



Tackling the second part of the TOSSD definition: Support to development enablers and response to global challenges at regional or global levels

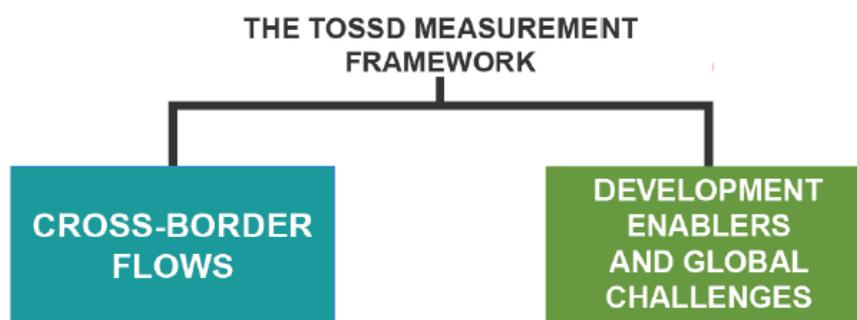
TOSSD Task Force Issues Paper¹
29-30 May 2018

For discussion under agenda Item 2

I. INTRODUCTION AND BACKGROUND

1. The primary objective of the TOSSD measurement framework is to promote greater transparency about the full array of officially-supported development finance provided in support of the 2030 Agenda for Sustainable Development. TOSSD is a two-pillar framework that tracks i) cross-border resource flows to developing countries and ii) finance for development enablers and global challenges at regional and global levels, as illustrated in Figure 1.

Figure 1. The two-pillar TOSSD statistical measurement framework



2. The TOSSD Task Force has so far worked on the Reporting Instructions for the cross-border flows pillar. On the second pillar, the emerging Reporting Instructions note that *TOSSD will also provide insights about the extent to which the international community is financing development enablers and responding to global challenges [the Global Public Goods agenda] – essential for the implementation of the SDGs while not necessarily involving direct resource transfers to developing countries. This information is so far not systematically captured in international statistics on development finance.*

3. This paper maps out the landscape of support to development enablers, based on the Addis Ababa Action Agenda (AAAA) and the 2030 Agenda for Sustainable Development. The AAAA commits countries to **“pursuing policy coherence and an enabling environment for sustainable development at all levels and by all actors”** and outlines numerous actions in this regard (see Annex I). The 2030 Agenda translates the AAAA commitments into **goals and targets, some of which are likely to be addressed through actions at the global level** (see Annexes II and III). Based on this material and a few concrete examples of development enablers and global challenges, the Task Force will be invited to discuss how to go about determining i) the scope of TOSSD Pillar II; and ii) its delineation with Pillar I in cases where this support involves the direct provision of resources, thus cross-border flows, to developing countries.

¹ Jointly drafted by Julia Benn (Julia.Benn@oecd.org) and Valérie Gaveau (Valerie.Gaveau@oecd.org).

II. WHAT ARE THE DEVELOPMENT ENABLERS AND GLOBAL CHALLENGES TO CONSIDER UNDER TOSSD?

4. Taking as a starting point the AAAA, we can identify three broad “action areas” focused on enabling environment for sustainable development: **“international trade as an engine for development”**, **“systemic issues”** and **“science, technology, innovation and capacity-building”**. Each specifies a number of actions which will benefit all countries of the world, such as equitable multilateral trading system, global financial and macroeconomic stability, or research and development of vaccines and medicines.

5. The 2030 Agenda also clearly includes goals and targets that require global actions. For example, the challenges related to combatting climate change (SDG 13) or the conservation of oceans, seas and marine resources for sustainable development (SDG 14) cannot be addressed by any country alone.

6. **The implementation of the AAAA and the 2030 Agenda thus entails provision of resources in form of investments in global public goods.**² (For clarification on terminology, see Box 1.)

