. environmental projects). For research activities, there was no simple answer and more examples needed to be worked on.

- The treatment of in-donor costs and their possible inclusion as development enablers in pillar II was discussed. One member thought that in-donor student costs and technical co-operation were similar in purpose and should be included in TOSSD.

- Developing country members underlined the importance of regional research activities, which should be further studied to determine whether they should fall under pillar I or II (this issue was further discussed under Item 8).

| 3. | **Item 3. Example of a development enabler at regional level: Peace and security**

The Task Force discussed the background document for this item in small groups. This was followed by a plenary discussion in which Task Force members highlighted the following points:

- Task Force members were in principle in favour of the inclusion of peace and security related activities in TOSSD, within the scope of SDG16. However, they signalled the importance of establishing eligibility criteria and potential safeguards, and of involving experts in the process. Overall, they supported a cautious approach and noted that defining the modalities would be challenging.

- Members discussed alternative approaches for developing the eligibility criteria for peace and security activities under TOSSD: i) migrating ODA rules into TOSSD as a starting point; ii) building TOSSD rules with little attention to how the question is |

treated in ODA; or iii) developing a positive list of eligible activities to clearly define the boundaries on this complex topic. Also paragraph 13 of the background document[2] for the item was seen as a potential good starting point.

- Several possible safeguards were mentioned:
  - o Clear linkage to an SDG target.
  - o UN endorsement of the operation, including peacekeeping missions that are not formally approved by the UN Security Council, but still recognised by the UN (e.g. G5 Sahel).
  - o Exclusion of financing for the purchase of military equipment, e.g. weapons.
  - o Oslo guidelines.
  - o Objectives of promoting peace, rule of law and human rights (not security interests).

- Task Force members had diverging views on the inclusion of activities that involve use of force. However, many members were in favour of considering use of force eligible in the context of UN missions ("Chapter 7" UN missions).

- Task Force members stressed the importance of not rushing the process. Experts should be involved in the discussion on this topic to avoid unintendedly legitimising certain actions by making them eligible under TOSSD. Further discussions should be based on concrete examples.

- The delineation between pillars I and II is not straightforward. Peace and security have regional and global dimensions and are clearly development enablers (pillar II), but also sometimes generate cross-border transfer of resources to specific countries (pillar I).

- Elements discussed for possible inclusion under TOSSD covered:
  - o The share of peacekeeping operations that is currently excluded from ODA (85%).
  - o Counter-terrorism operations (including developing countries' domestic budgets for counter-terrorism). Reaching consensus on the definition of "terrorism" may be challenging but it was noted that the UN had an agreed framework on this theme.
  - o Cybersecurity and combating cyberterrorism.
  - o International penal justice, such as Interpol.
  - o Border security measures, for example to avoid smuggling of firearms or drugs.
  - o Disarmament expenses, including nuclear disarmament.
  - o Cases similar to the EU anti-piracy operation Atalanta.

- The session was productive in identifying several international organisations active in the field of peace and security, which should be investigated further for the next meeting: EUROPOL/INTERPOL, International Campaign to Abolish Nuclear Weapons (ICAN), International Telecommunication Union (ITU), International Development Law Organisation (IDLO), Organisation of The Islamic Cooperation – Collaboration of Computer Emergency Response Team (OIC-CERT), United Nations Office on Drugs and Crime (UNODC).

- The Casebook on ODA eligibility for Peace & Security produced by the OECD should

