

# TOSSD



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## International Forum on TOSSD

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### Meeting of the Steering Group of the International Forum on TOSSD (IFT)

**24-26 September 2024, Paris, France**

Agenda Item 4. Constructing the list of TOSSD recipients: defining its boundaries using multi-dimensional criteria

[Draft for discussion]

This paper invites the IFT Steering Group to consider a proposal for the use of multidimensional criteria, in addition to GNI per capita, for determining the boundaries of the list of recipients of TOSSD. The proposal is presented in section 6.

In this cancel & replace version the wording of the proposal in paragraph 22 has been edited for greater clarity.

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## CONSTRUCTING THE LIST OF TOSSD RECIPIENTS: DEFINING THE BOUNDARIES USING MULTIDIMENSIONAL CRITERIA

### 1. Introduction

1. This paper presents a proposal for the use of multidimensional criteria, in addition to GNI per capita, for determining the boundaries of the list of recipients of TOSSD. It builds on previous discussions held by the TOSSD Task Force, the IFT Interim Governing Body and, more recently, the IFT Steering Group (see Box 1).
2. The paper examines the following multidimensional indicators, indexes and approaches proposed by the Steering Group in May 2024:
  - Mexico's proposal to the International TOSSD Task Force (2022).
  - The Gini coefficient, published by the World Bank.
  - The informal employment rate, published by the International Labour Organisation (ILO).
  - The human development index (HDI), published by the United Nations Development Programme (UNDP), and its variant<sup>1</sup>, the inequality-adjusted human development index (IHDI).
  - The multidimensional poverty index (MPI), elaborated by the UNDP and the Oxford Poverty & Human Development Initiative (OPHI).
  - The country index of the Notre Dame Global Adaptation Initiative (ND-GAIN).
  - Regional MDBs' borrowing country lists.
  - The 'exclusion approach' (i.e. exclusion of some countries from the list of TOSSD recipients based on different groupings, e.g. membership in certain international organisations).
3. In light of the UN General Assembly's approval of the proposal on the multidimensional vulnerability index (MVI)<sup>2</sup> in July 2024, the MVI is also included in this analysis. (See Box 1).
4. The paper first outlines the methodology used for the analysis (section 2), and briefly introduces each option (section 3) and their pros and cons (section 4). It then presents the main findings from the analysis (section 5 and Annex I). It concludes with the Secretariat's recommendations and a **concrete proposal for consideration by the IFT Steering Group, i.e. to define the boundaries of the list of TOSSD recipients using – in addition to GNI per capita – the IHDI and the ND-GAIN index, combined with the exclusion approach and, for the SIDS, the MVI** (section 6 and Annex II).

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<sup>1</sup> This variant was included given the emphasis placed by many IFT Members (and countries beyond IFT membership) on inequality as a criterion, in addition to GNI per capita.

<sup>2</sup> See resolution A/78/L.98 [here](#).

## Box 1. Reminder of recent discussions on the list of TOSSD recipients

- **[TOSSD Task Force discussion on the expansion of the list of TOSSD recipients \(July 2022\)](#)**. The Task Force decided to i) temporarily adopt the list of ODA recipients in 2015 (the year when the 2030 Agenda was agreed upon), complemented with an opt-in/opt-out mechanism; ii) consider, when available, the outcome of the United Nations' High-Level Panel (HLP) on the development of a Multidimensional Vulnerability Index (MVI) for the Small Islands Developing States (SIDS); and iii) continue exploring multidimensional criteria for reporting purposes, taking into account existing and future UN standards as available.
- **[IFT Interim Governing Body discussion on a proposal to update the list of TOSSD recipients using the MVI for SIDS, as proposed by the HLP \(February 2024\)](#)**. It was agreed that the IFT would revisit the Secretariat's proposal once the United Nations officially approves the MVI. It was also agreed that no decisions on the recipient list should be made before the new TOSSD governance arrangements (i.e. the Steering Group) were in place.
- **[IFT Steering Group meeting \(May 2024\)](#)**. It was concluded that there was general agreement on using multidimensional criteria, in complement to GNI per capita. The Secretariat was tasked to review the suitability of various indicators, indexes and/or approaches to define the list of TOSSD recipients. The meeting also discussed the political implications and risks of the IFT taking the lead in defining what constitutes a developing country. While the advantages were clear, the risks – though not inherent to the use of multidimensional criteria – were acknowledged as more difficult to assess.

## 2. Methodology for the analysis

5. The Secretariat conducted a thorough review of each one of the proposed indicators, indexes and lists, along with their methodologies. Considering that the GNI per capita will remain as the basic criterion for the list of TOSSD recipients, the proposed options were only tested on high-income countries (HICs)<sup>3</sup>.
6. Additionally, the Secretariat examined secondary sources (e.g. papers, policy briefs) related to these indicators, indexes and lists, to better assess the pros and cons of each option.
7. The thresholds applied to the indicators are the same as those outlined in the original methodology of the indicator or index e.g. mean, median. However, a few variants were also tested such as different thresholds and different combinations of indicators. The base year used for the analysis was 2022.
8. In assessing the pros and cons, the Secretariat paid particular attention to data availability, geographical coverage and whether the indicator/index/approach has a threshold with a solid

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<sup>3</sup> According to the World Bank classification based on GNI per capita in 2022, available [here](#).

rationale. The aim was to address the concerns expressed by some Members in previous meetings about reputational risks if the indicators chosen were not technical robust, consistent and stable.

