

Vienna, July 22<sup>nd</sup> 2016

## Public consultation on TOSSD Compendium

Dear Sir or Madam,

We appreciate the OECD's efforts in general to conduct public consultations and its outreach to stakeholders, in order to build on expertise and experiences of different actors. The *OECD Guidelines for Online Public Consultation*<sup>1</sup> provide a good framework on how civil society actors can contribute to policy making.

We are therefore very surprised that the public consultation on the TOSSD Compendium does not follow the OECD Guidelines. While the Guidelines foresee a consultation period of 8-12 weeks, the current consultation gives stakeholders four weeks for submitting a response to a paper longer than 50 pages. The OECD should be aware that the new approach needs to be developed together with various stakeholders, including partners in developing countries, in an adequate participatory process. Otherwise, it will not gain the necessary credibility and acceptance to become a meaningful measurement.

Given the (hopefully extraordinary) circumstances, we are only able to make some general remarks on the measure of TOSSD and on some of the presented ideas in the compendium. To provide an in-depth analysis and sufficient answers to the specific questions raised in the compendium, the timeframe was too short.

### **Objective and additional value of TOSSD**

It is certainly important to measure official monetary efforts to support the external implementation of the 2030 Agenda – this should also be the objective of the TOSSD. Even though the current proposal claims to follow this objective, we see some major flaws.

Instead of aiming to end the highest possible outcome for TOSSD ("from billions to trillions"), it would be more helpful to focus on official net-flows and outline more accurately what can be counted as officially supported sustainable development finance (and what cannot). The current proposal is very vague on both of these issues and there is a very blurred line between official and private flows.

Before working on technicalities of TOSSD, the OECD should further outline the additional value of this new measure (compared to improvements of ODA and OOF accounting).

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<sup>1</sup> <http://www.oecd.org/about/civil-society/guidelinesforonlinepublicconsultation.htm>

### **Mutual benefits and the measurement of net-flows**

TOSSD is supposed to “promote greater transparency of the full array of external officially-supported resources available to developing countries to finance the SDGs” (p.8). To reach this ambitious goal, it should be made transparent, how much of the finance is actual flows, how much of it are (mostly virtual) guarantees and how much has to be paid back (including interests). If mutual benefit is one of the core principles underpinning the TOSSD framework (p.16), why should TOSSD exclusively show the benefit of one side while ignoring the other?

Grants, concessional loans, non-concessional loans, guarantees and other instruments have very different implications, terms and conditions for providers as well as for recipients. A concessional loan, for example, where a developed country makes a profit, might be a useful tool under the right circumstances and should be measured, but it cannot be treated the same way as grants. Otherwise the OECD would create incentives to move away from grants and concessional loans towards profit making instruments. Countries could indefinitely inflate TOSSD by giving each other guarantees and concessional loans, without making any real efforts, making TOSSD a completely meaningless and counterproductive measurement. For these reasons, there should be a clear and transparent distinction in reporting, and most importantly the measurement of net-flows (inflows and outflows).

### **“Mobilized” private sector money?**

Dealing with mobilisation effects of official interventions is absolutely a contradiction to include mobilised private resources in TOSSD, because if we define TOSSD as Total Official Support for Sustainable Development, private resources – mobilised or not – are excluded by definition. Instead, it should be measured to what extent private finance is being subsidised with public funds.

### **Definition of Sustainable Development**

There also needs to be more discussion on the intentions and motivations of finance measured under TOSSD. It is stated, that TOSSD should measure flows, also if the primary objective is not development. This is very unprecise, as almost every international flow to developing countries could be accounted here, because it is possible to find arguments how it could be linked to a development related outcome (e.g. jobs, growth, security...).

### **Proposed next steps**

As explained above, we believe the current compendium does not provide sufficient clarity on the additional value of TOSSD, it contains very vague elements and it seems to rather serve the purpose of showcasing inflated numbers than incentivising real efforts for sustainable development through even more transparent accounting. We hope the OECD is going to open a wider discussion on these very important issues with a sufficient timeframe and consultation mechanism.

Kind regards,



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