Exploring options of financing models for the TOSSD Task Force

TOSSD Task Force Issues Paper

2-3 October 2019

For discussion under agenda item 6

I. Introduction

1. Since July 2017, the TOSSD Task Force has been working to develop the TOSSD framework by defining the methodology, by engaging with the IAEG-SDGs\(^2\) to integrate TOSSD in the Global indicator framework for the Sustainable Development Goals and targets, and by engaging with the international community to have TOSSD hosted at the United Nations. The Task Force has already covered a lot of ground particularly on the first two objectives, as shown by the finalisation of the first set of TOSSD Reporting Instructions in June 2019 and by the inclusion of TOSSD in the open consultation of the 2020 Comprehensive Review of SDG Indicators.

2. However, the Task Force has faced challenges in making progress on its third objective to have TOSSD hosted at the UN, which proves to take more time than initially anticipated. This is due to the fact that TOSSD is a new framework and still needs support from a higher number of countries to be fully embraced in the context of the United Nations. The Task Force has therefore discussed ways to increase ownership for the TOSSD framework. One way to do this is to expand the membership of the Task Force, which has been reflected in the latest version of its Terms of Reference\(^3\), where the Task Force has agreed to expand its membership to up to 35 members.

3. The expansion of the Task Force will bring about many positive changes, including increased ownership by more countries and a unique opportunity for them to co-create the new international development finance standard. But this expansion will also have costs that need to be anticipated.

4. Until now, members of the Development Assistance Committee of the OECD (OECD-DAC) have collectively and individually supported the Secretariat function of the Task Force. However, with an increasing number of countries and organisations joining the TOSSD Task Force (including much beyond the membership of the OECD-DAC), there will be a need to find complementary resources to ensure the practical functioning of the Task Force.

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\(^2\) Inter-Agency and Expert Group on SDG Indicators
II. Main functions to maintain the TOSSD framework

5. The core functions identified by the Secretariat to continue operating the TOSSD framework are the following:

- **The collection and processing of TOSSD data**: This function mainly entails managing the data collection process and ensuring the necessary quality assurance to verify that TOSSD data received from reporters are in line with the TOSSD Reporting Instructions, before storing these data in a centralised database. This function mainly requires staff and support for the necessary IT System to store the TOSSD data received from providers.

- **The online publishing of TOSSD data, communications and outreach**: This function includes the maintenance of an online TOSSD public portal, where data will be released on a regular basis and accessible free of charge. This portal would also serve as the website for releasing any TOSSD relevant data and information to the general public. In order to continue developing the TOSSD framework, funding will be needed also for communications and outreach activities, including to engage with the United Nations (e.g. UN StatCom, UN ECOSOC) and to promote TOSSD in other relevant fora (e.g. African Union, G7, G20, etc.), as appropriate. The function entails staff time, travel costs and other costs related to the organisation of specific events.

- **The maintenance of the TOSSD standard through the organisation of Task Force meetings**: This is needed to maintain the TOSSD methodology and to provide technical guidance on the implementation of the TOSSD framework. The function may also include coordination with other relevant technical bodies maintaining databases on development finance (e.g. IATI and the OECD Working Party on Development Finance Statistics). As the Task Force grows, there may be a need to change its format so as to ensure its effective functioning and decision making processes (e.g. through a General Assembly that would provide overall political guidance for the framework and a Technical Steering Committee that would ensure the technical stewardship of TOSSD).

6. Additional functions, not currently carried out by the Task Force, could be included as core functions, which would impact the financing model of the Task Force:

- **The production of analytical reports using TOSSD data**: Once TOSSD data are published, it will be important to demonstrate how the data can be deployed in various contexts (e.g. to provide a first landscape of Islamic Finance, to analyse development co-operation to LDCs beyond traditional ODA, etc.). This function would give rise to specific analytical reports on various issues relevant for the Task Force and/or the international community. These reports could be financed on an ad-hoc basis subject to availability of funds / specific contributions.

- **The provision of advisory services to recipient and provider countries for collecting and reporting TOSSD data**: This function would allow the building of national capacities of both provider and recipient countries. It would be demand-driven: Recent TOSSD country
pilots have shown the needs of recipient countries to build their capacities to collect and manage TOSSD Data. The main objective for these countries could be to strengthen their national capacities to collate TOSSD-like data to inform national policies. For providers, the main objective of this function would be to strengthen their capacities to report TOSSD data to the international TOSSD database. This would be particularly useful for countries that do not necessarily have experience in reporting data to an international statistical system.

**Issues for discussion**

- Do Task Force members agree that the functions indicated in paragraph 5 are the core functions that need to be maintained, and therefore financed, in the context of the TOSSD framework?
- Do Task Force members consider that the Task Force should also plan to carry out the additional functions indicated in paragraph 6?

