

## Towards more inclusive measurement and monitoring of development finance:

### Total Official Support for Sustainable Development (TOSSD)

The ambitious post-2015 development agenda will require financing on an unprecedented scale. New sources and instruments of development finance and creative approaches for combining them will be required in order to address financing gaps. The international development community will need to adapt to the challenges implicit in a more diverse, extensive and complex development financing architecture. This includes updating the international statistical framework with measures that can capture these trends -- and therefore provide incentives for mobilising resources using innovative financial mechanisms and co-financing partnerships. New statistical concepts and measures that align with post-2015 era financing flows will help maximise resources for sustainable development, ensure international standards for measuring and monitoring of development finance, and enhance transparency and accountability of international development finance beyond Official Development Assistance (ODA). A starting point for developing such an international statistical framework would be to look at international public finance and public schemes for mobilising private resources.

### A broader framework for measuring resources in support of the sustainable development agenda

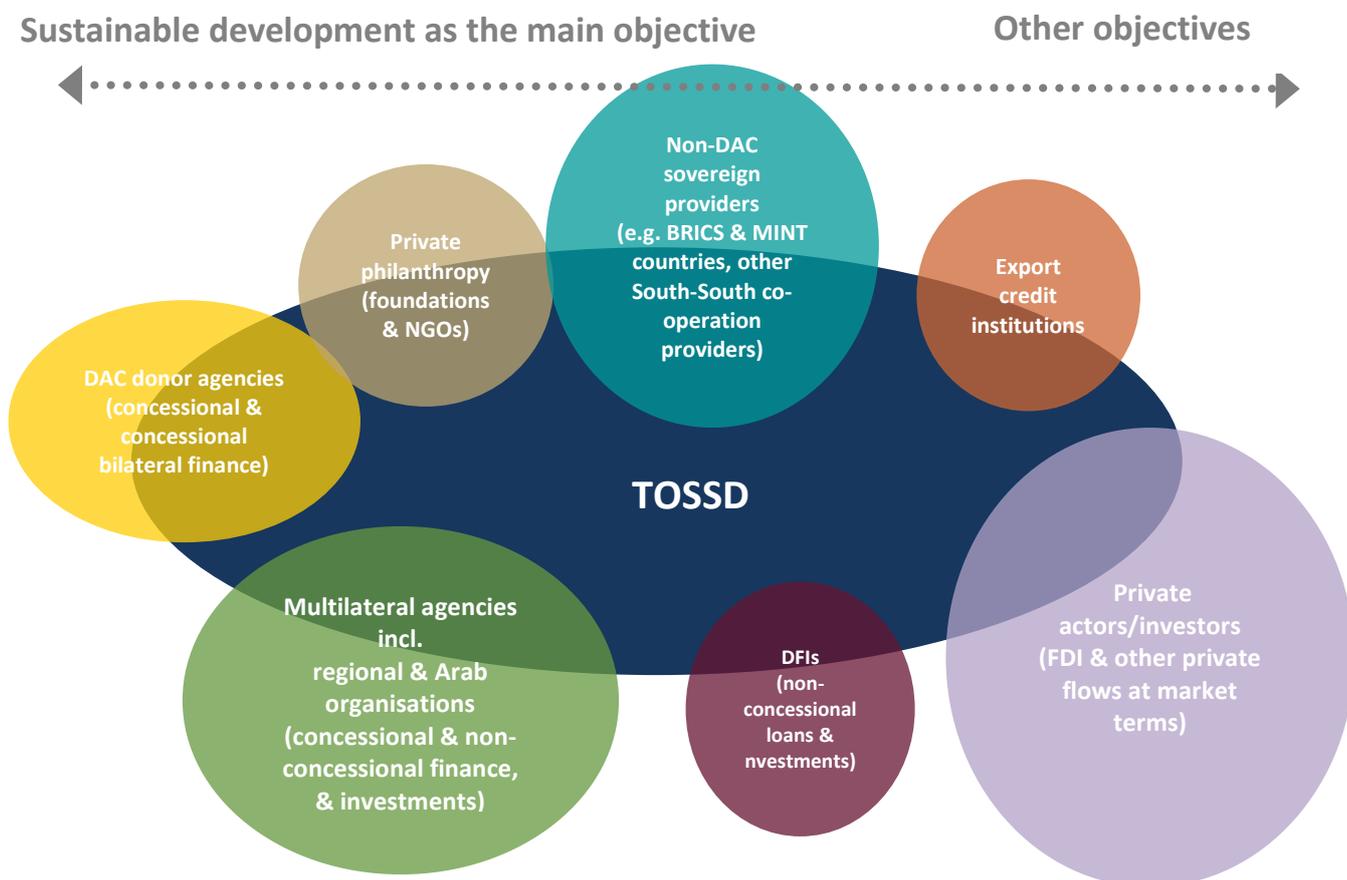
The emerging Sustainable Development Goals (SDGs) will require a financing strategy geared to providing the resources necessary to achieve them. External finance above and beyond ODA will be essential, including investments by the private sector. How will international statistical systems adapt?

