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NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY

AUG 23 2016

The TOSSD Team

Global Partnership for Effective Development Cooperation
Organization for Economic Cooperation and Development

Subject: **Final Draft of Total Official Support for Sustainable Development (TOSSD) Compendium**

Dear TOSSD Team:

This refers to the email request on 18 July 2016 requesting for comments on the subject compendium.

The NEDA Secretariat (NS) acknowledges the OECD's conscientious efforts in introducing reforms in the statistical system and measurements of development finance through the TOSSD. The proposed reforms can aid in capturing information of complex financing arrangements, thus facilitating coordination of investments to support sustainable development objectives of developing countries.

However, the NS would like to suggest to explore the possibility of considering other pilot countries to take into account the differences in country systems and capacities in terms of the development and use of TOSSD as a new statistical measure. In addition, the NS would like to suggest to extensively discuss on how the ODA activities on economic development and welfare of development countries, which is also a component of TOSSD, be harmonized to avoid fragmentation.

Further, it may also be clarified whether TOSSD would look into the significant impact/s of the inflow of external funding to the economies of the recipient developing countries. Aside from looking into the inflows/outflows or distribution of resources, TOSSD may also take into consideration the absorptive capacity of the developing countries. Attached is the consolidated NS comments for consideration in the finalization of the document.

Best regards.


Very truly yours,


ROLANDO G. TUNGPALAN
Deputy Director-General 

cc: Asec. Bayani S. Mercado, DFA-UNIO

**NEDA SECRETARIAT¹ (NS) CONSOLIDATED COMMENTS ON THE FINAL DRAFT OF
TOTAL OFFICIAL SUPPORT FOR SUSTAINABLE DEVELOPMENT (TOSSD)
COMPENDIUM**

GENERAL

1. The TOSSD includes all officially-supported resource flows to promote sustainable development at developing country, regional and global levels where the majority of benefits are destined for developing countries, including those resources that support development enablers or address global challenges.
2. At the onset, the NS acknowledges the Organization for Economic Cooperation and Development's (OECD) conscientious efforts in introducing reforms in the statistical system and measurements of development finance through the TOSSD. The proposed reforms can aid in capturing information of complex financing arrangements, thus facilitating coordination of investments to support sustainable development objectives of developing countries.
3. The TOSSD framework supports the Sustainable Development Goal (SDG) 17: Revitalize the Global Partnership for Sustainable Development, particularly Target 17.3: Mobilizing Additional Financial Resources for Developing Countries from Multiple Sources. It is noted that the motivations of various development players were considered in the framework, which could start a paradigm shift on perspectives in development by assisting stakeholders to identify and engage in mutually beneficial arrangements.
4. The NS concurs with the TOSSD's intent to measure and track all financial resource flows that are:
i) supportive of the universally-agreed SDGs and strategies; ii) aligned with priorities of development countries; iii) conforms with universally-agreed multilateral standards, principles and rules such as in the World Trade Organization and United Nations Responsible Investment Principles. The TOSSD would also provide a more comprehensive data as it will not only account financial support through official development assistance but also other forms of cooperation, including SSC, public-private and multi-stakeholder partnerships.
5. Due to the changing development finance landscape, the NS also welcomes the development of TOSSD as a new international statistical measure to capture all sources of development finance, i.e., including those which are not qualified as official development assistance (ODA), and which contribute to the achievement of the SDGs.
6. TOSSD is defined as covering all "officially-supported" resource flows regardless of financial instrument used or level of concessionality, whether they are delivered through bilateral or multilateral channels, and regardless also of which stakeholder in the country is the recipient (public, private and civil society). In the Compendium, it seems that only alignment with the recipient country's development priorities is needed to classify a resource flow as "officially-supported". This may not, however, mean awareness and support of government.
7. The NS also notes that the Compendium does not specify a mechanism or arrangement for obtaining and consolidating TOSSD data, both at the global level and the country level.
 - a. At the global level, there must be a designated group/organization/platform to consolidate and process reported TOSSD data. This may be OECD (as author of the Compendium), or perhaps the GPEDC which boasts a diverse membership that can address the various sources of data covered by TOSSD, and a thrust in supporting achievement of the SDGs;
 - b. At the country level, the Compendium does not specify whether the government is in charge of collecting and reporting recipient data or if individual sectors/organizations will undertake direct reporting of TOSSD received to the global secretariat. Considering the context being 

