

Update on the financing of TOSSD and the Task Force

TOSSD Task Force Issues Paper¹ - Agenda item 3

14th meeting of the International TOSSD Task Force

8-9 December 2021

Background

1. At the TOSSD Task Force meeting in March 2021, the Secretariat indicated that it would reach out to individual Task Force members to further investigate the financing of TOSSD, including each member's likelihood of contributing, the level of their financing, and their funding processes and timetable. An update on the progress made regarding these bilateral calls was provided at the Task Force meeting in June 2021².
2. The purpose of this paper is to provide an overview of the outcome of the various meetings held with members so far. At the meeting, the Secretariat will present two financing scenarios emerging from these calls and previous discussions in the Task Force: one based on income groups and the other on type of provider. **Task Force members are invited to update the Task Force on the likelihood of them being able to finance the TOSSD framework, and share any views on the questions highlighted at the end of this paper. Members will also be asked to react to the scenarios presented during the meeting.**

I. Update on the TOSSD budget for 2023

3. **The Secretariat continues fine-tuning the budget estimates for TOSSD.** The parameters required to finalise the budget depend on TOSSD's future governance arrangement i.e. the types of cost and overhead costs may differ depending on the governance arrangement chosen. The budget will also change based on the Task Force decisions on the principles of funding TOSSD e.g. if recipient countries fund their own travel or if a member takes over the full cost of a Task Force meeting.
4. **At this point in time, the Secretariat's estimate for running the TOSSD framework is a yearly budget of around EUR 2.2 million (approx. USD 2.5 million).** This budget covers the various functions as described in previous Task Force papers.³

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² Highlights of these calls at the time are available in the Action Points of the 13th TOSSD Task Force meeting. See: https://www.tossd.org/docs/13th_TOSSD_TF_Meeting_Action_Points.pdf

³ See Section I.A. and II in <https://www.tossd.org/docs/Item-5-Options-for-governance-and-funding.pdf> for more information on the rationale for discussing the financing of TOSSD and the various functions covered by the budget.

II. Outcome of bilateral calls

5. The Secretariat has contacted all Task Force members to request bilateral calls and has so far been able to hold these consultations with about **three-quarters of Task Force members**.
6. This section of the paper summarises the outcomes of the bilateral calls and covers possible principles for financing the TOSSD framework (Section A) as well as an update on potential financial and in-kind contributions (Sections B and C).

A. Possible principles for financing TOSSD

7. Based on the discussions at the 13th TOSSD Task Force meeting and the bilateral calls so far, a number of principles have emerged regarding the financing of TOSSD:
 - **Running the TOSSD framework will require actual financial contributions.** In-kind contributions are welcome but will not be sufficient for the continuity of the TOSSD framework. Moreover, there is some urgency in this regard. Without appropriate funding in 2023, the work of the Task Force Secretariat could be at risk.
 - **All members of the TOSSD Task Force should contribute.** This will help strengthen ownership and provide adequate resources for the Secretariat to carry out the necessary functions to implement the TOSSD framework.
 - **Members seem to favour a scenario with fixed but differentiated contributions,** either by type of stakeholder or by income group.

B. Update on potential financial contributions

8. The Task Force can be split into **three groups** according to **the likelihood of their financial support**, as follows:

Table 1: Likelihood of financial support by Task Force members

Group	Approximate percentage of Task Force members
Group 1: the member is likely or very likely to provide financial support	40%
Group 2: the member is unlikely or very unlikely to provide financial support	20 %
Group 3: it is unknown at present whether the member will be able to provide financial support	40 %
Total	100%

9. The three groups are described in more detail below.
 - **Group 1 (approximately 40% of Task Force members) for which the Secretariat considers the possibility of financial support as “very likely” or “likely”.** In practice, this means that:
 - These countries have already provided their contributions to TOSSD for at least 2022 and/or 2023, or indicated that they have already taken the necessary administrative steps internally to trigger financial support for TOSSD (e.g. by adding a budget line in their upcoming budgets), some for as early as 2022 and others for 2023. These members also confirmed that the level of contribution they are ready to provide is very much in line with that discussed at the Task Force.