### 3. Description of the options

9. The table below briefly describes each option explored. (See footnotes for the sources).

**Table 1. Description of the options proposed by the Steering Group**

Index/Indicator/ Approach	Description
Mexico's proposal to the International TOSSD Task Force (2022) <sup>4</sup>	<p>"A country will be removed from the TOSSD list if, after having reached a World Bank HIC status for two consecutive years, it also complies with the following three indicators:</p> <ul style="list-style-type: none"> <li>• A Gini coefficient below (or less inequality than) 0.38</li> <li>• A share of informal work in its active labour force below 35%</li> <li>• An index of human development above 0.820</li> </ul> <p>A HIC country will promptly return to the TOSSD list by one of the two following rules or procedures: 1) When it suffers a sudden fall in welfare and income in the event of a natural catastrophe (including pandemics) or an armed conflict. Using the opt in mechanism it will be reinstated on the list automatically. 2) When for whatever reason it falls back to an Upper Middle Income (UMIC) status for two years in a row. As an exception all members of the European Union, which receive generous regional support – will be excluded of the TOSSD list".</p>
Gini coefficient <sup>5</sup>	"Measures the extent to which the distribution of income (or, in some cases, consumption expenditure) among individuals or households within an economy deviates from a perfectly equal distribution (...) a Gini index of 0 represents perfect equality, while an index of 100 implies perfect inequality."
Informal employment rate <sup>6 7</sup>	<p>Comprises the total number of informal jobs, regardless of whether they are carried out in formal sector enterprises, informal sector enterprises, or households, during a given reference period.</p> <p>Informal employment includes "i) own-account workers employed in their own informal sector enterprises; ii) employers employed in their own informal sector enterprises; iii) contributing family workers, irrespective of whether they work in formal or informal sector enterprises; iv) members of informal producers' cooperatives; and v) employees holding informal jobs in formal sector enterprises, informal sector enterprises, or as paid domestic workers employed by households."</p>
Human development index (HDI) <sup>8</sup>	"The HDI is a summary measure of average achievement in key dimensions of human development: a long and healthy life (measured by the life expectancy at birth), being knowledgeable (measured by mean of years of schooling for adults aged 25 years and more and expected years of schooling for children of school entering age) and having a decent standard of living (measured by the GNI per capita) (...) The HDI is the geometric mean of normalized indices for each of the three dimensions."

<sup>4</sup> [https://tossd.org/docs/Item\\_3\\_Mexico\\_proposal\\_on\\_new\\_recipient\\_eligibility\\_criteria.pdf](https://tossd.org/docs/Item_3_Mexico_proposal_on_new_recipient_eligibility_criteria.pdf)

<sup>5</sup> <https://data.worldbank.org/indicator/SI.POV.GINI?skipRedirection=true&view=map>

<sup>6</sup> [https://www.ilo.org/sites/default/files/wcmsp5/groups/public/@dgreports/@stat/documents/normativeinstrument/wcms\\_087622.pdf](https://www.ilo.org/sites/default/files/wcmsp5/groups/public/@dgreports/@stat/documents/normativeinstrument/wcms_087622.pdf)

<sup>7</sup> <https://ilostat.ilo.org/topics/informality/#>.

<sup>8</sup> <https://hdr.undp.org/data-center/human-development-index#/indicies/HDI>



<p>Inequality-adjusted human development index (IHDI)<sup>9</sup></p>	<p>The IHDI considers inequality in life expectancy, education and income and adjusts the HDI country value considering those inequalities.</p> <p>“IHDI adjusts the HDI for inequality in the distribution of each dimension of the HDI across the population. (...) The IHDI accounts for inequalities in HDI dimensions by “discounting” each dimension’s average value according to its level of inequality. The IHDI value equals the HDI value when there is no inequality across people but falls below the HDI value as inequality rises. In this sense, the IHDI measures the level of human development when inequality is accounted for.”</p>
<p>Global multidimensional poverty index (MPI)<sup>10</sup></p>	<p>“The global MPI is an annual international measure of acute multidimensional poverty covering over 100 developing countries.” It complements traditional monetary poverty measures by capturing the acute, overlapping deprivations in three dimensions of poverty: health (measuring nutrition and child mortality), education (including years of schooling and school attendance) and living standards that people in poverty face (including cooking fuel, sanitation, drinking water, electricity, housing and assets).</p>
<p>Country index of the Notre Dame Global Adaptation Initiative (ND-GAIN)<sup>11</sup></p>	<p>The ND-GAIN shows a country’s current vulnerability to climate disruptions. It also assesses a country’s readiness to leverage private and public sector investment for adaptive actions. The ND-GAIN brings together more than 40 core indicators to measure vulnerability and readiness of 182 UN member states from 1995 to the present. The Index is produced by the University of Notre Dame.</p> <p>The Secretariat considered the ND-GAIN matrix where the quadrants are created by mapping the median scores for both readiness (x-axis) and vulnerability (y-axis) and that are updated annually. The green quadrant of the matrix (well positioned with few challenges) identifies countries with low level of vulnerability and high level of readiness to adapt to climate change. HICs in this quadrant would be excluded from the recipient list while those in the other three quadrants would remain as TOSSD recipients.</p> <div data-bbox="715 1153 1161 1597" style="text-align: center;"> </div>
<p>Regional MDBs’ borrowing country lists</p>	<p>Lists of borrowing countries of the Asian Development Bank (AsDB)<sup>12</sup>, Asian Infrastructure Investment Bank (AIIB)<sup>13</sup>, the African Development Bank (AfDB)<sup>14</sup>, the Caribbean Development Bank (CDB)<sup>15</sup>, the Central American Bank of Economic</p>

<sup>9</sup> <https://hdr.undp.org/inequality-adjusted-human-development-index#/indicies/IHDI>