¹ ANRES, RDS, MES, NPPS, IS, SDS and PIS. TSIS and GovS have no comments on the document

taken by the use of the term “officially-supported”, it would seem that the government is just one of the players, hence may be only responsible to report what it receives; and

- c. The Compendium was not able to resolve the issue on valuing non-monetary flows, e.g., technical assistance in a fair way across countries. It would seem that the onus for putting values remains with the providers. As such, before rolling out TOSSD data generation, collection and monitoring, the NS would like to recommend that the OECD come up with a metric to measure such non-monetary flows, and assign who should report on these.
8. While the TOSSD holds the potential for increased transparency of a broad range of resources flows to developing countries, the NS deems that the following points should be considered in further defining the purposes and boundaries of the framework:
 - a. The framework should provide a metric that is useful and practical to partner countries, i.e., increasing country ownership and enabling them to better manage all development flows²;
 - b. The framework should provide a mechanism for developing countries to rate the various donor partners in terms of their competitive advantage, experience or expertise in various key sectors, e.g., infrastructure development, health, education, etc.; the aggregate responses could be used by other recipient/developing countries in their decisions³;
 - c. The framework should be able to develop more advanced capacities of countries, especially their capacity to plan and implement their respective comprehensive Integrated National Financing Frameworks (INFFs)⁴.
 9. It is suggested that the TOSSD take into account the United Nations (UN) recommendations^{5, 6} on conducting needs assessment and costing to determine the volume of public and private investment required to achieve the SDGs. Initially, there were six (6) major investment areas identified by the UN, i.e., health, education, social protection, food security and sustainable agriculture, infrastructure, and ecosystem services and biodiversity.
 10. It is also recommended that a lead entity, e.g., International Monetary Fund (IMF), World Bank (WB), OECD, Global Partnership for Effective Development Cooperation, International Aid Transparency Initiative (AITI) for collecting and validating information for the TOSSD be identified. The said entity should have a sufficiently broad participation or membership of countries, i.e., for the implementation of the TOSSD to be more inclusive, which are prepared to self-report and have the technical capacity to assist countries in reporting accurate information.
 11. The NS would also like to recommend that the TOSSD build on existing studies on Development Finance Flow Analysis. For instance, the Asia-Pacific Development Effectiveness Facility conveyed lessons learned⁷ in Asia and the Pacific, among others:

² Oxfam (2016). “Oxfam’s Submission to OECD-DAC High-Level Meeting, February 2016”.

Source: https://www.oxfam.org/sites/www.oxfam.org/files/file_attachments/oxfam-dac-hlm-feb-2016.pdf Oxfam is an international confederation of 18 non-government organizations (NGOs) working with partners in over 90 countries to end the injustices that cause poverty.

³ The Department of Finance (DOF), through the Revised Financing Framework (RFF), would benefit greatly by having a better picture of its financing options. Likewise, the compendium may aid the country’s Three-Year Rolling Program (TRIP).

⁴ Asia-Pacific Development Effectiveness Facility (n.d.), “Dealing with Complexity: How Governments are Managing Financing for Sustainable Development. Lessons from Development Finance Assessments in Asia and the Pacific”.

Source: https://www.climatefinance-developmenteffectiveness.org/sites/default/files/event/CFSDforum2015/financing/Dealing%20with%20Complexity_How%20Governments%20are%20Managing%20Financing%20for%20Sustainable%20Development.pdf.

⁵ SDG Guide. “Chapter 3: Tools for designing SDG strategies and roadmaps”.

Source: https://sdg.guide/chapter-3-tools-for-designing-sdg-strategies-and-roadmaps-a8172680d5e1#_dpx9yfgiy.

⁶ Schmidt-Traub and Sachs (2015) working paper on “Implementing the SDGs through Effective Investment Strategies and Partnerships”.

Source: <https://unsdsn.org/wp-content/uploads/2015/04/150619-SDSN-Financing-Sustainable-Development-Paper-FINAL-02.pdf>.