- This group also includes Task Force members that have indicated during the calls or before that, given the current political and technical support of their countries to TOSSD, it is likely that they will contribute, but still need to identify how they will do so. Some indicated that they are still looking at the level of financing, or are expecting further clarifications / inputs from the Secretariat.
- **Group 2 (approximately 20% of Task Force members) for which the Secretariat considers the possibility of financial support as “unlikely” or “very unlikely”.** This category includes mostly recipient countries. While several of these countries have indicated their intention to contribute in-kind, the possibility of financial support was considered “unlikely” or “very unlikely”. In addition, one member made it clear that it will only be able to provide support on an ad hoc basis, with no funding or heavy involvement, due to changes in priorities, budget availability and capacity-related issues.
- **Group 3 (approximately 40% of Task Force members) for which the possibility of financial support remains “unknown”.** This includes countries that have not been able to respond to the Secretariat’s requests for bilateral calls and those which have indicated a need for further internal discussions to find out whether this financial support is possible. This group is mostly comprised of recipient countries and some dual provider/recipient countries.

10. Based on the above, some of the key questions that emerge include:

- **What strategies could be followed by individual members, and by the Task Force as a whole, to cover the existing financial gap?**
 - **Given the urgency, it is first important that all members continue to search for internal potential sources of funding, if not for 2022 then for 2023.** This can be done by including a budget line on TOSSD in their budget in the next budget cycle or by reaching out to relevant entities (Ministries of Finance, Planning or Development Co-operation).
 - **The Task Force could try to attract more stakeholders that are willing to contribute (traditional providers but also SSC providers, Arab donors, other regional banks, etc.).** The Secretariat suggests that any new traditional provider joining the Task Force should be accompanied by at least one recipient country in order to keep a balance of member type within the Task Force.
 - **The Task Force could discuss what types of contribution, if any, would be asked of observers.** In line with the Addis Ababa Action Agenda, to remain open, inclusive and transparent, the Task Force probably needs to give countries and organisations the option of participating as observers. However, there should also be some sort of an incentive system for observers to join as full members. In particular, it would be awkward for traditional providers that are observers to benefit from all the information in the Task Force but not contribute financially. We should also consider how long an observer can remain in this category: indefinitely or fixed term?
- **What actions are recommended for each of the three groups?**
 - **Members of Group 1 (likely and very likely)** should reach out to the Secretariat to finalise their potential contributions for 2022, and also 2023 and 2024 if they can accommodate multi-year financing.
 - **Members of Group 2 (unlikely and very unlikely) are encouraged to have another look** at how they could contribute and provide the Secretariat with concrete suggestions. In particular, the recent developments in the UN (see Box 1 below) could provide a renewed rationale for contributing to TOSSD.
 - **Members of Group 3 are encouraged to actively reach out to the Secretariat in order to set up a bilateral call** and share their perspective on the possibility of financing.

- **What other questions emerge from the bilateral calls?**
 - **The Task Force needs to reflect on what would happen if some countries were not able to contribute financially, in particular recipient countries and some SSC providers.** During the 14th TOSSD Task Force meeting, members could share their experiences of similar situations they have faced. Of paramount importance to TOSSD is that all countries are able to participate in one way or another, in particular recipient countries. For example, the breakdown in Table 1 above could significantly change if the Task Force allowed recipient countries to contribute by funding their own travel for yearly in-person meetings. However, even if applied to all recipient countries, this would only cover a small portion of the entire budget (which is mostly comprised of staff costs). For SSC providers, one option could be to grant them membership with a “grace period” of, for example, a year (until 2023), so that they have time in 2022 to decide internally how to contribute to TOSSD financially.
 - **It appears challenging for members that are from development agencies in SSC countries or NSOs to be able to contribute financially directly from their own budget.** As indicated above, one option for these members is to actively reach out to their Ministries of Finance, Ministries of Planning or Ministries of Development Co-operation in order to investigate funding opportunities. The Secretariat stands ready to support all members in their funding requests.