### III. Main short-term options for financing the maintenance of the TOSSD framework

7. The following main models could be envisaged to fund the above functions:

8. **Option 1 - Voluntary contributions model**: This is the model currently used to fund TOSSD. In practice, most of the funds to support the functioning of the TOSSD Task Force Secretariat so far have emanated from the 2018-19 and 2019-20 programmes of work and budget (PWB) of the OECD Development Assistance Committee. Many members of the TOSSD Task Force have also contributed through direct or indirect voluntary contributions to the Task Force, for example:

- Bangladesh has expressed interest at the technical level for hosting a TOSSD pilot.
- Burkina Faso has hosted a TOSSD pilot in 2019.
- Canada has supported the organisation of two Task Force meetings and a consultation with Latin American and Caribbean countries and institutions (with an additional regional consultation to be possibly organised in the coming months).
- Costa Rica hosted a Task Force meeting in San José in December 2017 and a TOSSD pilot in 2018, and will also be co-hosting the launch of the TOSSD Data Survey in New York on 4 October 2019.

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• The European Union has supported the development of TOSSD in various ways: with funding for a (planned) total of seven TOSSD pilot studies; upcoming side-events; a research paper on the TOSSD Data Survey; the organisation of a Task Force meeting and the co-chairing function of the Task Force.
• France has been instrumental in promoting TOSSD in the context of the G7.
• Ghana organised a Task Force meeting in Accra in September 2018.
• Indonesia hosted a TOSSD pilot in 2019.
• The Inter-American Development Bank is hosting the 9th TOSSD Task Force meeting in its premises.
• Nigeria covered the hotel costs of the Task Force Secretariat staff in the context of the TOSSD pilot carried out in 2018 and will be hosting the launch of the TOSSD Data Survey on 4 October in New York.
• The Philippines contributed through the co-chairing function of the Task Force and hosted a TOSSD pilot in 2017.
• Senegal hosted a TOSSD pilot in 2016 before the creation of the Task Force.
• SESRIC has been instrumental in mobilising countries of the Organisation of Islamic Cooperation (OIC) at various stages of the development of TOSSD.
• South Africa is contributing through the co-chairing function of the Task Force.
• Sweden supported the organisation of one Task Force meeting and provided financial support for side-events.
• The United States is providing funding for the 9th TOSSD Task Force meeting and additional funds to support TOSSD activities this year.

In addition to the above, it should be stressed that all Task Force members have been supporting one way or another the work of the TOSSD Task Force: the presence and active participation of TOSSD Task Force members – and observers – at the Task Force meetings already represents a significant contribution in terms of staff time. The TOSSD Data Survey has also been an occasion for many members, as well as countries and organisations beyond the membership, to support TOSSD and test the framework. Some Task Force members also finance their own travel to Task Force meetings. Finally, many Task Force members have been supporting the promotion of TOSSD for example by participating as speakers in specific events or in the context of the recent open consultation by the IAEG-SDGs for the 2020 comprehensive review of SDG indicators.

Beyond the end of the year 2020, while most OECD DAC members are expected to support the maintenance of the TOSSD framework, it will be increasingly difficult for them to justify entirely funding a global system that goes much beyond the OECD-DAC membership. As such, additional contributions will need to be found beyond this constituency to finance TOSSD. The contributions highlighted above show the many opportunities and ways that are offered to contribute and ensure the maintenance of the TOSSD framework.

5 https://www.diplomatie.gouv.fr/IMG/pdf/g7_financing_for_sustainable_development_declaration_cle0973b7.pdf
9. **Option 2 – A fee-based model combined with voluntary contributions:** In this model, members of the TOSSD Task Force would fund the core functions of the TOSSD Task Force Secretariat. The levels of the fees would be differentiated depending on the community that the member belongs to: for example, TOSSD-recipient countries would contribute a much smaller amount than provider countries. The fee-based system would be complemented by voluntary contributions to help carry out additional activities as appropriate. This dual system of fees and voluntary contributions has proven to be sustainable for example in the context of the International Aid Transparency Initiative (IATI)\(^6\), in which many members of the Task Force also participate. In practice, it may mean moving from an expert-based Task Force to an inter-governmental group whereby each expert becomes the representative of their country / organisation in the Task Force.

10. **Option 3 – An Endowment Fund.** In this model, one or several contributing countries, multilateral organisations or foundations, would contribute resources to a fund that would support the implementation of a multi-year work plan of the Task Force.

11. Under all the options above, the contributions could take the form of seconded personnel (e.g. staff seconded to the TOSSD Task Force Secretariat to support the collection and processing of TOSSD data)\(^7\).

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**Issues for discussion**

- Task Force members are invited to comment on the three proposed options in paragraph 8, 9 and 10, in particular by identifying the pros and cons of each of these options.

- What are Task Force members’ advice as to how the Secretariat should develop these funding options further?

- Would Task Force members have any other ideas regarding possible financing options?

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\(^6\) [https://iatistandard.org/en/about/governance/finances/](https://iatistandard.org/en/about/governance/finances/)

\(^7\) In practice, a secondment of personnel would usually need to be accompanied with a contribution in actual funds to provide the secondee with the necessary tools to carry out his/her mission (e.g. computer, etc.) and to participate in the overhead costs of the hosting institution (e.g. contribution to the rent, etc.).