

Further guidance on assessing sustainability

TOSSD Task Force Issues Paper¹ - Agenda item 6
16th meeting of the International TOSSD Task Force
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I. Background

1. **Support to sustainable development is a defining characteristic of TOSSD activities and of the TOSSD measure itself.** The TOSSD Reporting Instructions approach the compliance with sustainability from three angles. TOSSD activities should (see Box 1. below):
 - i. Comply with prevailing global and regional, economic, environmental and social standards and disciplines [preamble];
 - ii. Be linked to the SDGs and in particular contribute to at least one SDG target [sections 1.1 and 2.2.1];
 - iii. Do no harm i.e. have no anticipated substantial detrimental effect on one or more of the other SDGs targets [section 2.2.1], guard against negative environmental, social and climate impacts [preamble and section 1.1] and, where necessary, limit damage through the adoption of mitigation measures [preamble].
2. **The TOSSD Task Force has discussed how to further operationalise the concept of sustainability on various occasions.** At its meeting in Pretoria in February 2020, the Task Force agreed on the principle of public disclosure of the Environmental and Social Safeguards (ESS)² applied by TOSSD reporters³, but reporting on this aspect has been limited so far. At its virtual meeting in October 2020, the Task Force discussed the creation of a list of potentially unsustainable activities and possible exclusion from TOSSD of categories of activities based on sector codes. However, stressing the complexity of sustainability assessments, members generally supported applying a 'case-by-case' approach⁴.
3. **In 2021, in the context of the TOSSD data collection, the Secretariat has received requests for additional guidance on how to identify if the activities support (or harm) one or more SDG**

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² Several bilateral and multilateral institutions have developed ESS to ensure a balanced approach to economic, social and environmental dimensions of their activities.

³ See: <https://tossd.org/docs/2020-04-20-10th-TOSSD-TF-Meeting-Action-Points.pdf>

⁴ See: <https://tossd.org/docs/2020-12-18-11th-TOSSD-TF-Meeting-Action-Points-final.pdf>

targets⁵. Based on the questions received, it would seem particularly useful to further clarify the meaning of the ‘do no harm’ principle. **This note therefore invites the Task Force to consider a practical approach for operationalising this principle**, building on recent work by the Secretariat on a Handbook for reporting of the SDG focus of development co-operation activities⁶.

Box 1. The concept of sustainability in the TOSSD Reporting Instructions

Sustainability is defined in the TOSSD Reporting Instructions both through a **positive contribution to an SDG target** and **avoidance of negative impacts**, as follows.

PREAMBLE

Paragraph 5. In line with inherent thrust of the SDGs – to promote a more sustainable, equitable and prosperous world for all people – this statistical framework assumes that all resources captured therein should be provided consistent with prevailing global and regional economic, environmental and social standards and disciplines, with development co-operation effectiveness principles, as well as with the United Nations Charter and International Law. These safeguards ensure that TOSSD-eligible investments are sustainable, promote equal opportunities and rights, guard against negative environmental, social and climate impacts and risks, and – where necessary – limit damage through mitigation measures (...)

Section 1.1 Definition of TOSSD

Paragraph 10. The concept of “Sustainable Development” is defined as development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

Paragraph 11. “Sustainable Development” in the TOSSD context is inherently linked to the Sustainable Development Goals as agreed in the 2030 Agenda. Activities recorded as TOSSD support the implementation of the SDGs by generating sustainable economic growth, ensuring social inclusion, without compromising the environment. As and when the 2030 Agenda is concluded and replaced by another framework, the TOSSD measure will be updated to link to that framework.

Section 2.2.1 Eligibility criteria regarding sustainable development

Paragraph 47. In the context of TOSSD, an activity is deemed to support sustainable development if it directly contributes to at least one of the SDG targets as identified in the official list of SDG targets developed and maintained by the United Nations Statistical Commission (UNSC) and if no substantial detrimental effect is anticipated on one or more of the other targets.

⁵ See the [background paper on TOSSD reporting issues](#) for the 16th meeting of the TOSSD Task Force.

⁶ See: [Draft handbook for reporting the SDG focus of development co-operation activities](#), second edition issued in March 2022.

