



FINAL ANNOTATED AGENDA SECOND TOSSD TASK FORCE MEETING

Hotel Jade – MIMBRAL ROOM

San José, Costa Rica

6 – 7 December 2017

Tuesday 5 December

18:30 Informal welcome cocktail (Jürgen's Restaurant, The Jade Hotel)

Wednesday 6 December

9:00 Item 1. Welcome, introductory remarks and adoption of the agenda

9:15 Item 2. Overview of previous Task Force discussions, interim analytical work and current meeting topics

10:00 Item 3. Stock-take and further considerations regarding the definition of TOSSD

11:30 Coffee / Tea Break

12:00 Item 3. Stock-take and further considerations regarding the definition of TOSSD (continued)

13:00 Lunch

A first discussion on who will report, and how TOSSD reporting might be carried out

14:30 Item 4. How will TOSSD reporting be done in practice?

16:30 Coffee / Tea Break

17:00 Item 5. The statistical treatment of multilateral flows in TOSSD

18:00 Meeting adjourns

18:10 *Departure for the visit of the National Theatre*

19:30 *Official cocktail at the Ministry of Foreign Affairs of Costa Rica*

Thursday 7 December

9:00 **Item 6. Possible approaches for associating international standards and disciplines with the TOSSD statistical system**

11:00 **Coffee / Tea Break**

11:30 **Item 7. Brainstorming session on how to accommodate civil society and other constituencies' concerns in the TOSSD framework**

13:00 *Lunch*

An informal discussion about how to strategically engage with the UN Statistical Commission (UNSC) between December 2017 and March 2018 and on the possible format of discussions with UNSC members during the UNSC's next session (6-9 March 2018)

14:30 **Item 8. Options for measuring technical co-operation**

16:30 **Coffee / Tea Break**

17:00 **Item 9. Revised TOSSD Task Force Terms of Reference**

17:30 **Item 10. Conclusions and next steps**

18:00 **Meeting adjourns**

ANNOTATIONS

Informal welcome cocktail (Jürgen's Restaurant, The Jade Hotel): An informal gathering will take place on Tuesday 5 December from 18:30 – 21:00 in Jürgen's Restaurant, The Jade Hotel.

Item 1. Welcome, introductory remarks and adoption of the agenda

1. The meeting will begin with introductory remarks by Lisa Bersales, National Statistician of the Philippines and Task Force co-Chair, who will welcome participants and briefly outline highlights of the first Task Force meeting from her perspective. She will also introduce Mr. Laurent Sarazin, the new co-chair from the European Union (EU), and new Task Force members from Costa Rica, Tunisia, and Nigeria. Mr Sarazin, who has played a lead oversight role regarding legal aspects of EU resource flows and who currently heads at the European Commission the Unit for Development Financing and Effectiveness and relations with the Member States, will follow with words of welcome and will propose adoption of the meeting agenda.

Item 2. Overview of previous Task Force discussions, interim analytical work and current meeting topics

2. The Secretariat will brief participants on the outcomes of the first Task Force meeting and the scope and nature of work carried out since regarding the core features of the TOSSD measurement framework, conceptual aspects of the TOSSD definition, and a range of eligibility and measurement issues. The agenda for the Task Force's second meeting calls for revisiting a number of questions where additional work was requested. The meeting will also focus on the mechanics of the framework – how the reporting format could structure and apply key concepts and measurement approaches. Where relevant and feasible, the Task Force will consider draft text excerpts for the eventual *TOSSD Reporting Instructions*.

3. Participants will also take up several new topics not touched upon at the first Task Force meeting – options for integrating international standards and/or disciplines in the TOSSD framework, approaches for measuring multilateral flows, and steps for ensuring TOSSD can supply data needs identified by civil society. It will also explore how the global TOSSD reporting system could be organised and implemented and how the various components of the TOSSD framework (including satellite indicators) could be identified and integrated.

4. The presentation will be followed by a question and answer session enabling Task Force members to seek clarification on unclear points or to probe for additional information.