⁷ Asia-Pacific Development Effectiveness Facility (N.D.) “Dealing with Complexity: How Governments are Managing Financing for Sustainable Development - Lessons from Development Finance Assessments in Asia and the Pacific”

- a. All Development Finance and Aid Assessments (DFAAs) have identified the changing nature of ODA in the region and have raised useful questions about what to do in the future. As for the Philippines, the NS considers to reorient the use of ODA to have a more strategic and catalytic role in attracting private capital to finance certain public goods by focusing on credit enhancements;
 - b. There is a low incidence of South-South and Triangular Cooperation in the region;
 - c. One of the emerging trends is that domestic sources of finance had a rapid expansion in all countries, and that for most countries this is likely to continue; and
 - d. Most countries are getting ready for climate finance, but studies show the different levels of awareness and preparation for climate finance.
12. Further, the NS would like to suggest to explore the possibility of considering other pilot countries to take into account the differences in country systems and capacities in terms of the development and use of TOSSD as a new statistical measure. In addition, the NS would like to suggest to extensively discuss on how the ODA activities on economic development and welfare of development countries, which is also a component of TOSSD, be harmonized to avoid fragmentation.
 13. Moreover, the subsequent adoption of the TOSSD may entail the need to provide grant assistance to developing countries for the conduct of capacity-building activities, e.g., trainings and development of data and monitoring system for TOSSD.
 14. There is already a general consensus that private resources will have to be tapped and mobilized by official interventions to finance the SDGs and to realize developed countries' programmed assistance/commitments. However, the TOSSD framework may have to take into account some of the remaining challenges faced by the private sector, which includes weak government and corruption, illicit financial flows and abusive transfer pricing by multinational companies.
 15. It may also note that there must be clear guidelines on attributing inflows to development outcomes. For example, it may be difficult to assume that cultural projects would have an impact on social development/poverty alleviation, economic development or the conservation of the environment which are key areas of concern of the SDGs.
 16. It may also be clarified whether TOSSD would look into the significant impact/s of the inflow of external funding to the economies of the recipient developing countries. Aside from looking into the inflows/outflows or distribution of resources, TOSSD may also take into consideration the absorptive capacity of the developing countries.
 17. Overall, the NS finds the TOSSD commendable because not only does it provide a comprehensive and global framework for development finance, it also support efforts to track countries' progress in ODA utilization⁸.
 18. On resource mobilization, the NS would like to suggest to have reconfirmation of commitment made under the Addis Ababa Action Agenda, especially the private sectors, to ensure fulfillment of the SDGs.

Source: https://www.climatefinance-developmenteffectiveness.org/sites/default/files/event/CFSDforum2015/financing/Dealing%20with%20Complexity_How%20Governments%20are%20Managing%20Financing%20for%20Sustainable%20Development.pdf.


⁸ The NEDA-Monitoring and Evaluation Staff (MES) led the preparation of the draft country report on the Global Partnership for Effective Development Cooperation (GPEDC) entitled "Tracking Progress of Development Cooperation Effectiveness in the Philippines" which was completed in the first semester of 2016.