<sup>10</sup> <https://ophi.org.uk/global-mpi>

<sup>11</sup> <https://gain.nd.edu/our-work/country-index/>

<sup>12</sup> <https://www.adb.org/where-we-work>

<sup>13</sup> <https://www.aiib.org/en/projects/list/index.html>

<sup>14</sup> <https://www.afdb.org/en/countries>

<sup>15</sup> <https://www.caribank.org/countries-and-members/borrowing-members>

	Integration (CABEI) <sup>16</sup> , the Council of Europe Development Bank <sup>17</sup> , the Development Bank of Latin America <sup>18</sup> , the Eurasian Development Bank <sup>19</sup> , the Inter-American Development Bank (IDB) <sup>20</sup> and the Islamic Development Bank (IsDB) <sup>21</sup> .
The 'exclusion approach'	Exclusion of some countries from the list of TOSSD recipients based on different groupings e.g. membership in certain international organisations.
Multidimensional Vulnerability Index (MVI) <sup>22</sup>	The MVI is an "universal level quantitative assessment of structural vulnerability and resilience using a common methodology for all developing countries (...) [It] is presented via a summary index number to rank countries, showing individual countries scores on component parts". The higher the MVI, the more vulnerable the country is.

#### 4. Review of the options

10. The table below summarises the Secretariat's analysis of the pros and cons of each reviewed option. As noted in the methodology (section 2), particular attention was paid to the existence of a solid rationale for thresholds and data availability, both in terms of geographical coverage and yearly updates.

a) **The thresholds should not be seen as arbitrary**, benefiting certain regions or countries over others. Ideally, a threshold should be an integral part of the methodology of the indicator/index/approach, set by its custodian organisation.

b) **It is critical that data are available for most (if not all) TOSSD recipients and, ideally, for the same reference year.** The geographical coverage varies across the options. Moreover, in some options, the latest year for which data are available varies a lot. For example, the latest year for which there is a Gini value widely varies across countries (between 1998 and 2023).

11. The table also illustrates how different options and thresholds could impact the list of TOSSD recipients by indicating which HICs would be included and excluded. Considering the relevance of this matter for UMICs (especially when they are close to reach the high-income status), Annex I simulates the application of some of the options to both HICs and UMICs.

12. If an option highlighted with a "\*" was selected, certain EU Member States could meet the criteria and qualify as TOSSD recipients. The IFT Secretariat does not recommend including EU Member States in any updates of the list and suggests that, should any of these options be chosen, it be applied in conjunction with an exclusion criterion for EU Member States.<sup>23</sup>

<sup>16</sup> <https://www.bcie.org/paises-socios>

<sup>17</sup> <https://coebank.org/en/about/member-countries/>

<sup>18</sup> [https://www.caf.com/en/#caf\\_nav\\_paises](https://www.caf.com/en/#caf_nav_paises)

<sup>19</sup> <https://eabr.org/en/about/states-participants/>

<sup>20</sup> <https://www.iadb.org/en/who-we-are/how-we-are-organized>

<sup>21</sup> All IsDB members are borrowing countries: <https://www.isdb.org/isdb-member-countries>

<sup>22</sup> <https://www.un.org/ohrlls/mvi>

<sup>23</sup> This exclusion was discussed by the TOSSD Task Force as part of the Mexican proposal. The Secretariat's understanding is that members supported the rationale (see Table 1).

**Table 2. Pros and cons of the options and results of testing them on high-income countries and territories (HICs)**

Option	Pros	Cons	Would comply with the criteria	Would not comply with the criteria
<p><b>Mexico's proposal<sup>24</sup>:</b></p> <p>1) Gini coefficient below 0.38</p> <p>2) Informal work in active labour force below 35%</p> <p>3) HDI above 0.820</p>	<p>Easy to implement.</p> <p>Data are available online.</p> <p>Use of UN standards (HDI).</p> <p>The proposal has inspired further work and progress in the definition of multidimensional criteria to define the list of TOSSD recipients.</p>	<p>The rationale for the thresholds is not spelt out.</p> <p>The Gini coefficient is not available for all countries for the same period.</p> <p>The proposal does not consider environmental criteria, which seems key for a framework measuring support for the SDGs.</p> <p>The timeline for applying the criteria (2 consecutive years as a HIC) differs from ODA graduation criteria (3 consecutive years).</p>	<p>Bahamas, Barbados, Guyana, Nauru, Oman, Panama, Trinidad and Tobago.</p>	<p>Antigua and Barbuda, Chile, Kuwait, Liechtenstein, Monaco, Qatar, Saint Kitts and Nevis, San Marino, Seychelles, Singapore, United Arab Emirates, Uruguay.</p> <p>EU Member States</p>
<p><b>Gini coefficient</b></p>	<p>Provides a picture of how resources are distributed among the population in the countries, therefore reflecting the need of part of the population for additional support.</p>	<p>Data are not available for all countries for the same period. (Latest year for which data are available widely varies across countries, from 1998 to 2023. For 2022, 99 HICs and UMICs do not have a Gini coefficient.) It could thus be considered that this indicator is not sufficiently accurate to be used in complement to GNI per capita.</p> <p>Requires setting a threshold (e.g. the mean), which could be considered arbitrary and, due to the data gaps (see above), inaccurate.</p> <p>In the last decades, countries and international organisations have been working to measure inequality beyond the income dimension.</p>	<p>Not tested</p>	<p>Not tested</p>

<sup>24</sup> Inclusions and exclusions may differ from the proposal presented by Mexico in 2022 due to updates in the indicator data e.g. the latest Gini values available for Chile and Uruguay are for 2022.

