

A provider perspective for TOSSD – preliminary considerations

TOSSD Task Force Issues Paper¹ - Agenda item 7 17th meeting of the International TOSSD Task Force 11-13 July 2022

Introduction

1. This paper provides preliminary considerations on further development of a TOSSD provider perspective based on the findings and recommendations contained in the TOSSD country pilot study conducted with Chile (forthcoming). Using Chile as a case study was of particular interest as the country is a South-South co-operation provider and a country with a dual provider-recipient role on development co-operation.
2. TOSSD has been designed to measure resources for sustainable development from a recipient perspective, with Pillar I focusing on cross-border support to recipient countries and Pillar II capturing global and regional expenditures, in support of development enablers, international public goods and to address global challenges. The TOSSD data visualisation tool clearly distinguishes between the two pillars. The mobilised private finance component is also separately identified. Information on the providers of resources is currently only shown in the microdata (by browsing specific activities in the tool or by downloading the information in Excel).
3. Some Task Force members have requested² that, with the measurement framework and database architecture now in place, work should be undertaken to develop a “TOSSD provider perspective” i.e. a **methodology to calculate aggregate TOSSD figures by provider that are statistically comparable across countries and institutions**. This is because they wish to use TOSSD figures to communicate on their contributions to sustainable development as providers. At the same time, a number of stakeholders (i.e. providers themselves but also recipients, analysts, CSOs, etc.) are interested in knowing who provides support for sustainable development and with what level of financing. The objective of such analyses can be for example to better understand how specific providers support sustainable development in developing countries and at the regional and global levels. The possibility of developing a provider perspective is also referred to in the Preamble of the TOSSD Reporting Instructions³.
4. However, the development of a provider perspective does not come without some associated risks for the TOSSD framework. For example, intense communication by providers on their TOSSD “provider figures” could overshadow TOSSD as a recipient-focused measure, or ODA as a measure

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² See the [relevant background paper](#) and the corresponding [Action Points of the 14th meeting of the TOSSD Task Force](#).

³ See the latest version at <https://www.tossd.org/docs/reporting-instructions.pdf>

of donor effort. Therefore, as part of the development of a provider perspective, discussions are needed as to how to manage and mitigate such risks.

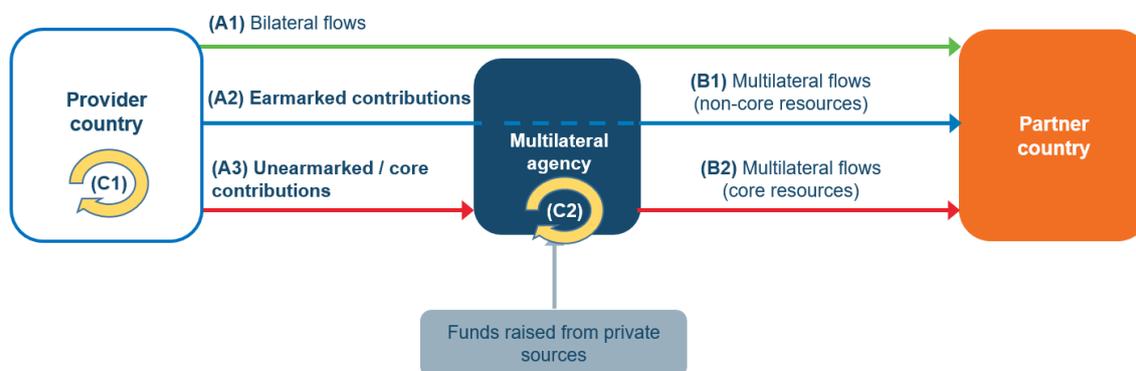
5. This paper first presents the components to be taken into account in a provider perspective (Section 1). It then looks at options and offers recommendations on next steps that aim to preserve the integrity of the TOSSD measure (Section 2).

1. TOSSD provider perspective: scope of flows and basic components

A. Scope of flows

6. Figure 1 below presents in a schematic manner the issue at stake. To explore the possible options for defining the TOSSD of a given provider, several types of flows need to be distinguished:
 - Official bilateral flows directly to recipient countries (A1)
 - Official flows to multilateral agencies (A2 and A3)
 - Outflows from multilateral agencies to recipient countries (B1 and B2)
 - Expenditures within provider countries (C1) and multilateral institutions (C2)
7. It is recalled that the TOSSD online database is based on the recipient perspective, which is composed of A1, B1 and B2 for recipient countries (C1 and C2 are also shown on line for support at global and regional levels, i.e. Pillar II). It is also recalled that, regarding flows through the multilateral system, while many provider countries report to TOSSD on both A2 and A3, their data are not shown in the recipient perspective when a given multilateral institution reports to TOSSD (B1 and B2), to avoid double counting⁴.

