

## Characterisation and presentation of pillar II data

### TOSSD Task Force Issues Paper<sup>1</sup> - Agenda item 5 17<sup>th</sup> meeting of the International TOSSD Task Force 11-13 July 2022

1. The TOSSD Task Force has discussed the definition and scope of TOSSD pillar II on several occasions. Discussions at the 16<sup>th</sup> Task Force meeting in April 2022 showed that work is still in progress, in particular in view of the challenges faced in applying the pillar II eligibility rules in some areas.<sup>2</sup> After two years of data collection, the current efforts to promote the use of TOSSD data provide the opportunity to approach the question from a different angle, that of data users.
2. While pillar II overall can be described as global and regional expenditures in support of sustainable development and the SDGs, informal exchanges with some Task Force members and feedback from potential data users<sup>3</sup> indicate a need to better distinguish the part of pillar II that can be presented as support to developing countries to achieve the SDGs and the part that should rather be understood as finance to address SDG-relevant global challenges with substantial benefits to developing countries.<sup>4</sup> This paper therefore invites a discussion at the TOSSD Task Force on whether, and if so how, such a distinction could be made.

#### I. What is the issue?

3. For pillar I, the data users are clearly understood as the development stakeholders – recipients, providers, civil society and other experts – primarily focussed on promoting and monitoring international efforts to support developing countries to achieve the SDGs (hereafter referred to as the “development community”). Their primary concern is that the figures reflect the notion of “support to developing countries” and are not inflated.
4. For pillar II, it is useful to recall that it covers financing at the domestic level (expenditures incurred by providers in their own countries) or to support the normative functions of the multilateral system. While pillar II data users will be interested in the specific effort deployed to support developing countries, their focus is likely to be on the efforts that all countries are expected to make, although to varying degrees, to address global challenges in responsibility vis-à-vis the rest of the world. They are looking for information on who provides funding for which

<sup>1</sup> Jointly drafted by the TOSSD Task Force Secretariat.

<sup>2</sup> See Item 2 on reporting issues in the [Action Points of the 16<sup>th</sup> TOSSD TF meeting](#).

<sup>3</sup> Including internal users at the OECD and external users from international organisations (e.g. World Bank and WHO).

<sup>4</sup> The TOSSD methodology does not allow to make these distinctions today. Note however that discussions in the Task Force on the creation of a “global” recipient code are relevant in this context.

SDG, and where funding is missing, will use the data to encourage more funding at the global level.

5. As noted above, a key issue that arose from informal discussions with data users and some Task Force members is the **need to clearly distinguish global and regional expenditures for developing countries from global and regional financing for global challenges and common concerns, with no specific focus on developing countries**. While the two types of financing are important to achieve the SDGs, they are conceptually different as has been emphasised in previous papers presented to the Task Force.<sup>5</sup> The UN working group on SDG indicator 17.3.1 also emphasised the challenges in reconciling “the notion of global public goods, where all countries benefit, with the specific aim of mobilising resources for developing countries.”<sup>6</sup>
6. The current presentation of pillar II data in TOSSD online does not make the above distinction and therefore does not directly respond to the data needs of the development community. At the same time, some statistical analyses reviewed by the Secretariat show that, although this is not the intention of TOSSD, users with limited knowledge of TOSSD will likely interpret pillar II as a measure of support to developing countries. Examples of comments received in this context include: (i) the scope of pillar II is too broad for the measure as a whole to be a credible metric of support to developing countries, or (ii) some pillar II expenditures are made regardless of developing countries, or (iii) all countries contribute to and benefit from some pillar II activities so it appears challenging to present them as support for developing countries.
7. More specific examples of pillar II activities addressing global challenges, and for which presentational issues should be considered, include:
  - **Domestic expenditures for climate mitigation in provider countries:** These expenditures are seen by many as going beyond development finance and support to developing countries. Their inadvertent presentation as support to developing countries is perceived as inflating figures on climate-related development support.
  - **Basic research:** As shown in the TOSSD health pilot, the current coverage of basic research is too broad to be presented as a “substantial benefit” or support to developing countries. While the condition of “open access” is relevant for promoting global public goods, it is not sufficient to conclude that there is a benefit to developing countries. The primary issue in many developing countries is not open access, but the

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<sup>5</sup> See section 4.2 of the [TOSSD pilot study on health](#) and the paper presented to the Task Force by experts from the Overseas Development Institute (ODI) on “[How should TOSSD identify and score Research and Development \(R+D\) Spending with International Development Spill-Overs?](#)”

<sup>6</sup> See paragraph 39 of the [Report of the Inter-Agency and Expert Group on Sustainable Development Goal Indicators](#).

capacity to perform research. Therefore, most of the basic research will not bring tangible benefits to developing countries even if it is publicly accessible.