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[2] See paragraph 13 in: http://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/Item%203%20-%20Peace%20and%20security.pdf

	be distributed to TF members as it was also deemed useful in this context.
4	**Item 4. Example of a development enabler at global level: Work of standard setting international organisations** ● There was broad agreement on the Secretariat proposal of including international organisations which conduct global standard setting activities in the pillar II of TOSSD. ● There were no objections to the methodology proposed to identify global standard setting activities within a given organisation. ● There is a need to complete the list of standard setting organisations with relevant international and regional organisations. Suggestions made at the meeting included UN Statistical Commission, International Aid Transparency Initiative, regional organisations such as the West Africa Economic and Monetary Union (known as per the French acronym UEMOA), the Economic Community of West African States (ECOWAS) and the African Union. Task Force members can send further suggestions by e-mail. ● For regional organisations, the question was raised on whether their activities would fall under pillar I or II and whether their standard setting activities provide benefits at the global level or just at the regional level. (This was also discussed under item 8 below.) A member representing a multilateral organisation commented that some of their activities would fall under pillar I and others under pillar II but that it should be able to distinguish between the two pillars. ● The issue of governance of the list was also raised and how organisations would be added to the list. One member asked what would happen in the case of organisations that are ODA eligible but with a coefficient lower than 100%. Would contributions be fully considered as TOSSD? The Secretariat clarified that the starting point of such a list is whether the organisations contribute to sustainable development and the SDGs. In the case of ILO for example, everything that is not ODA would indeed fall under pillar II of TOSSD, whereas its operational activities at the country level would fall under pillar I. ● There was general agreement to include management and support services (e.g. governance bodies, audit functions, etc.) of these organisations within pillar II of TOSSD. ● To assess the inclusion of a multilateral organisation in the TOSSD Framework, several options could be proposed, e.g. examining whether the mandate of the organisation complies with the 2030 Agenda or with the notion of sustainable development, identifying the SDG target to which the organisation contributes. This would be easily done for the organisations that are custodians of specific indicators in the SDG framework.
5.	**Item 5. Highlights from the TOSSD country pilot in Nigeria** The Secretariat presented preliminary highlights of the pilot study carried out in Nigeria from 30 April to 11 May 2018. The meeting could unfortunately not benefit from the presence of the Nigerian representatives in the Task Force due to visa issues that had prevented them from reaching Brussels on time. The Nigerian representatives would be given the opportunity to express their views on the conclusions of the study at the next

meeting.

Task Force members expressed a lot of support for the preliminary proposals for adjusting some elements of the reporting instructions to take into account the findings from the pilot study. They found this feedback from the field on the work of the Task Force very useful.

Some of the elements discussed included:

- Regarding the proposal by Nigeria to include a third (regional) pillar in TOSSD, the Task Force was more inclined to keep the two-pillar framework, but noted that an improved visual (Figure 1 of the emerging reporting instructions) should be proposed to facilitate understanding by non-specialists.

- On the inclusion of administrative costs of local donor offices, Nigeria questioned the inclusion of these costs because they are considered high and not sufficiently transparent for the recipient country. One member indicated that they should still be included.

- Regarding the issue of recording the level of concessionality of a financial transaction in TOSSD, a question was raised about the appropriate definition of concessionality. The Secretariat responded that at the country level the IMF/WB definition was the relevant one. Questions were also raised on the difficulty to collect the financing terms from all provider countries as not all of them wish to disclose this information. If information on concessionality were to be collected in TOSSD, it would be preferable to include a field with only two options (concessional/non concessional) in order to keep the system as simple as possible.

- Several Task Force members were pleased to see some preliminary TOSSD figures in the background document produced for the meeting, which for them showed the utility of the measure.

In terms of next steps, the Secretariat will analyse all proposals that emerged from the Nigeria pilot study for discussion at the next Task Force meeting; this work will be based on the final report which Nigeria will have the opportunity to comment on before it is made public. The Secretariat will also produce a document that explains why some of the proposals were not be retained so that Task Force members have an opportunity to also reconsider these items if needed.

| 6. | **Item 6. Reporting format: Information to be collected on the SDG focus, purpose and sector of destination of TOSSD activities**

The Secretariat presented options for including the SDG information in the reporting instructions, and for classifying activities using OECD DAC CRS purpose codes or the ISIC classification. Task Force members also discussed the second "S" in TOSSD and if certain activities should be excluded from TOSSD on the basis of their lack of sustainability.