II. The ‘do no harm’ principle

4. The ‘do no harm’ principle included in the TOSSD Reporting Instructions could be further clarified with additional details on what is meant by ‘substantial detrimental effect’, and its eventual mitigation. The clarification put forward in the above-mentioned SDG reporting handbook⁷ is as follows:

An activity should be excluded [from the reporting on SDGs] based on the “potential harm to other SDGs” criterion if it has a negative impact that is:

- *Substantial – i.e. it has a significant, not avoidable (or not avoided) negative impact on one or more goals, targets, or indicators.*
 - *Unmitigated – i.e. the negative impact is not minimised, mitigated or compensated, for example by using more sustainable technologies, adopting best international practices, or implementing appropriate counter-measures to mitigate the negative impacts.*
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5. The operationalisation of the ‘do not harm’ principle could take into account the following elements:
- SDG targets present both positive and negative interlinkages, which may be different in different countries and regions⁸.**
 - Activities reported to TOSSD are likely to present some sustainability trade-offs as most human activities do.** The sustainability assessment is often a form of cost-benefit analysis, which takes into account many factors including local context, best international practices and international standards, as well as the extent to which the negative effect on one or more SDGs targets is substantial and unmitigated.
 - ESS frameworks are usually differentiated by sector, take into account technically and financially feasible alternatives, and put in place a series of strategies to avoid, minimise, mitigate or offset the negative impacts of the activities.** In other words, ESS are designed to make sure the activities do not have a “substantial” negative social or environmental impact and that the benefits of the activities clearly exceed the eventual social and environmental trade-offs.
 - The SDG indicators could also be useful to look at when assessing the sustainability of the activities.** The SDG indicators have in many cases a national (or global) dimension, but are also used to monitor impact at the local – or project – level. The activity

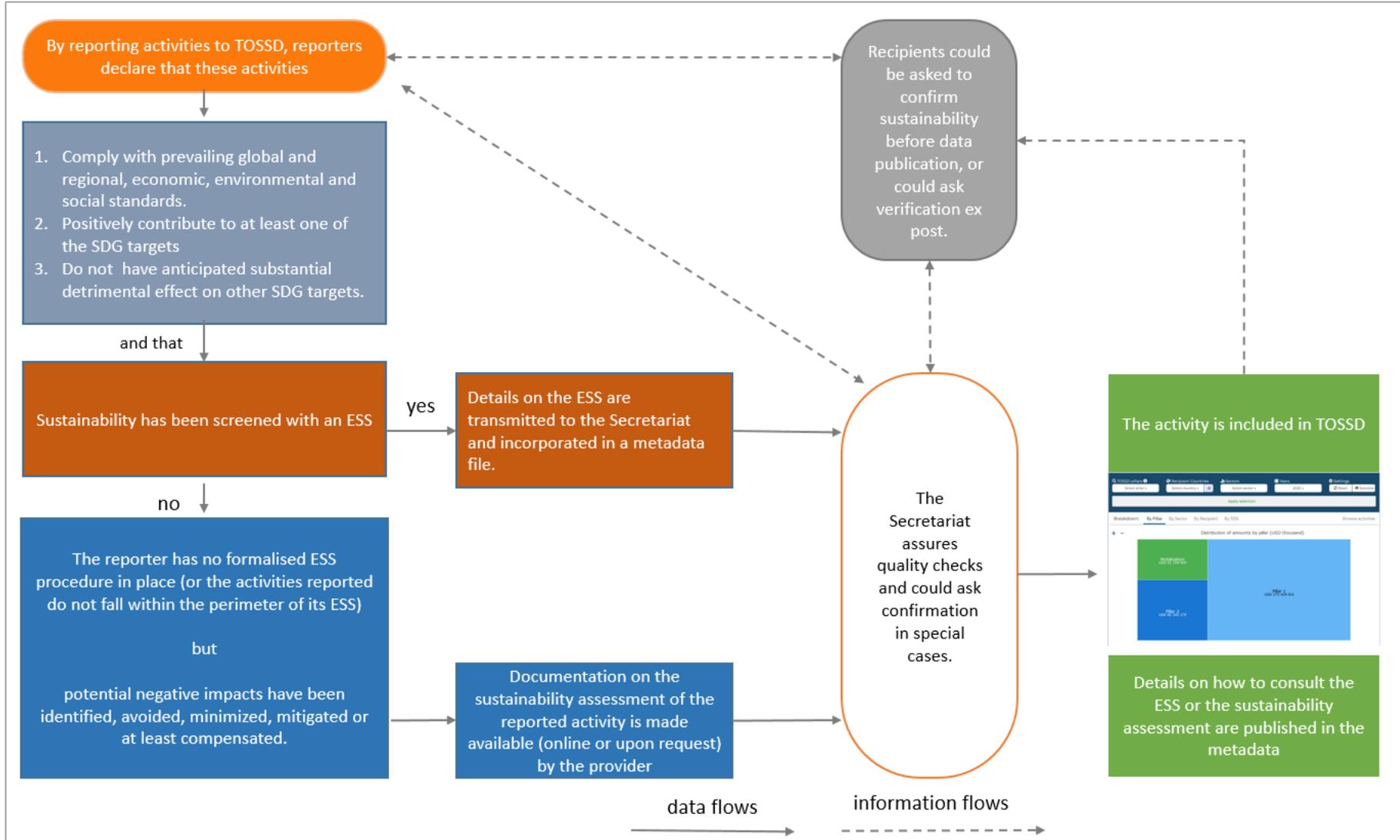
⁷ See chapter 2, section 3 of the handbook.