Figure 1. Schematic presentations of TOSSD flows



8. **The objective of defining a provider perspective is to reflect the contribution that the provider makes to promote sustainable development in developing countries and at the regional and global levels through these various types of flows.** This paper, which is based on the Chile pilot study, focuses on defining a provider perspective **for bilateral providers**⁵.

⁴ See Box 1 in <https://www.tossd.org/docs/Item-2.%20Reporting-issues-emerging-from-the-2021-data-collection-on-2020-activities.pdf>.

⁵ The EU is considered as a donor in its own right in the context of the OECD DAC CRS and treated as a bilateral provider. The same treatment is proposed in TOSSD, to keep consistency across statistical frameworks.

9. To capture the full scope of support from a provider country, it is necessary to take into account A1 (direct cross-border flows to recipient countries) and C1 (domestic expenditures that comply with pillar II eligibility criteria), and decide how to account for A2 and A3 (that subsequently result in cross-border flows to recipient countries – B1 and B2 – or in expenditures within multilateral institutions – C2).

B. Basic components of a possible provider perspective

10. Based on the above, a **“provider perspective” of TOSSD would naturally include bilateral flows directly to recipient countries (A1) and domestic expenditures (C1) in Figure 1**. A critical decision point for the TOSSD Task Force is the valuation of the contributions, in nominal terms or in PPP terms (see section 2.B).
11. **The inclusion of contributions to / through multilateral institutions (A2 and A3 in Figure 1) is more challenging**. At the 13th TOSSD Task Force meeting in June 2021, the Secretariat presented a paper titled “Introduction to the provider perspective in TOSSD”⁶ with two broad options for collating TOSSD provider perspective figures for multilateral flows:
- **Option 1, measuring the inflows to multilateral institutions** (A2 and A3 in Figure 1).
 - **Option 2, attributing multilateral outflows** (B1 and B2 in Figure 1) **included in the TOSSD database back to provider countries**, taking into account each country’s “ownership” in the given organisation.⁷
12. The Secretariat has tested both options in the case of Chile and, **for core contributions** to multilateral organisations (A3 in Figure 1), recommends option 1, as it is technically feasible with existing TOSSD data. Option 2 presents a number of technical but also conceptual issues especially when applied to **core outflows** of MDBs (see Annex for a summary of the feasibility of the two options in the context of the TOSSD Chile pilot study).
13. **For earmarked contributions** to multilateral organisations, the Secretariat recommends an option similar to option 2, based on B1 i.e. activities reported by the multilateral institutions. This option, not tested in the context of the Chile pilot study given the lack of available information, is explained in further detail in section 2.A below.

2. Preserving the integrity of the recipient perspective

14. Following the conclusions of the Chile Pilot study, the Secretariat undertook further analysis of option 1 (measure by inflows). One issue that surfaced was how to implement option 1 without

⁶ See <https://www.tossd.org/docs/Item-2-Introduction-to-the-provider-perspective.pdf>

⁷ In the context of the Chile Pilot, simulations were done on this attribution with selected Multilateral Development Banks (MDBs) and UN entities. In the case of MDBs, ownership of a country in the MDB was estimated using four possible proxies: the country’s share in the capital stock of the organisation, the share in paid-in capital, a combination of the share in paid-in and the share of callable capital (50% each), and the voting power. In the case of UN entities, two options were envisaged: the share of a country’s contribution in the total core contributions to the organisation as reported to the TOSSD database, or the share of the contribution based on data published by the UN Secretariat on total funding to the given UN entity. See the UN Secretary General’s report on funding the UN system, statistical annex on expenditures at <https://www.un.org/ecosoc/sites/www.un.org/ecosoc/files/files/en/oas/2022/AnnexTables-FundingData-2020-Final-17May.xlsx>

jeopardising the recipient perspective of TOSSD as the basis for data analysis and presentation/publication of data on TOSSD.online.

A. The issue of the basis for data analysis

15. There is a risk that by publishing data on TOSSD from the provider perspective, stakeholders use the TOSSD “provider dataset” to carry out analyses on financing for sustainable development rather than the “recipient dataset” available on TOSSD.online. Moreover, publishing TOSSD provider data at the activity-level could lead to two different bases for analyses: the “TOSSD recipient perspective” (including outflows from multilateral institutions) and the “TOSSD provider perspective” (including inflows from countries to multilateral institutions).