Box 1. Terminology - development enablers and global public goods

Development enablers

Development enablers are the **drivers of development** or the **means to achieve development goals**. For example, equitable international trade can enable countries to achieve food security or generate decent employment opportunities for the poor. One of the key aspects of the first report from the UN system on the Post-2015 Development Agenda – Realizing the Future We Want for All – was *“the inclusion of a core set of ‘development enablers’, which are intended to support progress towards four key dimensions of development: environmental sustainability, peace and security, inclusive social development and inclusive economic development”*. The report noted that *“the emphasis on enablers was to address one of the perceived weaknesses of the MDG framework, which was silent on the means to achieve the goals”*.

Global public goods

In standard economic theory, a public good is a good that is **non-rival** (consumption by one person does not diminish its availability for others) and **non-excludable** (no one can be excluded from its benefits whether they paid for it or not). Examples of public goods include peace and security or control of epidemic diseases.

Public goods may be local (e.g., noise control near an airport), regional (water quality in a river basin), national (control of toxic waste), multinational (control of acid rains) or global (curbing climate change).

According to the influential work published by UNDP³, global public goods are goods whose characteristics of publicness (non-rivalry in consumption and non-excludability of benefits) **extend to more than one set of countries or more than one geographic region** and that do not discriminate against any population groups or generations (present and future).

² Some global challenges will typically be addressed through direct support to developing countries and are thus not the focus of this paper. For example, many actions to eradicate poverty (SDG 1), presented in the 2030 Agenda as the “greatest global challenge and an indispensable requirement for sustainable development”, will be recorded under Pillar I on cross-border flows.

³ Kaul, Inge; Grunberg, Isabelle; and Stern, Marc A. Global Public Goods: International Cooperation in the 21st Century- New York, Oxford University Press for UNDP, 1999.

Support in form of contributions to international and regional organisations and programmes

7. In practice, support for the development enablers and global challenges will often take the form of contributions to international and regional organisations and programmes (e.g. World Trade Organisation, International Monetary Fund, Convention on Biological Diversity). The activities carried out by the organisations, in turn, vary from **normative, research and analytical work to facilitation of international co-operation, knowledge-sharing and data-sharing via regional, interregional or global forums**. Normative work is generally understood to refer to the development of norms, standards and regulations, negotiation of international legal instruments (e.g. conventions and protocols) and monitoring their implementation. Research and analytical work on various aspects of sustainable development undertaken by the institutions is usually disseminated as a global public good. TOSSD Pillar II will give visibility to such global contributions not recorded in any statistical measure so far⁴.

8. Linked to their normative, research and analytical work, organisations typically run a **technical co-operation programme to support the implementation of the norms and share knowledge in their member states**. These operational programmes, primarily targeted to developing countries, are cross-border resource flows and should thus be recorded under Pillar I.

9. Box 2 provides an example of a programme addressing a sustainable development issue at a global level. The research, monitoring and standard-setting aspects of this programme on fossil-fuel subsidy reform are good examples of contributions to a global public good – climate – that could be considered for eligibility under TOSSD. Other examples are given in the paper on the work of standard-setting international and regional organisations for discussion under agenda item 4.

Box 2. Example of contribution to a global public good: OECD support to phase out fossil-fuel subsidies

The OECD is launching a new work programme to support phasing out of fossil-fuel subsidies in line with the SDG target 12.c *“Rationalize inefficient fossil-fuel subsidies that encourage wasteful consumption by removing market distortions, in accordance with national circumstances, including by restructuring taxation and phasing out those harmful subsidies, where they exist, to reflect their environmental impacts, taking fully into account the specific needs and conditions of developing countries and minimizing the possible adverse impacts on their development in a manner that protects the poor and the affected communities”*.

The programme will encompass activities of various types: **i) research**: developing a theoretical framework to assess the distortedness of fossil-fuel subsidies, **ii) monitoring**: monitoring progress towards phasing out the most distortive subsidies and measuring impact on industrial sectors; **iii) standard-setting**: developing guidelines and good practices for fossil-fuel subsidy reform; **iv) operational**: develop country-specific subsidy packages for implementing reform.

⁴ Standard-setting and many global programmes are excluded from ODA. See the methodology for the DAC List of ODA-eligible international organisations where this is explained: <http://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/DAC%20list%20of%20ODA-eligible%20international%20organisations%20-%20May%202016.pdf>.

