



# TOSSD: Southernisation of ODA

## Introduction

Total Official Support for Sustainable Development (TOSSD) is a proposed international statistical measure that is currently being developed by the OECD-Development Assistance Committee (OECD-DAC) countries to establish a common international framework to quantify development assistance that caters to the Sustainable Development Goals (SDGs). The measure is proposed to capture information about the full array of officially-supported development finance provided through bilateral and multilateral development co-operation (including by South-South and triangular co-operation actors, multilateral institutions and traditional donors).

It is observed that the information about resource flows will facilitate learning and exchange of good practices among developing countries about accessing and combining resources most effectively, offer insights about how and to what extent the international community is addressing the global challenges, foster greater collaboration across development partners financing the SDGs, and promote informed policy discussions about the quality and impact of development finance. The comparative advantage of TOSSD statistical framework is its comprehensive nature which will provide a common framework at the international level for ensuring global accountability. TOSSD can also help to address shortcomings of

current international statistical arrangements that structure and benchmark development finance.

However, the process of TOSSD has neither been mandated by UN inter-governmental tracks nor by other international legal bodies. Despite no legal backing, the OECD-DAC expects TOSSD framework to be endorsed by the international community over the course of 2017 through high level forums like High-level Political Forum (HLPF), UN-Development Cooperation Forum (UN-DCF), Global Partnership for Effective Development Cooperation (GPEDC) and Financing for Development (FfD).

In June 2016, the OECD-DAC released a TOSSD compendium to generate feedback on the proposed measure. The current version of the compendium is at the stage of work-in-progress and it will evolve further based on the comments and inputs from all stakeholders, including members of the OECD-DAC. Against this background, the RIS team reflected on the following key dimensions of the compendium and offers the following observations:

- Why TOSSD?
- Subsuming South-South Cooperation (SSC) lexicon under the OECD-DAC framework
- Other issues
- Concluding Remarks and Way forward

## Why TOSSD?

1. Para 17 of the compendium states that ODA will remain the ‘cornerstone’ of development assistance reporting to the international community. Yet in Para 21, TOSSD endeavours to emerge as an international data standard for measuring development finance. These positions are contradictory and it is difficult to envisage TOSSD as a value addition to SSC efforts. Further, the accounting mechanism will only use and build on the existing OECD-DAC framework to construct a global reporting mechanism. Thus, TOSSD is a metric to simply capture broader resource flows, including and extending beyond ODA flows. Further, the use of an umbrella accounting mechanism to capture SSC can neutralise the distinction between North-South Cooperation (NSC) and South-South Cooperation (SSC).
2. In Paras 14 and 15, and in Section B, the document distinguishes between the “donor”

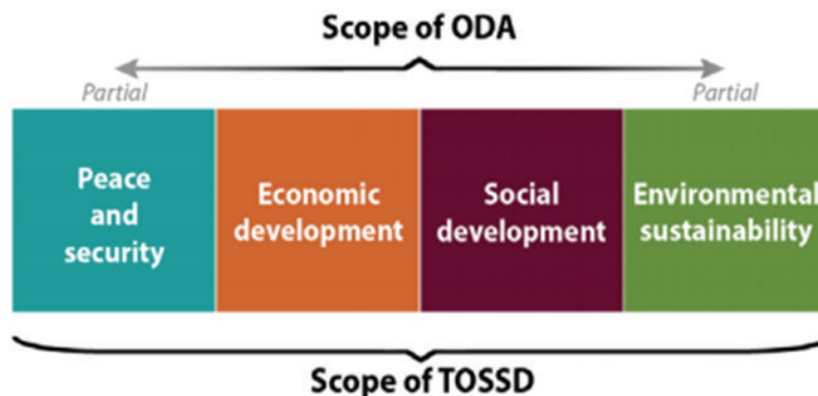
and “recipient” perspectives in development cooperation. While from a recipient perspective it intends to capture all officially supported cross border resource flow from “all” sources to a recipient country, irrespective of their terms and conditions (excluding in-donor costs), the provider perspective seeks to capture the support by official providers for provision of global/regional public goods; SAARC Development Fund may be a good example of this perspective.

3. In its attempt to develop a linkage between FfD and SDGs, the compendium fails to identify how TOSSD will measure, associate and distinguish allocation of resources for the five Ps – people, planet, peace, prosperity and partnership

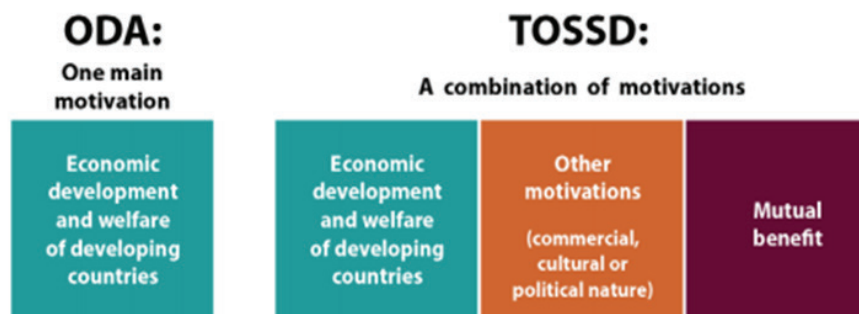
## Subsuming SSC Lexicon under the OECD Framework

The document is replete with ideas/parameters that have emerged from the SSC framework; however, it fails to capture or appreciate the principles of SSC.