16. To mitigate this risk, and avoid maintaining two distinct TOSSD data series, the Secretariat suggests that the **provider perspective figure of a given country is calculated as a sum of A1, C1, A3 and B1 (for B1, activities identified as funded by the given country)**. In practice, this means:

- **For earmarked contributions to multilaterals:**

- The TOSSD provider perspective for these flows (B1) would be based on information available in multilateral institutions’ data systems on the “funder” of each activity. Inflows to multilateral institutions as reported by the provider countries (A2) will only be taken into account for institutions that do not yet report to TOSSD.
- In principle, multilateral institutions are able to indicate the initial source of funding for each activity⁸. In the case of activities funded by several countries, the Secretariat will need to consult with multilateral institutions reporting to TOSSD whether they can provide exact figures on the level of funding by each country, or otherwise agree on a methodology to estimate each country’s contribution.⁹ In practice, a new data field would need to be introduced in the TOSSD format to collect the “initial funder / contributor” of the activity.
- **This approach of looking at the funder allows to keep the basic logic of TOSSD of measuring support based on the information closest to the recipient.**
- A provider’s contributions earmarked for activities that take place in its own country are not shown in TOSSD online and will not be included in the provider perspective either. The specific “initial funder” field will allow the Secretariat to verify that self-benefit activities (known as “local expenditures” in the context of the UN) have indeed been removed from TOSSD data.

- **For core contributions to multilaterals:** the contribution taken into account in the provider perspective would rather be the inflows to the multilateral institutions (option 1 described above) since by definition all contributions are pooled into the general budget of the institution and it is

⁸ In the case of UN entities, information is part of the UN Data Standards for United Nations system-wide reporting of financial data (See <https://unsceb.org/data-standards-United-nations-system-wide-reporting-financial-data>, standard VI, Revenue by contributor), and therefore available. Some MDBs also provide information to the Secretariat on the funders for each trust fund and their levels of funding, so the share of each country could be applied to the outflows. If the multilateral institution is not in a position to report the “initial funder/contributor”, inflows to the multilateral will be used as a proxy.

⁹ Depending on the level of granularity of information available in multilaterals’ accounting systems, implementing this approach may take time.

not possible to identify who is the initial funder of outflows from core resources. This solution also addresses the concerns expressed by MDBs in the Chile pilot that the resources leveraged from the international capital markets and lending operations should be attributed to the Banks, rather than their shareholders.

B. Presentation and publication issues

Presentation on tossd.online

17. As explained above, having two different sets of data (provider and recipient perspective) entails a risk of losing the recipient perspective as the basis of analysis. However, a filter could be included in the TOSSD data visualisation tool to search data by provider/funder. This filter would retrieve, for each provider country, the activities corresponding to flows A1, A3 and C1 as well as B1 (activities funded by the country)¹⁰. Alternatively, the visualisation tool could only show sub-totals of the corresponding flows.
18. When users perform any other search in the TOSSD database (e.g. activities by SDG), the query will return data on A1, B1, B2, C1 and C2, as it is today the case in TOSSD.online.
19. Moreover, a “download whole database” button could be added in TOSSD.online. In that case, only the recipient perspective will be included, to avoid double counting in analyses. This could be accompanied with metadata to explain to users which data to use depending on the purpose of the analysis (activities by sector, by provider, by SDG, etc.).
20. Given that TOSSD is a recipient-focused measure and that **all countries do not necessarily want to show their data from the provider perspective, the activities / figures by provider could be published on the TOSSD website only upon request** from each provider country.

Nominal vs PPP amounts

21. A critical decision point for the TOSSD Task Force is the valuation of the contributions, in nominal terms or in PPP terms. This is because South-South Co-operation providers have for a long time indicated that financial amounts presented in nominal terms do not well reflect their actual levels of contributions. The TOSSD framework already includes PPP-adjusted figures for in-kind technical co-operation.¹¹
22. Regarding the provider perspective, a calculation in PPP terms would only be possible for expenditures or disbursements in the provider’s domestic currency. The main methodological issue is that amounts adjusted with a PPP factor and amounts in USD should not be added up into a single figure. One possibility would be to present domestic expenditures (C1 in Figure 1), which are made mostly in local currencies, separately using PPP adjusted figures, while the rest of flows (A1, A3 and B1 in Figure 1) would be presented in USD.

¹⁰ Using B1 instead of A2 for activities channelled through the multilateral system mitigates the risk of using the provider perspective as the basis for analysis, for example by sector. This is because in practice the provider and recipient perspectives will be the same except for A3 flows (core contributions to multilateral institutions) that are not assigned a sector code (they are by definition assigned to an unspecified sector code). In practice only countries that also report in the CRS have reported contributions to the multilateral system to TOSSD to date. In the CRS, it is not possible to assign a sector code to core contributions to multilateral institutions, even when the organisations have a sectoral focus/mandate. All contributions are assigned CRS sector code “99810 - Sectors not specified”.