Reporting on SDG targets:

- Task Force members continued to express diverging views on whether the reporting should be at the target or goal level (six members stated they supported reporting at target level, two stated they would not yet be in a position to report on targets, and one stated it could report neither goals nor targets).

- The Secretariat recalled the text in the reporting instructions that had been agreed and clarified that the issue for discussion was about the cases that cannot be linked to SDG targets and will thus require further justification to be included in TOSSD (paragraph 38 of the reporting instructions). The Secretariat asked Task Force members to provide practical examples of projects that cannot be linked to SDG targets to be able |

to examine this question in greater detail. Later on in the meeting a formulation was proposed which suited all members of the Task Force, except one country that will need to confirm its agreement

- The Secretariat expressed the view that it was necessary to be flexible to allow reporting also in cases where a provider is not yet in a position to report on targets or goals. This could be over a transition period and could consist of providing a justification of sustainable development for the entire project portfolio without necessarily coding each and every activity.

Sector classification

- Most participants favoured using the CRS classification as it had been developed for the specific purpose of classifying development co-operation activities. One member expressed the view that ISIC would be more practical as it is already used in national statistical systems. The Task Force concluded that the TOSSD framework should accept reporting based on either CRS or ISIC codes. In any case, the objective would be to obtain maximum granularity on the reported activities (5-digits in the case of the CRS, 4 digits for ISIC).

- The Secretariat will look into the feasibility of developing a mapping which could be used to link the ISIC and CRS classifications and disseminate the data on a comparable basis and facilitate their use by national statistical offices.

- The Secretariat explained it had looked into the Conference of European Statisticians (CES) framework on Sustainable Development to see how it could be used in the context of TOSSD reporting. It noted that the CES framework identifies various dimensions of sustainability (e.g. environment, health, etc.) but could not necessarily be adapted to classify activities by input sectors.

The Second "S" of TOSSD

- The chair noted that the issue of sustainability is addressed first in the preamble of the TOSSD reporting instructions, where it is stated that TOSSD implicitly assumes all resources captured in the measure comply with prevailing global economic, environmental and social standards and disciplines. In addition to this, paragraph 11 of the emerging reporting instructions as agreed by the Task Force relates to the definition of sustainable development in the context of TOSSD[3], explicitly stating that TOSSD activities should contribute to the implementation of the SDGs "by generating sustainable economic growth, ensuring social inclusion, without compromising the environment".

- Task Force members agreed that some wording could be added in the Preamble of the Reporting Instructions to reinforce the concept of sustainability and explain what it means for economic and social dimensions. The Preamble should also make reference to the development effectiveness principles.

- Most Task Force members stressed the importance of the concept of sustainability to ensure credibility of the TOSSD measure, but cautioned about too narrow eligibility criteria, that might go against the desire to keep TOSSD simple.

- The Task Force discussed the possibility that some development finance activities may not qualify as TOSSD if they do not meet the sustainability criterion of TOSSD,

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[3]http://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/Emerging%20excerpts%20of%20TOSSD%20Reporting%20Instructions_REV2_as%20of%2028%20April.pdf