Today, most of support for this programme does not get recorded in statistics on development finance. Only OECD operational work with selected developing countries to develop subsidy reform packages (activity iv) counts as ODA. The remaining activities – research, monitoring and standard-setting – are global in nature and also benefit developed countries, they do not entail transfer of knowledge to developing countries either and they are therefore not included in ODA. While they are necessary pre-requisites for conducting the operational activity in developing countries, this is not a sufficient justification for counting them, even pro-rata, in ODA (the ODA definition requires the activity to have the “promotion of the economic development and welfare of developing countries” as its main objective).

Support in form of contributions to scientific research institutes

10. Another typical form of support to address global challenges is contributions to various types of institutions of scientific research (public and private, national and international). For example, the International Development Research Centre (IDRC) of Canada has a mandate to invest in knowledge, innovation and solutions to improve lives and livelihoods in the developing world. IDRC supports networking and knowledge sharing between scientific, academic and development communities in Canada and developing countries. Collaboration with local research institutions and funding partners not only advances global security and prosperity but ultimately reduces dependence on aid. Another example could be general research on infectious diseases carried out in specialised institutes and organisations, e.g. the Institut Pasteur of France or the Institute of Tropical Medicine of Belgium. This type of research is a global public good for controlling diseases that easily cross borders.

Support in form of bilateral projects

11. Countries’ support for development enablers and global challenges also includes bilateral activities. Examples can be found in fields such as climate change mitigation or the work to conserve and sustainably use biodiversity. Provider countries undertake many projects to conserve wild species or preserve ecosystems at the country level but the ultimate objective of these activities is global environmental sustainability.

12. The 2030 Agenda indicates that “There can be no sustainable development without peace and no peace without sustainable development.” It is a good example of a development enabler that can be supported through various activities, including bilaterally, e.g. by criminal justice capacity building to combat terrorism. (See other examples in the paper for discussion under agenda item 3.).

Issues for discussion

- **Do Task Force members agree with the above mapping of support to development enablers and global challenges? Should other types of support be considered?**
- **Do the draft list of AAAA action areas and examples of SDG targets likely to be addressed through global actions (Annexes I and III respectively) form a good basis for defining the scope of TOSSD Pillar II? What should be removed/added?**

III. ELIGIBILITY CRITERIA FOR PILLAR II

13. Eligibility under TOSSD Pillar II should be determined on the same basis as for Pillar I, applying the same criterion for sustainable development i.e. the activity will need to "directly contribute to at least one of the SDG targets". This direct link to SDG targets will help ensure straightforward operationalisation of reporting under Pillar II.

14. The second major eligibility criterion – the list of TOSSD-eligible countries – raises a specific issue in the context of Pillar II. Indeed, while the 2030 Agenda is global in nature, it still very much focuses on the specific problems of developing countries, and of different sub-groups such as least developed countries, small island developing states, etc.⁵ It could be argued that the Pillar II of TOSSD, like Pillar I, should also keep a clear focus on developing countries or TOSSD-eligible countries. Otherwise, we could end up counting under Pillar II activities such as clean energy projects in industrialised countries that will indeed positively contribute to climate change mitigation worldwide but will have no impact, even indirectly, on the economic development of developing countries. On the other hand, if we exclude these types of activities, there may be less incentives for financing SDGs with global environmental concerns such as the ones to reduce pollution in the ocean or overfishing, or to protect biodiversity (SDGs 7, 13, 14, 15).

15. It could also be open to discussion whether certain costs in provider countries, that would by definition be excluded from Pillar I, could be included under Pillar II for the reason that they respond to identified global challenges. In-donor refugee costs could be linked to the global challenge of migration. Imputed student costs and scholarships contribute to education, a clear development enabler. Administrative costs of agencies mandated to support sustainable development could be seen as support for the sustainable development agenda as a whole.

