



Total official support for sustainable development*

The Committee considered issues related to the implications of a new development finance concept being developed by the Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC), provisionally known as total official support for sustainable development (TOSSD). The TOSSD concept aims at monitoring and measuring flows that could be considered developmental but are not currently captured in official development assistance (ODA). The Committee emphasized that TOSSD should be defined as part of a transparent and inclusive process, with a

representative body such as ECOSOC playing a leading role. Critical questions to be clarified include how to ensure that flows are developmental; how to measure the additionality of development-oriented public funding that is channelled through private flows; how to consider finance for addressing global challenges; whether overlapping the concepts of TOSSD and ODA is superior to clearly separating ODA from other developmental flows; and whether or not recipients should lead the process rather than providers.

As a follow-up to its discussions during the plenary in 2016, the Committee considered issues related to the implications of a new development finance concept, provisionally known as total official support for sustainable development (TOSSD). The discussion on this theme benefitted from feedback from a representative from the Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC).

OECD/DAC is developing the TOSSD concept as part of a review of Official Development Assistance (ODA), aimed at monitoring and measuring flows that could be considered developmental but are not currently captured in ODA. The DAC is defining the new procedures for registering ODA, but many aspects of TOSSD remain imprecise despite its significance for the 2030 Agenda.

The refinement of ODA has four dimensions. First, the revised OECD/DAC rules stipulate that concessional loans count as aid with their grant equivalent only instead of their face value, with minimum levels of concessionality depending on recipients' income. Second, the DAC broadened the scope of ODA to include certain peace and security expendi-

tures such as on the prevention of violent extremism. Third, DAC is further specifying which expenditures related to the settlement of refugees can be registered as ODA. Fourth, the DAC decided that the concessional official support (measured where possible on a grant equivalent basis) in private sector instruments, including equity, credit enhancements, mezzanine finance and guarantees, should be counted as ODA while the flows generated by such instruments should be counted as TOSSD.

While details on the technical discussion can be found in the relevant documentation, the process for defining ODA should be more transparent so that recipient countries and civil society can participate critically.

As the DAC recognizes, for any activity to be counted as ODA it must prioritise the economic development and welfare of developing countries. TOSSD, however, aims to cover a broader range of interests, some of which do not have development as their primary objective. According to the DAC, "these interests may be developmental, but could also be of a commercial, cultural or political nature".

• Excerpt from Committee for Development Policy, Report on the nineteenth session, See Official Records of the Economic and Social Council, 2017, Supplement No. 13 (E/2017/33)

Taking into account the consultations between OECD and other stakeholders (including the CDP), the revised TOSSD framework distinguishes ‘cross-border flows’ and ‘development enablers and global challenges’. Even if definitions for the latter are still at an early stage, the CDP expressed concern that funds which do not leave the provider country may count as TOSSD.

As the DAC suggests, ‘cross-border flows’ take a recipient perspective and include concessional and non-concessional official flows and those private resources mobilized by official funds. As the DAC recognizes, private resources can help support sustainable development, although incentives must be created to align private flows with the sustainable development goals. Public funds can help create these incentives through guarantees, mitigating risk and promoting access to new sources of capital. It is still unclear, though, how TOSSD will measure the mobilization effect of official interventions. No convincing method exists to measure the additionality of public resources because it is difficult to establish causality and attribution; and it is not clear why private resources should be part of a measure of “official support”.

The CDP considered that levels of transparency and inclusiveness of the process of defining TOSSD should be improved. Additionally, because TOSSD involves actors outside the DAC, the Committee emphasized that a more representative and inclusive body such as ECOSOC must play a more prominent role in the definition and follow-up of the new concept. The proposed involvement of the HLPF, the FfD Forum and the United Nations Statistical Commission is most welcome and needs to include all relevant technical and political aspects in order for TOSSD to be useful for monitoring the implementation of the 2030 Agenda.

It is important that modalities for defining TOSSD are resolved quickly because in 2018 a first draft on TOSSD reporting procedures will be compiled and presented at the UN Statistical Commission. During the year, thematic working papers and pilot studies will be produced. The TOSSD Task Force will meet several times. At the end of 2018 a second draft of TOSSD reporting directives will be issued. Finally, in 2019, TOSSD data will be collected for endorsement by the UN Statistical Commission, and presented at the HLPF.

The Committee recommended that by then a number of questions should be clarified. How is a new concept like TOSSD better than improving the measurement of already defined areas of development finance, beyond ODA? Rather than aggregating different flows and expenditures into two overlapping measures (ODA and TOSSD), it may be better to recognize that flows are different in nature, have different purposes and generate different impacts.

Should TOSSD collect all financial instruments with development impact even if development is not their primary purpose? One option is to include activities only if they are

clearly aligned with the priorities of the recipient countries. In that sense, should export credits and private funds mobilized by official resources be registered as TOSSD? How should the additionality of official resources be measured in those cases? In the same vein, should funds oriented to “development enablers and global challenges” that do not leave the provider country be counted as TOSSD?

Finally, should TOSSD only rely on provider-sourced data, if cross-border flows are supposed to take a recipient perspective? In this case, how can the statistical capacities of developing countries be strengthened so that they are able to report on flows they wish to report?