Option	Pros	Cons	Would comply with the criteria	Would not comply with the criteria
<b>Informal employment rate</b>	Data are collected by the UN, which could be perceived positively by a wider audience.	<p>Latest year for which data are available widely varies across countries (from 2015 to 2023). There are 42 HICs and UMICs with no data on informal employment rate reported to the ILO. It could thus be considered that this indicator is not sufficiently accurate to be used as a complement to GNI per capita.</p> <p>Requires setting a threshold (e.g. the mean) which could be considered arbitrary and, due to the data gaps (see above), inaccurate.</p> <p>The indicator does not consider environmental criteria.</p>	Not tested	Not tested
<b>Human Development Index (HDI)</b>  Threshold: HDI=0.764 (for High Human Development)	Easy to implement.  A UN standard, with data for most of countries.	<p>One of the HDI dimensions is GNI per capita, and there is a strong correlation between GNI per capita and the HDI<sup>25</sup> (0.75 in 2022<sup>26</sup>). Therefore, if HDI were to be used as the only additional criterion, it could be easily contested.</p> <p>The HDI does not include an environmental dimension, which seems key for a framework measuring support for the SDGs and could be easily contested e.g. by the SIDS.</p> <p>HDI is not available for some current TOSSD recipients i.e. Cook Islands, Kosovo, Montserrat, Niue, Saint Helena, Wallis and Futuna.</p>	Guyana, Nauru.	Andorra, Antigua and Barbuda, Bahamas, Bahrein, Barbados, Brunei, Chile, Kuwait, Liechtenstein, Malta, Oman, Panama, Qatar, Russian Federation, Saint Kitts and Nevis, Saudi Arabia, Seychelles, Singapore, Trinidad and Tobago, UAE, Uruguay. All EU and DAC members.
<b>Human Development Index (HDI)*</b> Threshold: HDI=0.902 (for Very High Human Development)			Andorra, Antigua and Barbuda, Bahamas, Bahrein, Barbados, Brunei, Chile, Guyana, Kuwait, Nauru, Qatar, Russian Federation, San Marino, Seychelles, Trinidad	All HICs above this threshold are either DAC members and/or EU member states, Liechtenstein, Monaco, Singapore, and the UAE.

<sup>25</sup> See Elistia, B.A.S. (2018). The correlation of the human development index (HDI) towards economic growth (GNI per capita) in 10 ASEAN member countries. *Journal of Humanities and Social Studies*, 2(2), 40-46; Grubaugh, S. (2015). Economic Growth and Growth in Human Development. *Applied Econometrics and International Development*, 15-2(2015), 5-16; Cahill, M. B. (2005). Is the Human Development Index Redundant? *Eastern Economic Journal*, 31(1), 1-5.  
<http://www.jstor.org/stable/40326318>;

<sup>26</sup> A value close to 1/-1 expresses that the two variables are linearly correlated. The closer the value is to 0, the less these variables are correlated.



Option	Pros	Cons	Would comply with the criteria	Would not comply with the criteria
			and Tobago, Saint Kitts and Nevis, Uruguay. <b>Some EU Member States.</b>	
<b>Inequality-adjusted Human Development Index (IHDI)</b> Threshold: IHDI=0.628 (for High Human Development)	The impact of GNI per capita is nuanced by the adjustment for inequality. The correlation between IHDI and GNI per capita for 2022 is 0.4 (compared to 0.75 in the case of HDI).	IHDI is not available for all countries concerned (mainly SIDS) <sup>27</sup> . HDI could be used as a proxy.  IHDI does not include an environmental dimension (see above).	Barbados.	Andorra, Bahamas, Brunei, Chile, Oman, Panama, Seychelles, Singapore, UAE, Uruguay.  <b>All DAC members and EU member states</b>
<b>IHDI*</b> Threshold: IHDI=0.807 (for Very High Human Development)	The IHDI measures inequality in life expectancy, education and income.  A UN standard, thus in line with the general intention of the TOSSD methodology to use UN standards and definitions when possible.		Bahamas, Barbados, Chile, Panama, Oman, Russian Federation, Seychelles, Uruguay.  <b>Some EU member states</b>	Saint Kitts and Nevis, Singapore, United Arab Emirates.  <b>Most DAC members and EU member states</b>
<b>UN Multidimensional Vulnerability Index (UN MVI) for SIDS</b> Threshold option A: mean for developing countries (52.9)	A UN standard, thus in line with the general intention of the TOSSD methodology to use UN standards and definitions when possible.	MVI data are currently available for only one year. The MVI Secretariat is not in place yet, so the periodicity of publication of the index in the coming years is unclear.  The high-level panel that developed the index found that it “is difficult to establish any vulnerability threshold or cutoff analogous to income cutoffs” <sup>28</sup> . The Secretariat used as reference the mean for developing countries	Antigua and Barbuda, Bahamas, Barbados, Nauru, Saint Kitts and Nevis, Seychelles.	Guyana, Singapore, Trinidad and Tobago.
<b>UN MVI for SIDS</b> Threshold option B: mean for SIDS (56.63)			Antigua and Barbuda, Bahamas, Barbados, Nauru.	Guyana, Seychelles, Singapore, Saint Kitts and Nevis, Trinidad and Tobago.

<sup>27</sup> No IHDI is for: Antigua and Barbuda, Liechtenstein, Monaco, Guyana, Nauru, Qatar, San Marino, Saudi Arabia, Trinidad and Tobago, Belize, Cuba, Dominica, Equatorial Guinea, Grenada, Kuwait, Libya, Saint Vincent and the Grenadines, Saint Kitts and Nevis, Suriname, Turkmenistan.

<sup>28</sup> See [A/78/L.98](#).