Issues for discussion

- **What is your view on maintaining a focus on developing countries in Pillar II? How can this focus be operationalised?**
- **In the case of global organisations, should TOSSD only account for the share benefiting TOSSD recipient countries?**
- **How to draw a line between global contributions included in and those excluded from TOSSD that is universally valid, simple to apply and understand?**

IV. DELINEATION BETWEEN PILLAR I AND PILLAR II

16. As illustrated with the examples above, some contributions to development enablers and to address global challenges are cross-border while others are of a standard-setting nature or in the form of "global programmes" and do not entail resource transfers to developing countries. There is a

⁵ See for example the references to "on the basis of common interest and mutual benefit, focusing on the needs of developing countries" or "in particular those that disproportionately impact developing countries" in the draft list in Annex I.

need to develop a few principles to keep the boundary between Pillars I and II clear and the related narrative straightforward to communicate and apply. Possible principles include:

- *The development of world-wide norms and standards that support sustainable development falls under Pillar II while assistance to developing countries in implementing these norms, if separately identifiable, falls under Pillar I.*

- *Research falls under Pillar II.*

Research activities, even if they take place in developing countries, will not necessarily provide any direct benefits to the countries concerned, but will indirectly provide benefits to many (possibly all) countries. Research could therefore systematically be included in Pillar II.

- *Environmental projects carried out in TOSSD recipient countries fall under Pillar I.*

In these cases, the location of the project does not indicate the extent to which the country benefits from the project although some aspects – e.g. technical assistance, enhancement of institutional capacities – could perhaps be singled out as benefiting the host country. Indirect benefits include e.g. the reduction of greenhouse gas emissions, cleaner water, reduction of ozone layer depletion, conservation of biodiversity etc., which will result in welfare gains for developing countries as well as developed countries. Quantification of direct and indirect benefits would be methodologically difficult and impractical, and it would therefore be necessary to decide whether these types of activities should fall under Pillar I or Pillar II.

Issues for discussion

- **Do Task Force members have comments on the above possible principles? What are their views on the treatment of environmental projects?**
- **What additional principles could be considered to maintain a clear delineation between Pillars I and II?**

V. OTHER GENERAL QUESTIONS RELATING TO TOSSD PILLAR II

17. Following the logic of Pillar I, Pillar II should ideally record the activities undertaken by bilateral providers and multilateral and regional organisations in support of development enablers and global challenges (rather than providers' contributions to the organisations). There may be a feasibility issue in trying to capture, from the start, activities from all organisations; there could be a temporary alternative of counting in Pillar II the contributions by providers to these organisations.

18. It will be necessary to review the TOSSD reporting form to see whether all fields are relevant for Pillar II and whether some fields may need to be added (e.g. to make the distinction between Pillar I and Pillar II).

Issues for discussion

- **Do Task Force members have comments on the feasibility and format of reporting on Pillar II?**

**ANNEX I. ENABLERS OF SUSTAINABLE DEVELOPMENT IN AAAA ACTION AREAS OF
“INTERNATIONAL TRADE AS AN ENGINE FOR DEVELOPMENT”, “SYSTEMIC ISSUES” AND “SCIENCE,
TECHNOLOGY, INNOVATION AND CAPACITY BUILDING”**

International trade as an engine for development

- **Universal, rules-based, open, transparent, predictable, inclusive, non-discriminatory and equitable multilateral trading system** under the World Trade Organisation (WTO), as well as trade liberalisation (AAAA, paragraph 79).
- **Regional economic integration and interconnectivity** to promote inclusive growth and sustainable development; **regional co-operation and regional trade agreements**. (para 87)