	in particular with regard to the environmental dimension. They noted that this could mean some ODA will not qualify as TOSSD if the activities are not sustainable, but also that the issue might be more relevant for non-ODA flows (ODA is well regulated and poses less risks of not being sustainable than non-ODA flows). It was agreed that further work would be needed to develop a methodology to identify activities that would be excluded from TOSSD if they are not sustainable.
7.	**Item 7. Communication and outreach, including conclusions of the working lunch** The Chair and the Secretariat briefed the TOSSD Task Force on several communication and outreach events, namely: - Side events in the margins of the UN Statistical Commission (March 2018) and the Financing for Development Forum in New York (April 2018). 7th meeting of the Inter-Agency and Expert Group (IAEG) on Sustainable Development Goal indicators in Vienna (April 2018). - TOSSD Day in Copenhagen (9 May 2018). - Presentation of a TOSSD study & panel discussion in Madrid (24 May 2018). With regard to the IAEG meeting in Vienna, the Chair highlighted that there was interest among IAEG members to learn more about TOSSD, but also a strong push-back to consider any additional indicators in the 2020 review of the SDG indicator framework (beyond the 37 indicators which had been already identified in 2016). Resistance had been expressed also by countries that are members of the TOSSD Task Force, which suggests that more coordination is needed to facilitate coherent, whole-of-government positions. Task Force members commented as follows: - It is doubtful whether TOSSD could "replace" some SDG indicators, and it is important to avoid conveying a message that TOSSD would in any way replace ODA. The Secretariat clarified that the intention was to propose TOSSD as an indicator only in cases where it was a better fit than ODA, i.e. when the target makes reference to broader international co-operation (e.g. "total official flows", "international financial flows" or "total official international support"). - Engagement with the UN and the G77 communities. The Secretariat flagged that this was also a question of time and resources and subject to political will from the countries and institutions. TOSSD Task Force members were invited to brief their representatives at the IAEG so that they better understand TOSSD and can talk positively about the framework. To support this process, some talking points will be developed for Task Force members to share with their IAEG colleagues. It was noted that there are strong sensitivities amongst custodian agencies to maintain "their indicators". Therefore, strategically it may be relevant to focus on indicators where the OECD is the custodian agency. Given that the methodology for pillar I is almost ready, the objective will be to inform the IAEG co-chairs of the methodology and compile some preliminary data (collected in the context of the Nigeria Pilot study) for possible presentation at the next IAEG meeting. With regard to future outreach events, the Secretariat informed that it had requested a side event at the UN World Data Forum and is waiting for confirmation on this. If the side event is awarded, the idea would be to organise a full meeting of the Task Force during the Forum. Task Force members commented on the first set of FAQs. They generally agreed with the

	document and indicated that it would be necessary to further develop it with additional questions. CSO concerns were considered as a good basis for this work.
8.	**Item 8. Feedback from consultations with stakeholder groups on excerpts of emerging Reporting Instructions a) Treatment of Export Credits in TOSSD** • The Secretariat presented the outcome of the consultation with the Export Credit Group as well as a proposal for the treatment of export credits within TOSSD. • Most Task Force members agreed that export credits which are specifically designed to contribute to sustainable development should be included. • The Secretariat proposed an amended text for paragraph 30 and additional wording for the Preamble (paragraph 5) to signal the need to avoid trade distortions. The text for both paragraphs was accepted by all Task Force members aside from one member that had reservations and needed to consult internally. **b) Treatment of multi-country and regional projects** • There was a general consensus that multi-country projects should fall under pillar I. • Regarding projects implemented at the regional level, there was a general preference to include them in pillar I, except if they pass the test for Global Public Goods in which case they could be included in pillar II. • One Task Force member proposed developing a decision-tree to determine first if projects fit in pillar I or II and then if they are regional or country-specific. • Task Force members had different views on the use of estimation methodologies to allocate funding for regional projects to specific countries. While some members argued that such methods would undermine the credibility of the measure, others expressed the view that regional support should be allocated to individual countries as much as possible. One member proposed to use a flag to differentiate multi-country projects from projects implemented at the regional level. **c) Review of the updated version of the emerging Reporting Instructions** • The Secretariat presented the updated version of the emerging Reporting Instructions, which had been issued following the 3rd Task Force Meeting. Task Force members were in agreement with this updated version. • The emerging Reporting Instructions is a living document and will be updated again as per the discussions at the 4th TOSSD Task Force Meeting.
	Conclusions and next steps The co-Chair and the Secretariat thanked the European Commission for hosting the meeting and provided their views on the main conclusions, which are reflected in the present action points. The fifth meeting of the TOSSD Task Force will take place in Ghana in the last week of September 2018. The Task Force meeting was followed by a consultation with CSOs on 31 May. In preparation for this consultation, CSOs had provided two documents (available on the TOSSD Task Force web page) for which the Secretariat will prepare a detailed response to be discussed by the TF at the next meeting.