Option	Pros	Cons	Would comply with the criteria	Would not comply with the criteria
		(option A) and the mean for SIDS (option B), as calculated by the MVI HLP.		
<p><b>Multidimensional Poverty Index (MPI)</b></p> <p>Threshold: MPI mean (0.161 for 2022, set by the Secretariat).</p>	<p>Easy and quick to implement.</p> <p>Conceptually easy to understand: the higher the MPI, the poorer the country is.</p>	<p>Most HICs do not have an MPI, and this is also the case for many other countries e.g. Türkiye, Iran, Syria, Somalia, South Sudan, Malaysia. The MPI only offers data for 46 out of 140 countries classified as UMIC and HIC. It is computed from survey ranges of ten years (e.g. 2011 to 2021/2022). The 2022 MPI is based on surveys in 2010-15 for around 30 countries.</p> <p>Requires setting a threshold, which could be considered arbitrary and, due to the data gaps (see above), inaccurate.</p> <p>The MPI for most of the HIC and UMIC is lower than the mean. Therefore, the use of MPI as a complement to GNI per capita would reduce the list of TOSSD recipients.</p>		<p>Barbados, Guyana, Singapore, Trinidad and Tobago.</p> <p>There is no MPI figure for other HICs.</p>
<p><b>Country Index of the Notre Dame Global Adaptation Initiative (ND-GAIN).</b></p> <p>Threshold (proposal by the IFT Secretariat): Exclude countries with low level of vulnerability to climate change and high level of readiness to adapt (green quadrant of <a href="#">the matrix</a>).</p>	<p>Would be a political recognition of the importance of climate vulnerability and countries' preparedness to adapt to climate change.</p> <p>The ND-GAIN index has been produced for more than thirty years, making it a stable data source.</p>	<p>No data for a few countries and territories e.g. Andorra, Monaco, San Marino.</p>	<p>Antigua and Barbuda, Barbados, Nauru, Saint Kitts and Nevis, Trinidad and Tobago, Seychelles.</p>	<p>Chile, Panama, Uruguay.</p>

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Option	Pros	Cons	Would comply with the criteria	Would not comply with the criteria
<b>Regional MDBs' borrowing country lists*</b>	<p>Would remove the perception that the recipient list is related to “graduation”, since some countries that are only eligible to receive non-concessional finance from the MDBs are included.</p> <p>Easy and quick to implement.</p>	<p>Not all countries and territories are members of regional MDBs and in some cases there are several regional MDBs in one region. It would be very discretionary to decide which list to use and what to do with countries that do not belong to regional MDBs but that receive support from other sources e.g. UN agencies.</p> <p>Some DAC and/or EU members could be considered as recipients if this is the only additional criterion to be used.</p>	Depends on the lists and MDBs to be considered.	Depends on the lists and MDBs to be considered.
<b>The exclusion approach</b>	Easy and quick to implement once the criteria for exclusion are defined.	Though this criterion has been used in the past <sup>29</sup> , the current geopolitical context makes it difficult to find objective, explicable exclusion criteria.	Depends on the groupings to be excluded.	Depends on the groupings to be excluded.

<sup>29</sup> In 2005, the DAC agreed to exclude “G8 members, EU members, or prospective EU members with a firm date for accession” from the list of ODA recipients. Development Assistance Committee (2005). Reforming the DAC list. OECD. Available in: [https://one.oecd.org/document/DCD/DAC\(2005\)38/en/pdf?sessionId=1721980800965](https://one.oecd.org/document/DCD/DAC(2005)38/en/pdf?sessionId=1721980800965)

## 5. Main findings and considerations

13. **Many options explored would be difficult to implement because of uneven data availability.**  
This is one of the reasons why the Secretariat does not recommend the use of the Gini coefficient, the informal employment rate or the MPI, nor the proposal presented by Mexico to the TOSSD Task Force in 2022. In any case, any additional criteria for defining the list of TOSSD recipients should be based on data for more than one year, e.g. three consecutive years, to mitigate the impact of exceptional year-to-year variations on the analysis.
14. **Options that would result in a shorter list of TOSSD recipients than the current one would seem contradictory to the general aim of the TOSSD framework, which is to enhance the transparency in official development support.** Additionally, in February 2024, the [Interim IFT governing body](#) emphasised “the need for consensus, consistency, and technical robustness in the criteria to be used as well as stability, avoiding frequent changes”.
15. **An indicator of inequality would address the requests for multidimensional criteria put forward by many IFT Members, as well as countries and organisations beyond the IFT.** However, inequality should be measured across multiple dimensions, not just income. The IHDI represents a comprehensive measure of inequality, while the Gini coefficient is limited to income inequality.
16. **Given that TOSSD collects data on official support for sustainable development, and more specifically, for the implementation of the SDGs, the multidimensional criteria defining the list of TOSSD recipients should also reflect the three dimensions of sustainable development.**
17. **Regarding the UN MVI, the Secretariat considers that it provides valuable information that can be used to help determine whether SIDS should be included in the list of TOSSD recipients.** The UN MVI has been approved by consensus of the UN General Assembly, which gives this index great political backing. However, the governance and periodicity of the UN MVI are still to be arranged. Also, as mentioned above, the difficulty to find a threshold was explicitly recognised by the UN General Assembly.
18. **Exclusion criteria have been used in the past as a complement to GNI per capita (see footnote 28) but defining the criterion can be challenging.** Ideally, exclusion should be based on country groupings, but there are some countries that do not belong to groupings that can be easily excluded.
19. **Finally, the use of only one criterion in complement to GNI per capita could be inconvenient.** No option produces data for all countries and territories in the TOSSD classification. Applied individually, some of the criteria would lead to the exclusion in the short term of many countries that are currently on the list of TOSSD recipients, or the inclusion of traditional providers. For example, the sole use of the HDI would imply some EU member states would meet the criteria for TOSSD recipients.