The OECD DAC's longstanding efforts to track development finance including ODA, Other Official Flows and, more recently, financial instruments such as guarantees (including the private resources they leverage) provides a solid basis for initiating a discussion about how complex financing packages supporting the SDGs could be measured and tracked. Work to explore how international statistical systems could accommodate the broader SDG agenda has been carried out over the past two years by the DAC, culminating in a proposal for a new measure, **Total Official Support for Sustainable Development**. In a nutshell, this broader measure would cover the totality of official resources extended to developing countries and multilateral institutions in support of sustainable development, regardless of the types of instruments used and associated terms. It would also potentially cover private resources mobilised through public schemes, and the activities of diverse financial intermediaries, including collective investment vehicles and venture capital funds.

At the same time, the proposed measure would only include flows that are supporting any of the three dimensions of sustainable development – economic, social and environmental – as defined by the United Nations. This statistical framework will thus contribute to monitoring resources that will finance the SDG framework.

Figure 1 below presents a schematic diagram illustrating the different sources and instruments of finance provided to developing countries by various actors – the new measure would cover a selection of these flows.

**Figure 1 – The architecture of sources and instruments of finance to be included in the TOSSD concept**



### Building blocks of the new framework

The proposal for a broader measurement framework for development finance would need to be shaped by a wide variety of development actors and stakeholders through a number of iterative consultations in order to enhance the relevance, utility and integrity of the measure and to strengthen ownership across the international community. The ultimate features and parameters of the measure could only be determined once the post-2015 development framework has been agreed, since it would be designed to monitor finance supporting the framework. At this point, preliminary analysis suggests a number of building blocks for capturing the TOSSD concept. The new measure could:

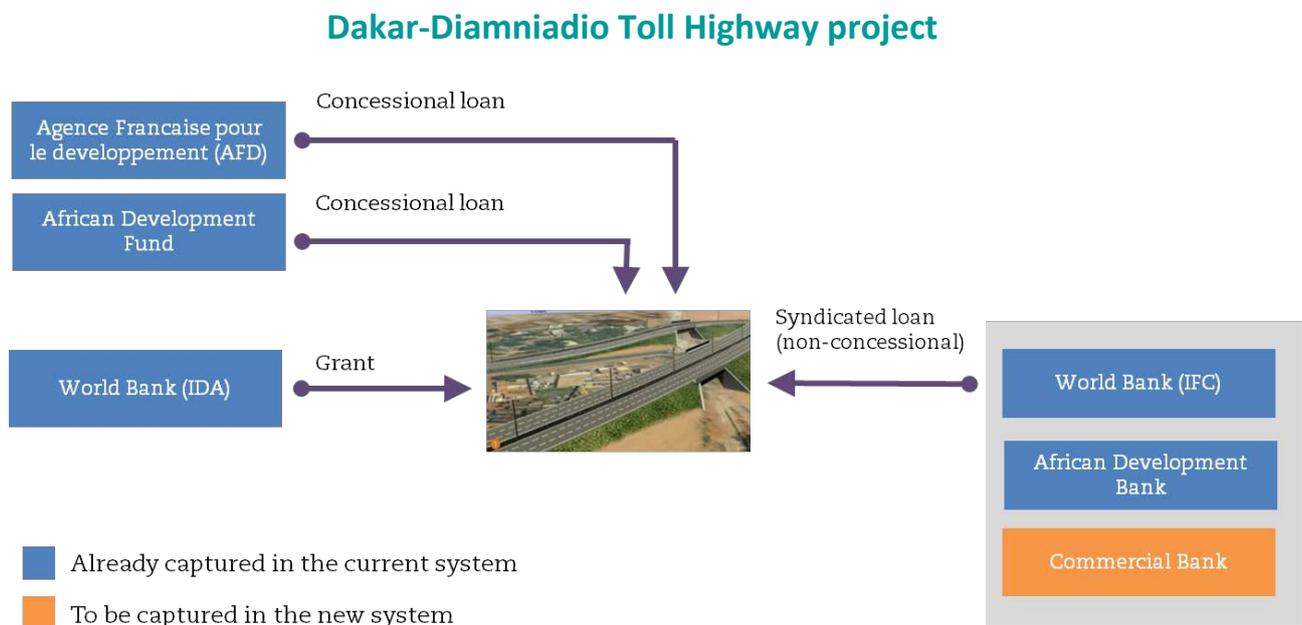
- cover finance that originates from official sources and mechanisms, but clearly distinguish between official support and flows mobilised by official interventions;
- cover activities promoting and enabling sustainable development, including contributions to global public goods where these are deemed relevant for development and aligned with developing countries’ priorities, recognising that providers themselves may benefit from such activities;

- be relevant for any provider of development finance, including the private actors that take part in blended investment schemes; and
- include both concessional and non-concessional financing and capture all financial instruments, including those generating reflows to provider countries, but clearly distinguish between flows and contingent liabilities.

## How might the new measure enhance transparency about complex financial transactions supporting the Sustainable Development Goals?

More complex financing packages combining different sources of finance and different financial instruments are likely to become more common in the future. It will be important to enhance the capacity of statistical systems to fully capture these flows. Figure 2 illustrates a typical infrastructure financing package and shows where existing coverage in the OECD statistical system falls short in capturing all the resources provided.

Figure 2 – A typical financing package for an infrastructure project



The new measure has been provisionally entitled “Total Official Support for Sustainable Development (TOSSD)” pending the views of other development actors and stakeholders.

## What makes TOSSD different from ODA?

A key objective of TOSSD would be to increase transparency and rigour in reporting on development finance beyond ODA. It would not replace ODA, which will remain the yardstick of donor effort and will continue to be used for monitoring donor performance against the United Nations' ODA/GNI target of 0.7%. TOSSD would be a distinct, complementary measure, devised to enhance international accountability for broader international financing for sustainable development.

TOSSD also aims to facilitate sharing of information about development finance with providers of development co-operation beyond the OECD DAC. Over the course of 2015, a number of consultations will be organised with all partners, including non-DAC providers, developing countries, financial intermediaries, project preparation facilities, public-private partnership entities, philanthropic institutions and civil society to develop the definition and related statistical categories and methods of the framework. The UN and leading regional groupings will have a special role to play in the discussions to forge the new measure and to facilitate its use for monitoring support for the post-2015 agenda.

TOSSD would help to provide a fuller picture of providers' bilateral and multilateral contributions to development. It would need to be accompanied by a framework that clearly distinguishes between the provider effort and recipient receipts of development finance. Building on OECD DAC work on country-programmable aid (concessional resources that cross borders and can be programmed by partner governments), it would be possible to derive from TOSSD information about broader resource inflows to developing countries. Similarly, data on resources made available by multilateral organisations through private-sector instruments could be collected, in addition to the concessional and non-concessional multilateral outflows already covered in OECD DAC statistics.

Figure three below provides an indicative roadmap of future TOSSD workshops in the context of major upcoming international events in 2015.

**Figure 3 - TOSSD ROADMAP : A THREE-PHASE APPROACH**