SPECIFIC

19. **On Part I: Overview of TOSSD.** There is a need to clarify on how private resource flows will be treated in the measurement framework. The compendium mentioned (**item 8, page 7**) that TOSSD "will cover all officially-supported resource flows regardless of financial instrument used or level of concessionality...", however, item 51 on page 22 in contrast has indicated that cross-border flows including that of private charitable resources, i.e. NGOs, foundations, will not be included in the TOSSD recipient measure though it has recognized it as critical to ascertain the totality of external finance.
20. It would be more effective also to include a mechanism that would track the pledges and actual assistance from private resources and impose a reporting system of their implementation status.
21. **On the definition of TOSSD.** Although the concept of TOSSD is comprehensive and captures all types of assistance in support of achieving the SDGs, there is a need to further operationalize the definition of TOSSD. In the Philippine context, it can be noted that there is a clearly defined ODA through Republic Act No. 8182 or the ODA Law. It is recommended that an inclusion/exclusion list on the financial resources captured in TOSSD be further provided. This is to clarify what can/cannot be considered as TOSSD given that almost everything can be counted as TOSSD, e.g., medical missions, charitable donations, scientific equipment, relief goods, cultural/art exchanges, etc., and since the SDGs encompass a broad spectrum (economic, social, cultural, environment, etc.).
22. It is important to determine which organization will evaluate the TOSSD-eligibility of the resource flows. It is also important to get the full support and commitment of all bilateral and multilateral agencies on their compliance with the transparency requirement in reporting all their financing activities. Other institutions may also have their own system of determining how much resources are allotted towards sustainable development, therefore, the harmonization of these systems/frameworks is advised.
23. **On the aims/objectives.** *TOSSD has to make clear its position "TO" or "NOT TO" measure the progress of SDGs.* The immediate or direct objective of TOSSD was made clear: to promote transparency on external officially-supported resources that were made available to attain the SDGs. Nonetheless, the remote and indirect ones were left ambiguous. Among these is the intention of TOSSD to capture results. TOSSD's capacity to "shed light on complex financing packages" and their "sustainable development purpose" (item 12) may not automatically "shed light, in the longer-term, on the extent to which SDG outcomes were achieved (item 12)." As noted during the technical discussions on the building blocks of TOSSD, it will not be an "instrument to measure progress towards achieving the SDGs (item 102). Moreover, measuring the progress of SDGs may require a set of framework different from TOSSD's.
24. While the NS interposes no objection to TOSSD's objectives to promote greater transparency, the TOSSD measurement framework may also look into the quality of development assistance. A higher quality means greater returns on investment, but a higher quantity means a larger investment overall. It is to be noted that the Independent Commission for Aid Impact reported that the donors are wasting an opportunity to more effectively use its development assistance when they increase the funding for an ineffective organization. Also, this masks the underlying organizational problems. It begs the question of which is most important for sustainable development: the quality of foreign assistance or its quantity.
25. It may also be noted that some statistical information are confidential in nature that the international community might not allow data sharing. Given that this endeavor would lead to the significant disclosure of international transactions of states, the compendium may also reflect safety features in ensuring that data/information to be generated through this endeavor will not be used to undermine the well-being of countries. ✍️