## 6. Recommendations from the IFT Secretariat

20. **There is no perfect option at hand.** The definition of the universe of countries considered in every index is inherently political. The magnitude of global challenges, such as climate change, poses additional complexity. **However, the IFT can agree on a good solution that improves the methodology, with the understanding that it can be perfected over time when more data become available.** Reaching an agreement on multidimensional criteria would be highly beneficial for recipient countries and for TOSSD itself, as it would be a way to respond to a long-standing issue recognised by most countries and relevant international organisations.
21. Taking into account the indication, in the TOSSD Reporting Instructions, that traditional providers are expected not to use the TOSSD opt-in procedure, and thus to become TOSSD recipients, and to align with TOSSD’s broader scope, which includes non-concessional finance and South-South co-operation, **the Secretariat proposes defining the boundaries of the list of TOSSD recipients using – in addition to GNI per capita – the IHDI and the ND-GAIN index, combined with the exclusion approach and, for the SIDS, the MVI. If this proposal is adopted, the IFT would have economic, social and environmental criteria defining the list, which corresponds to the ambition and nature of the SDGs and the 2030 Agenda.**
22. **Accordingly, the Steering Group is invited to consider the following edits to paragraph 52 of the TOSSD Reporting Instructions:**

*52. To be reported as pillar I, an activity should involve a cross-border resource flow to a country or territory on the list of TOSSD recipients. This list ~~includes all countries and territories that were present on the “DAC List of ODA recipients” in 2015 (the year when the 2030 Agenda was adopted) adjusted for any other countries and territories that have activated the TOSSD opt in/opt out procedure.~~ is composed of all countries and territories with a GNI per capita lower than the HIC threshold, according to the World Bank country classification (and calculated using the World Bank Atlas method).*

*Excluded from the list are countries and territories that are i) European Union Member States (including countries with a firm date for EU accession), ii) Members of the Schengen Area (including countries which are not members of the Schengen Area but which have open or semi-open borders with the area<sup>30</sup>), iii) High-Income member countries of the OECD Development Assistance Committee (DAC), iv) former G8 members, and v) Members of the Gulf Cooperation Council.*

*For countries and territories not belonging to any of the groupings above, and whose GNI per capita has been above the HIC threshold for the last three consecutive years<sup>31</sup>, the inclusion in the list of TOSSD recipients is determined by their inequality-adjusted human development index (IHDI) and the country index of the Notre Dame Global Adaptation*

<sup>30</sup> The Holy See, Monaco and San Marino are de facto members of the Schengen zone because a traveller will need to pass through a Schengen zone country to enter these States.

<sup>31</sup> e.g., for the data collection round held in year Y on Y-1 activities, the years to be considered will be Y-2, Y-3 y Y-4.

Initiative (ND-GAIN). Included are countries and territories that, for the same three consecutive years:

- a) Are below the threshold of very high IHDI (or very high HDI if the IHDI value is missing), OR
- b) are above the median score for vulnerability to climate disruptions and below the median score for readiness to adapt to climate change according to the ND-GAIN index.

In the case that a SIDS<sup>32</sup> surpasses the GNI per capita HIC threshold for three consecutive years, and complies with the criterion a) or b) above, the UN MVI will be applied. If its MVI is higher than the MVI mean for developing countries, the country or territory will remain in the list<sup>33</sup>.

23. The list of recipients that would result from the implementation of this proposal is shown in Annex II. In comparison with the current list (i.e. list of ODA recipients in 2015, when the 2030 Agenda was adopted), Bahamas, Barbados, Saint Kitts and Nevis, and Trinidad and Tobago would be added.<sup>34</sup> Three current TOSSD recipients that are HICs (Chile, Seychelles and Uruguay) would remain on the list. UMICs that are close to reaching the HIC threshold (such as Antigua and Barbuda, Guyana, Nauru or Panama) would meet the criteria for inclusion. Finally, HICs with no data on IHDI, HDI, ND-GAIN or UN MVI (e.g. the Cook Islands) would need to be reviewed case-by-case by the IFT Steering Group.
24. **The Secretariat further proposes removing the opt-in/opt-out option from the TOSSD methodology**, considering that multidimensional criteria added to the GNI per capita criterion would be sufficient to define the list, and as no country or territory has used this option since the TOSSD data collection started.
25. Finally, it is proposed that the list be updated every 3 years. The present proposal could be implemented effective from 2025, for the reporting on TOSSD flows in 2024, 2025 and 2026.

## For discussion

- **Do members have comments on the Secretariat's analysis?**
- **Do members agree with the Secretariat's proposal? Do members want to propose other ways forward, based on the options presented in the paper?**
- **Do members agree with removing the opt-in/opt-out option from the TOSSD Reporting Instructions?**

<sup>32</sup> Following the UN-OHRLLS list: <https://www.un.org/ohrlls/content/list-sids>

<sup>33</sup> The UN MVI will be implemented when the governance arrangements of this index and its periodicity are established.

<sup>34</sup> Territories that were removed from the list of ODA recipients prior to 2015 (year when the 2030 Agenda was adopted) will not be considered, given that TOSSD is directly linked to the implementation of the SDGs.

## Annex I. Testing multidimensional indexes to High-Income and Upper Middle-Income countries

The table below tests the application of various indexes and thresholds to high-income and upper middle-income countries and territories (based on 2022 GNI per capita). A blue cell means that the country/territory, if it were to reach high-income status for three consecutive years, would not be considered a TOSSD recipient according to the criterion, whereas an orange cell means that the country/territory would be included in the recipient list. A grey cell means no data are available for the index in question for that country/territory.