Item 3. Stock-take and further considerations regarding the definition of TOSSD

5. In discussing aspects of the TOSSD definition in July, the Task Force generally agreed that “sustainable development” should be defined using the UN definition and that the concept should be linked to development activities that directly support an explicit SDG target. There was also broad support to include in the TOSSD framework both official and officially supported resources. As regards the list of developing countries to use in the context of TOSSD, there was no consensus and several options were put forward toward establishing an initial list, recognising that this was a very sensitive issue, including within the UN. The Task Force asked the Secretariat to further elaborate the three key elements of the TOSSD definition so that they could be revisited in the course of the follow-on Task Force meeting.

6. The group will focus on the following issues in their discussion:

- Draft definitions of “officially supported” and “sustainable development” in the TOSSD framework.
- A proposal for defining “developing country” in the TOSSD framework.

7. The objective of the session will be to advance the thinking on the TOSSD definition sufficiently so that more concrete “eligibility criteria” can be developed for discussion at the third meeting of the Task Force in January 2018.

Lunch Participants will have a first discussion on who will report, and how TOSSD reporting might be carried out

8. The Secretariat has prepared a short, descriptive note detailing current thinking regarding the ways and means for organising and implementing the reporting and data management functions of TOSSD. The text spells out possible components and dynamics of the TOSSD reporting system, including i) potential data aggregation and compilation centres, ii) possible provider groupings, iii) a possible hub for data consolidation/analysis and iv) possible quality control/oversight arrangements.

Item 4. How will TOSSD reporting be done in practice?

9. This session will first explore in greater depth several measurement issues discussed in the first Task Force meeting. The Secretariat will develop a mock-up of the TOSSD reporting format (an Excel file with headings of columns, etc.) as a heuristic tool to show how the measurement concepts could be applied in an operational way.

10. The bullets below summarise, for each of the measurement topics taken up in July, areas where agreement was reached as well as areas where further work was requested. The discussion document prepared by the Secretariat for this agenda item will describe i) work

that has been carried out in the interim and ii) implications for measuring TOSSD flows including, where relevant, a proposed text for the *TOSSD Reporting Instructions*.

- *Gross vs Net* – In July Task Force members generally agreed that while TOSSD data would be published on both a gross and net basis, the “headline” TOSSD figure would be based on gross resource flows. The Secretariat was requested to assess how different user groups and development actors will use TOSSD data to help elaborate a proposal that addresses all user needs. The Secretariat discussion document will propose a relevant draft *TOSSD Reporting Instructions* text for consideration by the Task Force.
- *Treatment of financial resources mobilised from the private sector* – At their first meeting, Task Force members supported the inclusion of resources mobilised from the private sector through official development finance interventions as part of the TOSSD framework, but views diverged as to whether this information should be included in the TOSSD headline figure. Members agreed on the importance of ensuring a demonstrable causal link between the official intervention and the amounts mobilised. As requested, the Secretariat discussion document will describe further work carried out on complex financing structures and analyse different approaches by the OECD and the multilateral development banks for measuring mobilisation. The Task Force will be invited to come to agreement on whether to include mobilised resources in the TOSSD headline figure and consider which measurement approach would be best suited for the TOSSD framework.
- *TOSSD-eligible financial instruments* – Task Force members generally considered the OECD taxonomy of financial instruments helpful as a starting point for TOSSD data presentations. Nevertheless, participants called for further work to explore how Islamic finance and complex financial intermediation arrangements could be reflected in the TOSSD financial instrument classification system. The Secretariat was also requested to look at the similarities and possible differences between the OECD and European statisticians’ classification of financial instruments. The Secretariat discussion document will set out the findings of its work and discuss possible implications for developing the TOSSD taxonomy of financial instruments. The Task Force will consider adoption of relevant text for the *TOSSD Reporting Instructions*.
- *Export credits* – Task Force members agreed in July that commercially-motivated export credits would not be included in the TOSSD measure. It requested further work to develop eligibility criteria for export credits that are extended in conjunction with development co-operation (co-financing), potentially building on the three pillars – economic, social and environmental – of sustainable development. The Secretariat discussion document will provide descriptive examples of different co-financing operations. The Task Force will assess a draft text regarding the eligibility of certain export credits for incorporation in the *TOSSD Reporting Instructions*.