26. **On the measurement of resources on cross-cutting goals.** It is expected that the TOSSD will be able to provide information on SDG financing not just in terms of “how much money is invested” but also as to “where it is invested (sector, activity, country).” Information on the level of funding for a particular SDG or target, and country or regional would be very useful. However, considering that a number of resources flows for the SDGs may cut across several goals or sectors, it is important that appropriate methodologies for measurement be formulated taking into account possible issues/concerns that may arise in classifying or organizing the data.
27. **On reporting and monitoring.** There is a need to further clarify the data gathering and reporting process for the TOSSD. Information on which entity or entities will collect, process and analyze data and will manage the entire TOSSD system should be specified. It is also important to further clarify how the results of the TOSSD exercise will be reported and disseminated.
28. In terms of reporting and monitoring, this needs further study/discussion (especially in the Philippine context) because of the absence of a single data source, i.e., there is a need to verify if TOSSD is captured in the official statistical system. Problems of double-counting and validation may also arise in the case of private donations/contributions that were transferred to various implementing agents.
29. **On the eligibility of countries and institutions.** It is noted that TOSSD is “aimed at capturing resource flows provided to developing countries”. The draft compendium has also mentioned the TOSSD’s definition of developing countries will differ from those of the OECD Development Assistance Committee (DAC) and World Bank. It may be helpful to clearly define “*developing countries*” to determine which countries are eligible in TOSSD. Further, the creation of a list of TOSSD-eligible countries and relevant multilateral development organizations cannot be overemphasized.
30. **On the framework and value-added to SDGs.** *TOSSD needs to refine and clarify its scope.* “Investments of a purely commercial, military, and/or cultural nature extend beyond the scope of TOSSD (Box 2).” This statement implies that for a resource to be eligible under the TOSSD framework, it has to have a “primary developmental motivation.” Resources that have “positive developmental impact” but have no primary developmental motivation are not to be classified under TOSSD. Two problems may arise from this definition: (1) purpose and motivation of investments are hardly “pure” and may be difficult to qualify; and (2) excluding resources that are “purely commercial” but have strong developmental impact may serve to weaken the link of private resources, as monitored by TOSSD, to SDGs.
31. Moreover, its proposed framework does not cover the entire spectrum of development finance options. As shown in Figure 6, some important development finance sources, such as domestic resources (especially taxes), remittances, and private capital flows, are beyond the scope of TOSSD. This, again, might weaken the link of private resources to attaining the SDGs. These sources that are not covered by the TOSSD framework will play a crucial role in financing future development priorities of the Philippines as the country graduates to high-middle income status, and ODA and loans are gradually scaled down.
32. Also, the framework should be clearer on the TOSSD-eligibility of resource flows during disasters and conflict. For low and lower-middle income countries, such instances require financial assistance from donor countries, but it may not follow the prescribed TOSSD criteria (e.g. recovery from a major disaster is not in the medium-term development plan; transfer of refugees may not have a specific SDG, etc.).
33. *TOSSD has to better establish the relationship between the Provider’s Perspective Framework and the Recipient’s Perspective Framework.* The importance of the provider’s perspective is clear: tracing and ensuring that the optimum mix of resources is directed to where they are needed most. However, the merits of the Recipient’s perspective are not clear. Hence, the interaction and complementarities between the two frameworks needs to be expounded on. df
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34. **On item 11, Why measure and monitor external finance underpinning the SDGs?** OECD will have to ensure that all development partners have the technical and institutional capacity to provide the extensive information regarding their financing activities. Capacity-building and technical assistance will have to be provided for partners to ensure proper compliance. On item 14, it is appreciated that the provider institutions shall be the ones collecting the data for the recipient perspective. Low-income and lower-middle income countries may indeed find it difficult to monitor and to provide all the necessary data for TOSSD.
35. **On item 15, Provider perspective measure.** The NS would like to clarify if OECD considers country contributions to international organizations such as the World Bank, as it theoretically becomes the source of funds of these organizations to be used for various development financing, e.g. concessional loans, in their provider perspective.
36. **On item 16, 2nd bullet, Difference between TOSSD and ODA.** It states that TOSSD is measured as gross amount which will provide a fuller picture of resources available to developing countries, does this mean that the gross amount is just from the provider perspective? OECD might need to clarify “gross amount”. Also, the statement should not be limited to “...resources available to developing countries” as developed countries, though usually the provider, could also benefit from TOSSD. This relates to item 63, wherein the document posits that the term “developing countries” differs in terms of ODA and TOSSD. Hence, there is also a need to clearly define “developing countries” in the document.
37. **On item 55, Emerging features of the recipient perspective measure.** The TOSSD is presented as a measurement framework that would complement and not replace the existing ODA established by the Organisation for Economic Co-operation and Development (OECD), the same body which agreed the principles of the proposed measure (refer to Annex 1, paragraph 1, page 38). It is not clear, however, how the TOSSD will be implemented at the country-level given that there will be two separate frameworks governing the monitoring of development assistance, which in principle share the same concept and mechanism. It would be more efficient however, that the initiative be focused instead on improving the existing ODA to address its gaps as identified in the TOSSD compendium and provide for a mechanism that would track development assistance to finance the SDGs.
38. **On item 62, Eligibility of countries and institutions.** The system that categorizes countries based on their level of development must reflect the concept of development as indicated in the SDGs. Given the range of significant dimensions of development, the use of income-based classification should be backed up by broad-based indices. More importantly, in assessing the countries’ eligibility to tap ODA and other resources, the threshold by which a country is grouped under the developing economies is critical. Its rationale must be established and must be agreed upon by stakeholders and international organizations.
39. **On item 96, Use of purchasing power parities (PPP).** Generally, the PPP is widely used to ensure comparability of indicator values among countries as the PPP approximates the total adjustment that be made on currency exchange rates to eliminate the differences in price levels between countries. Similarly for other indicators, it can be used in measuring the total official assistance for sustainable development. However, the PPP conversion factor must be updated regularly to allow for country comparisons through time. This is to account for the time-varying factors such as the recent shifts in economic growth structure, poverty dynamics and spending patterns.

Prepared by: 
PIS-Multilaterals Division
25 July 2016 