Country	Current TOSSD recipient	Country HDI > High HDI (0.764)	Country HDI > Very high HDI (0.902)	Country IHDI > High IHDI (0.628)	Country IDHI > Very high IDHI (0.807)	Country with low vulnerability and high readiness to adapt to climate change (ND-GAIN)	Country MPI > MPI 2022 mean (0.161)	Country MVI > MVI mean for developing countries (52.9)	[For SIDS only] Country MVI > MVI mean for SIDS (56.63)
<b>High-Income countries</b>									
Andorra	NO	Blue	Orange	Blue	Blue	Grey	Grey	Grey	No SIDS
Antigua and Barbuda	YES	Blue	Orange	Grey	Grey	Orange	Grey	Orange	Orange
Australia	NO	Blue	Blue	Blue	Blue	Blue	Grey	Grey	No SIDS
Austria	NO	Blue	Blue	Blue	Blue	Blue	Grey	Grey	No SIDS
Bahamas	NO	Blue	Orange	Blue	Orange	Orange	Grey	Orange	Orange
Bahrain	NO	Blue	Orange	Grey	Grey	Blue	Grey	Orange	No SIDS
Barbados	NO	Blue	Orange	Orange	Orange	Blue	Blue	Orange	Orange
Belgium	NO	Blue	Blue	Blue	Blue	Blue	Grey	Grey	No SIDS
Brunei Darussalam	NO	Blue	Orange	Blue	Orange	Blue	Grey	Orange	No SIDS
Canada	NO	Blue	Blue	Blue	Blue	Blue	Grey	Grey	No SIDS
Chile	YES	Blue	Orange	Blue	Orange	Blue	Grey	Blue	No SIDS
Cook Islands	YES	Grey	Grey	Grey	Grey	Grey	Grey	Grey	Grey

# TOSSD

Country	Current TOSSD recipient	Country HDI > High HDI (0.764)	Country HDI > Very high HDI (0.902)	Country IHDI > High IHDI (0.628)	Country IDHI >Very high IHDI (0.807)	Country with low vulnerability and high readiness to adapt to climate change (ND-GAIN)	Country MPI > MPI 2022 mean (0.161)	Country MVI > MVI mean for developing countries (52.9)	[For SIDS only] Country MVI > MVI mean for SIDS (56.63)
Croatia	NO								No SIDS
Cyprus	NO								No SIDS
Czechia	NO								No SIDS
Denmark	NO								No SIDS
Estonia	NO								No SIDS
Finland	NO								No SIDS
France	NO								No SIDS
Germany	NO								No SIDS
Greece	NO								No SIDS
Guyana	NO								No SIDS
Hungary	NO								No SIDS
Iceland	NO								No SIDS
Ireland	NO								No SIDS
Israel	NO								No SIDS
Italy	NO								No SIDS
Japan	NO								No SIDS
Korea (Republic of)	NO								No SIDS
Kuwait	NO								No SIDS
Latvia	NO								No SIDS
Liechtenstein	NO								No SIDS
Lithuania	NO								No SIDS



# TOSSD

Country	Current TOSSD recipient	Country HDI > High HDI (0.764)	Country HDI > Very high HDI (0.902)	Country IHDI > High IHDI (0.628)	Country IDHI >Very high IHDI (0.807)	Country with low vulnerability and high readiness to adapt to climate change (ND-GAIN)	Country MPI > MPI 2022 mean (0.161)	Country MVI > MVI mean for developing countries (52.9)	[For SIDS only] Country MVI > MVI mean for SIDS (56.63)
Luxembourg	NO								No SIDS
Malta	NO								No SIDS
Monaco	NO								No SIDS
Nauru	NO								
Netherlands	NO								No SIDS
New Zealand	NO								No SIDS
Norway	NO								No SIDS
Oman	NO								No SIDS
Panama	NO								No SIDS
Poland	NO								No SIDS
Portugal	NO								No SIDS
Qatar	NO								No SIDS
Romania	NO								No SIDS
San Marino	NO								No SIDS
Saudi Arabia	NO								No SIDS
Seychelles	YES								
Singapore	NO								
Slovakia	NO								No SIDS
Slovenia	NO								No SIDS
Spain	NO								No SIDS
Saint Kitts and Nevis	NO								

# TOSSD

Country	Current TOSSD recipient	Country HDI > High HDI (0.764)	Country HDI > Very high HDI (0.902)	Country IHDI > High IHDI (0.628)	Country IDHI >Very high IHDI (0.807)	Country with low vulnerability and high readiness to adapt to climate change (ND-GAIN)	Country MPI > MPI 2022 mean (0.161)	Country MVI > MVI mean for developing countries (52.9)	[For SIDS only] Country MVI > MVI mean for SIDS (56.63)
Sweden	NO								No SIDS
Switzerland	NO								No SIDS
Trinidad and Tobago	NO								
United Arab Emirates	NO								No SIDS
United Kingdom	NO								No SIDS
United States	NO								No SIDS
Uruguay	YES								No SIDS
<b>Upper-Middle-Income countries</b>									
Albania	YES								No SIDS
Algeria	YES								No SIDS
Argentina	YES								No SIDS
Armenia	YES								No SIDS
Azerbaijan	YES								No SIDS
Belarus	YES								No SIDS
Belize	YES								
Bosnia and Herzegovina	YES								No SIDS
Botswana	YES								No SIDS
Brazil	YES								No SIDS
Bulgaria	YES								No SIDS
China	YES								No SIDS
Colombia	YES								No SIDS