Addressing systemic issues

- **Global economic governance**. (para 103)
- Coherence and consistency of the **international financial and monetary and trading systems** in support of development. (para 103)
- **Economic, social and environmental challenges**, including the loss of **biodiversity, natural disasters** and **climate change**; **policy coherence** across all three dimensions of sustainable development. (para 103)
- International coordination and policy coherence to enhance **global financial and macroeconomic stability**. (para 105)
- Basel Committee on Banking Supervision and other main international regulatory standard-setting bodies to continue efforts to **increase the voice of developing countries in norm-setting processes** to ensure that their concerns are taken into consideration.(para 106)
- Maintain a strong and quota-based **IMF**, with adequate resources to fulfil its **systemic responsibilities**. Improve early warning of macroeconomic and financial risks. (para 107)
- Proper functioning of **food commodity markets and their derivatives**. Call for relevant regulatory bodies to adopt measures to facilitate timely, accurate and transparent access to market information in an effort to ensure that commodity markets appropriately reflect underlying demand and supply changes and to help to limit excess volatility of commodity prices. (para 108)
- Co-operate internationally to ensure **safe, orderly and regular migration, with full respect for human rights**. Increase co-operation on access to and portability of earned benefits, enhance the recognition of foreign qualifications, education and skills, lower the costs of recruitment for migrants and combat unscrupulous recruiters, in accordance with national circumstances and legislation. Endeavour to implement effective social communication strategies on the contribution of migrants to sustainable development in all its dimensions, in particular in countries of destination, in order to combat xenophobia, facilitate social integration and protect migrants’ human rights through national frameworks.(para 111)

- Strengthen regional, national and subnational institutions to **prevent all forms of violence, combat terrorism and crime and end human trafficking and exploitation of persons**, in particular women and children, in accordance with international human rights law. Effectively strengthen national institutions to combat money-laundering, corruption and the financing of terrorism, which have serious implications for economic development and social cohesion. (para 112)

Science, technology, innovation and capacity-building

- Incentivise the **creation of new technologies**, that incentivise research and that support innovation in developing countries. (para 116)
- Importance of an **enabling environment at all levels, including enabling regulatory and governance frameworks, in nurturing science, innovation, the dissemination of technologies, particularly to micro, small and medium-sized enterprises, as well as industrial diversification and value added to commodities**. (para 116)
- Step up international co-operation and collaboration in **science, research, technology and innovation**, including through public-private and multi-stakeholder partnerships, and on the basis of common interest and mutual benefit, focusing on the needs of developing countries and the achievement of the sustainable development goals. (para 120)
- **Research and development of vaccines and medicines, as well as preventive measures and treatments for the communicable and non-communicable diseases**, in particular those that disproportionately impact developing countries. (para 121)
- **Earth observation, rural infrastructure**, agricultural research and extension services and technology development. Enhance agricultural productive capacity in developing countries, in particular in least developed countries, for example by developing plant and livestock gene banks. (para 121)
- **Increase scientific knowledge, develop research capacity and transfer marine technology. Improve ocean health and enhance the contribution of marine biodiversity** to the development of developing countries, in particular Small Island Developing States and least developed countries. (para 121)

ANNEX II. SUSTAINABLE DEVELOPMENT GOALS

Goal 1. End poverty in all its forms everywhere

Goal 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture

Goal 3. Ensure healthy lives and promote well-being for all at all ages

Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Goal 5. Achieve gender equality and empower all women and girls

Goal 6. Ensure availability and sustainable management of water and sanitation for all

Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all

Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

Goal 10. Reduce inequality within and among countries

Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable

Goal 12. Ensure sustainable consumption and production patterns

Goal 13. Take urgent action to combat climate change and its impacts

Goal 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development

Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

Goal 17. Strengthen the means of implementation and revitalize the global partnership for sustainable development

ANNEX III.

EXAMPLES OF SDG TARGETS THAT ARE LIKELY TO BE ADDRESSED THROUGH ACTIONS AT THE GLOBAL LEVEL

- SDG 2.5 By 2020, maintain the genetic diversity of seeds, cultivated plants and farmed and domesticated animals and their related wild species, including through soundly managed and diversified seed and plant banks at the national, regional and international levels, and promote access to and fair and equitable sharing of benefits arising from the utilization of genetic resources and associated traditional knowledge, as internationally agreed.
- SDG 10.5 Improve the regulation and monitoring of global financial markets and institutions and strengthen the implementation of such regulations.
- SDG 14.3 Minimize and address the impacts of ocean acidification, including through enhanced scientific cooperation at all levels.
- SDG 15.5 Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species.
- SDG 16.3 Promote the rule of law at the national and international levels and ensure equal access to justice for all.
- SDG 17.10 Promote a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the World Trade Organization, including through the conclusion of negotiations under its Doha Development Agenda.
- SDG 17.13 Enhance global macroeconomic stability, including through policy coordination and policy coherence.