11. The discussion will then address aspects of the broader architecture of the TOSSD framework, including a proposed table of contents for the *TOSSD Reporting Instructions*, a

schematic rendering of the various components of TOSSD (headline figure, satellite indicators, presentational format, etc.), and steps for integrating findings from future TOSSD pilots.

12. Finally, participants will consider an example of international co-operation through a customs union and how the relevant direct cross-border flows could best be captured in the TOSSD system.

13. The objective of the session will be to come to clarity on a set of basic measurement standards for TOSSD, agree on key relevant principles and presentational features, and consider proposed excerpts of the *TOSSD Reporting Instructions*.

Item 5. The statistical treatment of multilateral flows in TOSSD

14. The multilateral system plays a key role in funding development and its resources will need to be reflected in the TOSSD measurement framework. In order to provide a complete picture of developing countries' cross-border receipts, this will entail including both i) resources provided directly by multilateral agencies from their core budgets and ii) funding channelled through multilateral agencies (contributions by official bilateral entities for operations to be implemented by multilateral agencies in developing countries). The process for statistically measuring these flows is complicated given, on the one hand, the complexity of official resource "inflows" to and through the multilateral system – including through "earmarked" funding intermediated by multilateral institutions and trust funds managed by them – and, on the other hand, multilateral outflows to developing countries. The Secretariat paper discusses how official funding through the multilateral system could be captured in TOSSD, and options for establishing a list of multilateral organisations from which data could be collected.

15. The objective of this meeting segment will be to clarify and agree on how to capture the cross-border flows from multilateral agencies to developing countries in support of achieving the Sustainable Development Goals (SDGs), and to discuss options for collecting data on multilateral agencies' outflows within the TOSSD framework.

Visit of the National Theatre

Official cocktail at the Ministry of Foreign Affairs: During this cocktail, the Vice Minister of Planning of Costa Rica, Ms. Pilar GARRIDO will present two topics: "Costa Rica's experience with measuring and recording its development co-operation" and "Financing for Sustainable Development: an approach from the 2030 Agenda".

Item 6. Possible approaches for associating international standards and disciplines with the TOSSD statistical system

16. Previous work on TOSSD has revealed the importance of establishing “safeguards” in the TOSSD framework that will reduce the scope that TOSSD flows could i) create economic distortions (for example, through linkages to subsidies, concessions and/or privileged market conditions at developing country level) and/or ii) undermine or thwart broadly endorsed social and environmental standards. The international community has developed a range of international disciplines, standards and/or guidelines designed to enhance the positive impact of investments on sustainable development outcomes and to mitigate the scope for economic distortions: these could be drawn upon in shaping the TOSSD measurement framework. The Task Force will have a first discussion on approaches for shaping the framework to address these challenges, including consideration of whether and how different international standards, disciplines or guidelines could be integrated in the TOSSD framework and, in the event, identifying possible options in this regard.

17. The objective of the discussion will be to come to clarity on whether and how relevant international standards and disciplines could be included in TOSSD and the implications for shaping the statistical features and parameters of the framework.

Item 7. Brainstorming session on civil society and other constituencies’ concerns about the TOSSD framework

18. Over the past three years a number of international meetings¹ involving civil society and other constituencies have been organised to discuss the TOSSD concept. These discussions have revealed both support for, and concerns about, the proposed measurement framework. For TOSSD to become a truly global measure of financing in the SDG era, it is necessary to address these concerns as early as possible in the process of its development. The main issues² (beyond those discussed in the previous agenda item on the integration of safeguards in the TOSSD framework) include:

- The utility of TOSSD for partner countries³ beyond increased transparency about SDG-targeted resources. Apart from improving the availability of data on cross-border flows, is there room for the TOSSD measurement system to address challenges and priorities that have been highlighted by the international community including i) identifying “invisible flows” (e.g. illicit financial flows, flows by multinational companies, transfer pricing), ii) increasing transparency regarding public debt

¹ A list of these events with can be accessed at: <http://www.oecd.org/dac/financing-sustainable-development/tossd-events.htm>

² Only concerns related to the cross-border flow pillar have been integrated here. Others related to the second pillar on support to the Global Public Goods agenda will be discussed when work on this pillar is carried out.