Box 1. Major development to support funding efforts: TOSSD is expected to become a data source for SDG indicator 17.3.1 on the measurement of development support

One of the key work streams of the TOSSD Task Force⁴ is to “integrate TOSSD in the SDG indicator framework and transfer or share the ownership of TOSSD with the UN”.

This objective of the Task Force is well under way. On 2 November 2021, the Inter-Agency and Expert Group on SDG indicators (IAEG-SDGs) approved a proposal⁵ for the indicator on the measurement of development support. This proposal will be submitted to the UN Statistical Commission for approval at its 53rd session on 1-4 March 2022. OECD and UNCTAD are expected to serve as co-custodians of this indicator⁶. In practice, this means that the data to be provided to inform this indicator will notably come from the TOSSD database.

This is a major argument for members to build a case internally for financial support for TOSSD. The TOSSD Task Force Secretariat will collect and collate data for indicator 17.3.1., thereby providing the actual services of a custodian for the indicator⁷. These services include i) a structured process for data collection, ii) quality assurance of the data received and iii) appropriate liaison with the UN Statistics Division to publish data in the UN indicator database. The Secretariat will also continue publishing TOSSD data on <https://tossd.online>, as TOSSD has a broader scope than indicator 17.3.1.

⁴ See the TORs of the Task Force at: <https://www.tossd.org/docs/terms-of-reference-Jun2021.pdf>

⁵ The Secretariat has regularly updated the Task Force during its various meetings about progress on the development of the UN proposal for indicator 17.3.1 and a technical briefing on this proposal was given to the Task Force on 25 October 2021.

⁶ UNCTAD is involved in the indicator notably because of its central role in collecting data on foreign direct investment and because it is expected to have, together with TOSSD, a role in facilitating and collecting information on South-South co-operation for the future UN indicator.

⁷ This was in fact highlighted by a member at the 13th TOSSD Task Force meeting as a key selling point for TOSSD.

C. Update on potential in-kind contributions

11. The bilateral calls shed light on the possibility of in-kind contributions, as follows:

- **Secondments:** A few members were open to this option. The position of the rest of the Task Force members interviewed is unknown, or the option considered unlikely, at this stage. Secondments cannot be considered a sustainable way for the Secretariat to operate. The Secretariat will still follow-up with the members that have expressed interest in providing secondments.
- **Organising Task Force meetings:** Several members expressed the willingness to host a Task Force meeting. In particular, one recipient country confirmed that it could organise a Task Force meeting in 2023, covering the associated costs, provided that the Task Force confirm this in early 2022.

12. Based on the above, some of the key questions that emerge include:

- **How should in-kind contributions be approached in the context of the Task Force?**
 - Based on the bilateral calls so far, it is clear that in-kind contributions in the form of staff secondments cannot cover staff needs, which are immediate for the Secretariat. This puts even more focus on the need to find financial contributions.

Issues for discussion

- Do members agree on the broad principles for financing TOSSD and the Task Force (Section II.A)?
- Members are invited to provide updates on the steps they have taken / are taking regarding the funding of TOSSD. In particular, members who consider themselves to be in:
 - Group 1 (likely or very likely to contribute) are invited to provide any updates they may have.
 - Group 2 (unlikely or very unlikely to contribute) are invited to 1/ indicate the steps they intend to take to further investigate the possibility of financing TOSSD or 2/ any other proposal they may have to support TOSSD.
 - Group 3 (contribution unknown) are invited to signal their availability with concrete dates for a bilateral call (for those who have not yet met with the Secretariat) or indicate if they have made any progress in investigating their potential contributions to TOSSD (for those who stated during the call that they needed to investigate this possibility further).
- Members are invited to provide their views on the questions of possible strategies to finance TOSSD (paragraph 10), and share their experiences of similar situations in other projects / partnerships.
- What incentive system could be put in place to differentiate between contributing members / non-contributing members/observers?
- Members are invited to provide their views on the question of in-kind contributions (paragraph 12).