**Figure 1: Scope of TOSSD in the SDG Framework: Purpose of Support**



**Figure 2: Clarifying the Intentions and Motivations underpinning TOSSD Support**



## On Mutual Benefit

4. The context of “mutual benefit” from an SSC perspective is altogether different in the context of TOSSD. While mutual benefit *a la* SSC is a tool to reduce domestic poverty prevalent in both the partner countries that in the context of TOSSD will expressly benefit citizens of donor countries who are not as such suffering from abject poverty.

The document links TOSSD with self interest of the providers and does not distinguish the source of resource flow into the recipient country. Given the observed gap in quality of living between Northern and Southern countries and the avowed goal of SDGs to reduce such gap, it is imperative that a mechanism be in place to put the self interests of countries in terms of their differential levels of quality of living. How do we compare between the self interest of a country, say, the USA with that of another, say, Indonesia or Senegal? Given the evident extent of market and governance failures, how can one ensure that enhancing self interest of a provider does not end up reducing that of the recipient? In the context of SSC, this is ensured by the high degree of homogeneity prevailing among the partner countries, in terms of economic structure – high incidence of dependence on agriculture as source of livelihood, pattern of demand – a larger share of expenditure committed to consumption of food, production basket – hence a better potential for developing regional value chains among themselves. Such features are conspicuous by their absence in the context of mutual benefit sharing arrangements in the structure of North-South Cooperation.

5. Para 28 goes on to suggest that for several countries, development cooperation is an intrinsic part of foreign policy and explicitly linked to trade. While we presume that this has been stated in the context of OECD-DAC members, nothing is explicitly mentioned. This creates confusion and may be misused in the context of non-DAC members. There is no clarity on why trade and investment have to be kept out. While trade and investment are important components of the

development compact framework of the SSC, the underlying principle of South-South Solidarity has not been appreciated.

6. Paras 33 and 34 cite examples of UAE and Brazil to widen the scope of financing, where development oriented contributions from religious projects for regional cooperation frameworks are accounted for. In the context of the regional multilateral funds (as elaborated in Annex 5), the template being developed is complicated and might end up in undermining the foundational ideas behind regional and bilateral arrangements.

## Other issues

7. Para 27 refers to win-win financing arrangements in the context of SSC. The word ‘financing’ is misleading in the context of SSC principles and should be replaced with ‘solidarity’. The North-South schism has been merged without any consideration of the historical past and challenges present in the over-arching debate of development cooperation. The SSC principles of ‘win-win cooperation’/ ‘mutual benefit’ have been blatantly exploited in paragraphs 26-31. Through it the compendium intends to legitimise the unequal exchanges, tied aid and procuring economic benefits out of the interactions between North and South.
8. TOSSD could accommodate many types of operations and support provided by Overseas Private Investment Corporations (OPIC) and other development financing institutions that have the dual mandates described above. These funding mechanisms are similar to lines of credit (LoCs) that emerging donors give in the Southern world. Yet, TOSSD does not refer to such distinctions nor does it clarify how it will address such flows.
9. Para 99 makes reference to a special modality of SSC, such as technical assistance but does not clearly spell how this will be achieved. Quantifying development finance flows is TOSSD’s central aim but it is unclear whether such a process will adequately capture the principles, the diversity and the modalities of SSC.

10. There is no mention of common but differentiated responsibilities (CBDR) in the entire document – a distinct feature of entire argument during the Addis Ababa Action Agenda (AAAA).

## Concluding Remarks and Way Forward

11. TOSSD suggests that the adoption of common international standards will be helpful for developing countries to ensure qualitative standards. However, considering developmental challenges in recipient and provider nations, this will be problematic and will reduce policy flexibility. In Para 18, TOSSD suggests incorporating a regulatory framework for reducing economic distortions (e.g. recipient countries' tax concessions, trade subsidies, favourable government loans, etc.) and promoting responsible investment that could be verified through periodic ad hoc monitoring arrangements. These are questionable. This seems like a backdoor entry for inserting controversial issues under the WTO rules, ILO standards, Equator principles for social and environmental standards, UN agreements on human rights, etc., into SSC.

12. It is necessary to incorporate a pluralistic framework in TOSSD. It is felt that the developed countries are panicking about their accountability under the SDGs/FfD agenda and the TOSSD exercise is to support their intentions of statistically bolstering their efforts.

13. The proposal to establish an inclusive, representative and technologically competent international body for reporting the flow of resources across countries also involves the danger of handing over the control of reporting into the hands of a select "club" – hint of legitimising GPEDC further.

14. Measures to prevent the outflow of resources from the Southern countries in the absence of a suitable and participatory global tax cooperation mechanism, which could have potentially added to their available domestic resources, and prevent illicit financial flows, need to be strongly built into the proposed mechanism.

15. In order for more clarity on the Southern positions regarding the OECD-DAC led TOSSD, the BRICS nations can respond through establishing a platform to discuss and decide their positions on TOSSD.

### Forum for Indian Development Cooperation

The Forum for Indian Development Cooperation (FIDC) is a platform launched to explore various facets of Indian development cooperation policy with its partner countries. The objective is to encourage debate and analytical research on all the broad constituents of India's development partnership spectrum in order to bolster policy making process in this field of critical importance. Thrust of the forum would be to substantially contribute in facilitating an informed debate on policy framework of India and other developing countries.

The FIDC would also try to follow broad trends in South-South cooperation and analyse contributions and impact of Indian policies. The Forum will establish dialogue with the relevant government agencies and academia with a focus on South-South cooperation. The FIDC would also establish linkages and dialogue with international agencies, experts from the partner countries and advanced countries with a view to meet its comprehensive multi-faceted objectives. The FIDC is housed in RIS, New Delhi.

*Strengthening Indian development cooperation policy towards promoting greater South-South cooperation*



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