⁸ A wide body of literature explores the interlinkages of SDG targets and indicators. See for example: Institute for Global Environmental Strategies (IGES), 2022, SDG Interlinkages Analysis and Visualisation Tool, available at: <https://sdginterlinkages.iges.jp/visualisationtool.html>.

documentation often includes information on anticipated risks or possible negative impacts and mitigation actions. If a project is expected to worsen one or more SDG indicators, or closely related indicators, it might have to be considered unsustainable, and thus not TOSSD-eligible.

- v. **Recipient countries are best placed to assess sustainability according to local conditions.** TOSSD should comply with development co-operation effectiveness principles, which include country ownership. Recipient countries could have a role in confirming the sustainability of specific activities, in particular whether an activity is part of the country's transition to more sustainable solutions.
 - vi. **In the absence of a universal tool to assess sustainability, the TOSSD framework could provide transparency on how different reporting institutions assess sustainability.** TOSSD could publish metadata or microdata on whether an activity is considered sustainable for example on the basis of an ESS (and which one) or SDG indicators, or on the basis of an assessment by the recipient country.
6. **To test compliance of an activity with the 'do no harm' principle, the reporter could take the following steps (see flowchart in figure 1) :**
- i. **The reporter has an ESS system in place.** In this case it provides the Secretariat with information on how the ESS is applied to the reported activities, differentiated by sector. This information is then made available in a specific metadata file on the data visualisation platform.
 - ii. **The reporter has no formalised ESS procedure in place (or the activities reported do not fall within the perimeter of its ESS).** In this case the reporter – by submitting the data to the Secretariat – states that potential negative impacts (measured with the SDG indicators or closely related indicators) have been identified, avoided, minimised, mitigated or at least compensated. The reporter ensures that relevant documentation can be provided to the Secretariat (or to the public) upon request.
 - iii. **For some complex cases, for example activities that support energy transition, the process of confirming the 'do no harm' nature of the activities may need to involve the provider, the recipient and the Secretariat.** Two options are possible: seeking confirmation as part of the data quality assurance process (before the publication of TOSSD data) or as part of a data validation process (after the publication of TOSSD data).

Figure 1. Reporting on the sustainability of TOSSD activities – Possible information flowchart to indicate the SDG targets and verify the ‘do no harm’ principle.



Issues for discussion

- **Do Task Force members have comments on the elements to take into account in the operationalisation of the 'do no harm' principle? Is it useful to further clarify this principle in the Reporting Instructions by mentioning that potential negative impacts should be identified and avoided/minimised/mitigated/at least compensated?**
- **What are Task Force members' views on the information flow described in paragraph 6 and figure 1? Would it improve the transparency on how sustainability is assessed in TOSSD?**
- **What are Task Force members' views on complex assessments involving the provider, the recipient and the Secretariat?**