¹¹ See paragraph 56 of the [TOSSD reporting instructions](#).

Issues for discussion

The Task Force is invited to comment on the proposal for a TOSSD provider perspective and in particular on the following:

On the development of a provider perspective

- Do you agree with the proposed methodology, i.e. calculating the provider perspective as a sum of bilateral flows (A1 in Figure 1), domestic expenditures (C1) and, regarding multilateral flows, using core contributions to multilateral institutions (A3) and outflows from multilateral institutions having been reported as funded by your country (B1)?
- Do you agree with the introduction of a new data field in the TOSSD reporting form to capture the initial funders of activities to be reported by multilateral institutions? Can Task Force members that are representatives of multilateral institutions confirm that it is technically feasible for them to report on the “funder” of activities for earmarked contributions?

On presentation and publication

- Do you support introducing a filter by provider/funder in the data visualisation tool of TOSSD.online to show data from the provider perspective?
- Would you like the Secretariat to publish figures on an aggregate basis (e.g. by sector, SDG, etc.) or would you prefer activity-level publication of all flows considered in the provider perspective? Should data on provider figures/activities be published for all providers or only upon request?
- What are your views on using PPP factors for expenditures made in domestic currency? If PPP factors are to be used, how could they be presented in a TOSSD provider perspective?

Annex. Treatment of contributions to the multilateral system: summary of findings from the TOSSD Chile pilot study

1. In the TOSSD Chile pilot study, the Secretariat looked into two main options for taking into account contributions from provider countries to the multilateral system:
 - Option 1: inflows to multilateral institutions (A2 and A3 in Figure 1) and
 - Option 2: attributing multilateral outflows (B1 and B2 in Figure 1) included in the TOSSD database back to provider countries, taking into account each provider's "ownership" in the given organisation.
2. Overall, option 1 captures well financial contributions made by countries in any given year. The only potential drawback identified by the Secretariat is that this option does not fully reflect countries' support and involvement in the global architecture of financing for sustainable development through their membership in MDBs. Outflows from MDBs can be significantly higher than inflows because of the funds they leverage on the capital markets and this leverage effect would not be fully reflected in Option 1. At the same time, it is important to take into account that resources from MDBs do not only come from funds leveraged from the capital markets but also from their own lending operations¹².
3. Option 2 presents a number of technical and conceptual issues, which are summarised below:
 - **A comprehensiveness issue: this option can only be implemented on the basis of the institutions that report to TOSSD**, while the Chile pilot has shown the existence of several institutions (mainly small multilateral institutions that have a regional focus) that do not yet report to TOSSD. Choosing option 2 would create important discrepancies in the provider perspective in the initial years of TOSSD depending on whether the country contributes to institutions that report or not to TOSSD. Moreover, even for institutions that do report, this option implies looking for information that is not always easily available (e.g. voting powers and shareholding levels).
 - **An issue of legitimacy: the simulations show that the flows attributed back to Chile would be very high**. Only for the IDB, USD 332.77 million would be attributed back to Chile under option 2 (on a commitment basis, using voting power as a proxy for ownership), which is almost 50 times higher than Chile's bilateral support reported to TOSSD in 2019 of USD 6.7 million. **There is therefore a high risk of attributed flows being perceived as inflating TOSSD provider figures.**
 - **For attributing back outflows by the UN System, a number of additional issues arise:**

¹² Staff from two MDBs, the Inter-American Development Bank (IDB) and the World Bank, were consulted on this matter in the context of the TOSSD Chile pilot study. Staff from both institutions explained that most of the Banks' operations rely less on their capital and more on resources from their own operations. Consequently, they were of the opinion that attributing the Banks' outflows back to countries (option 2) would not appropriately present the added value of MDBs to work independently from their shareholders. In particular, IDB colleagues mentioned that the IDB income management model has been recognised as totally sustainable (it does not depend on contributions from its shareholders) so option 2 does not seem appropriate to the institution. Attributing back outflows from the World Bank Group would not be possible at present (the World Bank does not yet report on TOSSD).

- **A timeliness issue:** to apply this option to the UN system, attributions based on the UN database can be calculated only in Q2 of year+2 because of the date of publication of the information by the UN.
- **An accuracy issue:** attributions based on TOSSD data do not reflect the share of the provider country in the organisation's total funding.
- **A capacity / complexity issue:** this option is technically complex and cannot be implemented by the Secretariat with existing resources (e.g. it requires looking for information on many different institutions, applying proxies when data are unavailable, and applying it to each provider). Moreover, given the orders of magnitude of outflows from the multilateral system, small changes in the proxies can largely affect attributed outflows.