# TOSSD

Country	Current TOSSD recipient	Country HDI > High HDI (0.764)	Country HDI > Very high HDI (0.902)	Country IHDI > High IHDI (0.628)	Country IDHI > Very high IDHI (0.807)	Country with low vulnerability and high readiness to adapt to climate change (ND-GAIN)	Country MPI > MPI 2022 mean (0.161)	Country MVI > MVI mean for developing countries (52.9)	[For SIDS only] Country MVI > MVI mean for SIDS (56.63)
Costa Rica	YES								No SIDS
Cuba	YES								
Dominica	YES								
Dominican Republic	YES								
Ecuador	YES								No SIDS
El Salvador	YES								No SIDS
Equatorial Guinea	YES								No SIDS
Fiji	YES								
Gabon	YES								No SIDS
Georgia	YES								No SIDS
Grenada	YES								
Guatemala	YES								No SIDS
Indonesia	YES								No SIDS
Iran (Islamic Republic of)	YES								No SIDS
Iraq	YES								No SIDS
Jamaica	YES								
Kazakhstan	YES								No SIDS
Kosovo	YES								No SIDS
Libya	YES								No SIDS
Malaysia	YES								No SIDS
Maldives	YES								

# TOSSD

Country	Current TOSSD recipient	Country HDI > High HDI (0.764)	Country HDI > Very high HDI (0.902)	Country IHDI > High IHDI (0.628)	Country IDHI > Very high IDHI (0.807)	Country with low vulnerability and high readiness to adapt to climate change (ND-GAIN)	Country MPI > MPI 2022 mean (0.161)	Country MVI > MVI mean for developing countries (52.9)	[For SIDS only] Country MVI > MVI mean for SIDS (56.63)
Marshall Islands	YES								
Mauritius	YES								
Mexico	YES								No SIDS
Moldova	YES								No SIDS
Mongolia	YES								No SIDS
Montenegro	YES								No SIDS
Montserrat	YES								No SIDS
Namibia	YES								No SIDS
Niue	YES								No SIDS
North Macedonia	YES								No SIDS
Palau	YES								
Paraguay	YES								No SIDS
Peru	YES								No SIDS
Russian Federation	NO								No SIDS
Serbia	YES								No SIDS
South Africa	YES								No SIDS
Saint Helena	YES								
Saint Lucia	YES								
Saint Vincent and the Grenadines	YES								
Suriname	YES								

# TOSSD

Country	Current TOSSD recipient	Country HDI > High HDI (0.764)	Country HDI > Very high HDI (0.902)	Country IHDI > High IHDI (0.628)	Country IDHI >Very high IHDI (0.807)	Country with low vulnerability and high readiness to adapt to climate change (ND-GAIN)	Country MPI > MPI 2022 mean (0.161)	Country MVI > MVI mean for developing countries (52.9)	[For SIDS only] Country MVI > MVI mean for SIDS (56.63)
Thailand	YES								No SIDS
Tonga	YES								
Türkiye	YES								No SIDS
Turkmenistan	YES								No SIDS
Tuvalu	YES								
Ukraine	YES								No SIDS
Wallis and Futuna	YES								
West Bank and Gaza Strip	YES								

## Annex II. Simulation of the list of TOSSD recipients that would result from the Secretariat's proposal

Afghanistan	El Salvador	Montenegro	Tokelau
Albania	Equatorial Guinea	Montserrat	Tonga
Algeria	Eritrea	Morocco	Trinidad and Tobago
Angola	Eswatini	Mozambique	Tunisia
Antigua and Barbuda	Ethiopia	Myanmar	Türkiye
Argentina	Fiji	Namibia	Turkmenistan
Armenia	Gabon	Nauru	Tuvalu
Azerbaijan	Gambia	Nepal	Uganda
Bahamas	Georgia	Nicaragua	Ukraine
Bangladesh	Ghana	Niger	Uruguay
Barbados	Grenada	Nigeria	Uzbekistan
Belarus	Guatemala	Niue	Vanuatu
Belize	Guinea	North Macedonia	Venezuela
Benin	Guinea-Bissau	Pakistan	Viet Nam
Bhutan	Guyana	Palau	Wallis and Futuna
Bolivia	Haiti	Panama	West Bank and Gaza Strip
Bosnia and Herzegovina	Honduras	Papua New Guinea	Yemen
Botswana	India	Paraguay	Zambia
Brazil	Indonesia	Peru	Zimbabwe
Burkina Faso	Iran	Philippines	
Burundi	Iraq	Rwanda	
Cabo Verde	Jamaica	Saint Helena	
Cambodia	Jordan	Saint Lucia	
Cameroon	Kazakhstan	Saint Kitts and Nevis	
Central African Republic	Kenya	Saint Vincent and the Grenadines	
Chad	Kiribati	Samoa	
Chile	Kosovo	Sao Tome and Principe	
China (People's Republic of)	Kyrgyzstan	Senegal	
Colombia	Lao People's Democratic Republic	Serbia	
Comoros	Lebanon	Seychelles	
Congo	Lesotho	Sierra Leone	
Costa Rica	Liberia	Solomon Islands	
Côte d'Ivoire	Libya	Somalia	
Cuba	Madagascar	South Africa	
Democratic People's Republic of Korea	Malawi	South Sudan	
Democratic Republic of the Congo	Malaysia	Sri Lanka	
Djibouti	Maldives	Sudan	
Dominica	Mali	Suriname	
Dominican Republic	Marshall Islands	Syrian Arab Republic	
Ecuador	Mauritania	Tajikistan	
Egypt	Mauritius	Tanzania	
	Mexico	Thailand	
	Micronesia	Timor-Leste	
	Moldova	Togo	
	Mongolia		