

REFLECTIONS ON THE TOSSD REPORTING INSTRUCTIONS

May 2018 ¹

--- General comments ---

TOSSD: an outline of CSO principles and considerations

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

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

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

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

- the UN 2030 Agenda on Sustainable Development (where TOSSD derives its mandate from);

¹ Based on inputs from Amy Dodd, Asa Thomasson, Brian Tomlinson, Cordelia Lonsdale, Jesse Griffiths, Julie Seghers, Nerea Craviotto, Stefano Prato and Luca De Fraia.

- existing commitments and policies on official development assistance (ODA)- an essential resource for developing countries. (TOSSD aims to ‘complement’ and not undermine ODA²);
- existing commitment on effective development cooperation as reiterated in the 2030 Agenda, AAAA and the development effectiveness principles agreed in the 2011 Busan Partnership for Effective Development Cooperation.

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

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

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

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

² OECD website: <http://www.oecd.org/dac/financing-sustainable-development/tossd.htm>

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

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

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

Actively support and complement ODA and efforts to meet 0.7%

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

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

Facilitate developing countries to drive their own development

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

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

Be governed in an open, inclusive and participatory manner

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

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