³ Two pilots in Senegal and the Philippines have been carried out in 2016 and 2017, which provide some of the answers to these questions, but the business case for TOSSD from the partner country perspective needs to be constantly strengthened.

obligations – including contingent liabilities arising from public/private partnerships and iii) getting a handle on the results or impact of TOSSD flows?

- The perceived risk that TOSSD could undermine ODA and related international targets by creating an alternative measure of support towards developing countries, therefore opening the door for provider countries to shy away from previous ODA commitments.
- The principles for accounting for official flows in the TOSSD framework, including i) counting only “cross-border flows” and actual disbursements (e.g. not expenditures in provider countries), ii) tracking net flows over the lifetime of a project including repatriation of earnings, and iii) ensuring no double counting.

19. The discussion will be carried out in “brainstorming mode” in small groups on each of these topics. It will also address the question of how to strategically engage and consult with civil society in the process of developing TOSSD.

20. The objective of the discussion will be to assess whether these concerns could be accommodated in the TOSSD measurement framework, identify options for possible adjustments to the TOSSD framework in order to address them and decide on a concrete modality for engaging with civil society in the course of the Task Force’s work to develop the technical features of TOSSD.

Lunch

Participants will hold an informal discussion about how to strategically engage with the UN Statistical Commission (UNSC) between December 2017 and March 2018 and on the possible format of discussions with UNSC members during the UNSC’s next session (6-9 March 2018).

Item 8. Options for measuring technical co-operation

21. In July Task Force members were not able to achieve a clear consensus on how to measure SDG-relevant technical co-operation provided to developing countries. Some members supported the use of the purchasing power parity (PPP) methodology to ensure technical assistance data are more comparable across provider countries. Others argued that such a methodology was not needed in all cases. The Secretariat was tasked with carrying out further work to analyse the consequences of using PPPs or exchange rates for monetising technical co-operation and to illustrate these findings through a number of practical examples. The analysis would cover a variety of issues, including i) an assessment of the implications of tendering processes, ii) the use of officials versus consultants and iii) non-monetary aspects of measuring technical co-operation, including accounting for the seniority of experts provided to developing countries, proxies for assessing the “quality” of the resource (e.g. the extent to which it is “demand-driven”), and integrating outcomes/impact in the reporting format.

22. The aim of the discussion will be to agree on how in-kind technical co-operation would be measured in order to prepare a draft text for the *TOSSD Reporting Instructions* for the next meeting of the Task Force.

Item 9. Revised TOSSD Task Force Terms of Reference

23. A first draft of a proposed Terms of Reference for the TOSSD Task Force was considered during the July meeting. Participants requested additional text to strengthen the case for establishing the Task Force, to highlight linkages between the Task Force and the UN Statistical Commission, to note the important perspective of data users when designing statistical systems and to note the distinct yet complementary nature of the two co-chairs e.g. one being a chief national statistician and the other a senior development policy specialist. They also suggested that mention should be made of the important role played by civil society – and the importance of the Task Force to reach out to these actors.

24. In connection with this agenda item, Task Force members will be invited to take note of, and approve, the revised Terms of Reference text.

Item 10. Conclusions and next steps

25. Task Force co-chairs will summarise the main outcomes of the meeting and outline their views regarding next steps for carrying out the work of the Task Force, possible options for engaging with wider publics including through United Nations events and consultation processes, and possible modalities for engaging with the United Nations Statistical Commission and its work on monitoring progress towards the SDGs. The Secretariat will brief members on the timeline and proposed agendas of future Task Force meetings, the scope and method of a series of TOSSD pilots to be implemented over the next two years for assessing optimal/realistic data needs and satellite indicators from a country perspective, and the forward process for drafting and vetting the *TOSSD Reporting Instructions* for the cross-border flow pillar.