- **Global norms:** Norms such as internal health regulations or trade rules are developed to protect or benefit all countries. However, when these normative activities include a specific effort focussed on developing countries, the related expenditures are considered as development support (also reflected in ODA).
8. **At the same time, there is a demand for data on global investments to address global challenges beyond development support.** The paper presented to the Task Force by experts from the Overseas Development Institute (ODI) on “How should TOSSD identify and score “Research and Development (R+D) Spending with International Development Spill-Overs?” advocated for a large coverage of global R&D spending beyond development support, in line with the universality of the SDGs, but recognising that this is “ethically different from promoting R+D as an agenda specifically benefitting developing countries”.<sup>7</sup> When pillar II eligibility rules on climate were set, the UNFCCC signalled a considerable data paucity for public climate-related domestic investments and noted that consistent approach to data collection would greatly improve the availability of information.<sup>8</sup> More recently, the TOSSD health pilot emphasised the demands in the international community (e.g. WHO, researchers, etc.) for data on global investments in pandemic preparedness and response.
9. It should also be noted that pillar II is still under development and the data collection is to some extent exploratory. This suggests that the data may need to be presented as a continuum of finance, ranging from finance that can be characterised as support for developing countries to finance addressing global challenges of sustainable development. With experience gathered from data collection, the boundaries defined in the TOSSD Reporting Instructions may be clarified.

## II. How to address the issue?

10. **One solution to accommodate the varying needs of intended TOSSD data users would be to present pillar II data in two sub-categories, distinguishing global and regional expenditures for developing countries from those made to address global challenges, with no specific focus on developing countries.** Regarding the latter, it seems important to clarify on the TOSSD website that the expenditures should not be interpreted as development support. The presentation of pillar II data in two sub-categories could also address the concerns of those TOSSD reporters that do not acknowledge the concept of global public goods.

<sup>7</sup> See <https://www.tossd.org/docs/Pillar-2-topics-Focus-on-research-WEB.pdf>

<sup>8</sup> See [https://www.tossd.org/docs/TOSSD\\_Climate.pdf](https://www.tossd.org/docs/TOSSD_Climate.pdf)

11. Table 1 presents a possible description of the two sub-categories, their objectives and intended data users as well as examples of activities that could be included in each.

#### Issues for discussion

- Do Task Force members agree that presentations of pillar II data should distinguish between expenditures for developing countries and for global sustainable development?
- How could such a distinction be made? Could Table 1 serve as a basis?
- Do Task Force members have other suggestions on the presentation of pillar II data?

**Table 1. Possible breakdown of pillar II expenditures**

|   | <b>Pillar II: global and regional expenditures for developing countries</b>  | <b>Other Pillar II activities</b>  |
|---|--|--|
| <b>Who are the intended data users</b>                        | Primarily the global development community   | The broader global sustainable development community   |
| <b>What is their objective?</b>                               | To measure regional and global financing to help developing countries achieve SDGs.  | To measure the financing of global challenges and common concerns.   |
| <b>What questions the intended data users want to answer?</b> | How much support has been provided to help developing countries achieve their sustainable development at the regional and global levels?   | How much has been mobilised to achieve global sustainable development? Where are the funding gaps?   |
| <b>Examples of activities included</b>                        | <p>Expenditures in provider countries related to administrative costs of development co-operation, refugee costs and student costs.</p> <p>Core contributions to multilateral organisations with operational activities in developing countries.</p> <p>International peacekeeping for developing countries.</p> <p>R&amp;D on issues primarily affecting developing countries, neglected poverty-related diseases, food cultivars specific to developing countries, etc.</p> <p>Coordination of multilateral activities primarily targeting developing countries.</p> | <p>Climate mitigation expenditures in provider countries.</p> <p>Pandemic preparedness and response expenditures in provider countries.</p> <p>Biodiversity expenditures in provider countries.</p> <p>R&amp;D on global issues.</p> <p>Global normative functions.</p> <p>Core contributions to multilateral organisations working on sustainable development but with no operational activities in developing countries.</p> |