

**Development Co-operation Directorate
Development Assistance Committee**

DAC Working Party on Development Finance Statistics

**TOSSD AND TYPES OF AID INVOLVING NO CROSS-BORDER RESOURCE
FLOWS**

WP-STAT WORKSHOP ON THE PROVIDER PERSPECTIVE OF TOSSD

**29 March 2018
OECD Boulogne**

This document is presented for DISCUSSION under agenda item 3 of the draft agenda DCD/DAC/STAT(2018)16.

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TOSSD AND TYPES OF AID INVOLVING NO CROSS-BORDER RESOURCE FLOWS

Note for discussion at the WP-STAT workshop scheduled on 29 March 2018.

Introduction

1. The TOSSD framework will be composed of two pillars: the cross-border flows pillar, which measures resources actually flowing to developing countries, and the global challenges and development enablers pillar, which includes resources provided in support of sustainable development at global or regional levels. The TOSSD Task Force has developed the main statistical features of the framework, in particular the definition of TOSSD and the statistical concepts related to the cross-border flows pillar. Discussions regarding the second pillar are scheduled to start at the next Task Force meeting in May 2018.
2. A part of TOSSD data can be derived from countries' reporting to the CRS data base. In particular, activities that constitute cross-border resource flows to developing countries could be identified based on the "types of aid" (see Annex A) and the information on the recipient country. The type of aid classification identifies the modalities that are used in aid delivery – it classifies transfers from the donor to the first recipient of funds (e.g. the recipient country, a multilateral organisation, or a basket fund) and includes, to a certain extent, information on the cross-border nature of the flow. The information on the recipient country will allow determining whether the project was implemented in a specific recipient country, in multiple recipient countries or at regional or global levels.
3. In this context three groups of types of aid can be identified:
 - Types of aid that entail a direct cross-border resource flow to developing countries. The provider country would be able to report on these activities in TOSSD.
 - Types of aid that are core contributions to international intermediary institutions (a multilateral institution, an international NGO or a specific programme or fund managed by an international organisation). It is the institution that will be able to report on the cross-border component of these resources.
 - Types of aid that correspond to costs incurred in the provider country and would not be reflected in the cross-border component of TOSSD.

Types of aid with a cross-border resource flow component

4. As shown in Table 1 these types of aid include budget support, basket funds/pooled funding, project-type interventions, donor country personnel, experts and other technical assistance. When these types of aid are provided directly to one specific recipient country, it is likely that they constitute cross-border resource flows to that country.¹

5. However, they can also be reported with regional recipient codes. In this case, there are two possibilities:

- Case 1: activities implemented in multiple recipient countries and which involve a cross-border resource flow to those countries (multi-recipient activities, e.g. railway link between two countries); and
- Case 2: activities implemented at the regional level which do not entail a cross-border resource flow to a recipient country. Examples of these activities would be capacity building programmes of regional institutions, such as the African Union or the Central European Free Trade Agreement Secretariat.

6. Activities corresponding to case 2 should not be included in pillar 1 because they do not have any cross-border flow component to developing countries, but their inclusion under pillar 2 will be considered by the Task Force. As regards activities corresponding to case 1, they do fall within the defined scope of pillar 1, but operationally, it might be difficult to identify the share of the activity that goes to each of the recipient countries concerned. Establishing an artificial allocation methodology might weaken the usefulness of the measure to recipient countries.

7. Noting that the treatment of regional flows has not yet been discussed at the TOSSD Task Force meetings, workshop participants are invited to comment on this issue, in particular:

- In the case of activities benefiting multiple recipient countries, to what extent will reporters be able to provide information on the component that goes to each of the recipients? If such information is not available, should the components be estimated or should the inclusion of these projects in pillar 2 be considered instead?

¹ Specific cases may need to be examined more closely by the Task Force though, such as feasibility studies for projects, research, conferences etc.

Table 1. Types of aid including a cross-border resource flow component

Type of aid	Recipient	Cross-border resource flow to TOSSD eligible country	TOSSD pillar	Reporting by
A Budget support	One recipient country	Yes	1	Provider country
B01 Core support to local or national NGOs , other private bodies, PPPs and research institutes ²	One recipient country	Yes	1	
	Multiple recipient countries	Yes	?	
	Regional or global level	No	??	
B04 Basket funds/pooled funding	One recipient country	Yes	1	
	Multiple recipient countries	Yes	?	
C Project-type interventions	One recipient country	Yes	1	
	Multiple recipient countries	Yes	?	
	Regional or global level	No	??	
D01 Donor country personnel	One recipient country	Yes	1	
	Multiple recipient countries	Yes	?	
D02 Other technical assistance	One recipient country	Yes	1	
	Multiple recipient countries	Yes	?	
	Regional or global level	No	??	

Types of aid that are contributions to intermediary international organisations

8. These types of aid include core contributions to multilateral organisations, international NGOs and specific programmes and funds managed by international organisations. The beneficiary organisation will use the funds for cross border flows to developing countries (pillar 1) or for activities at global or regional levels (in theory in pillar 2). The provider country does not have the information on the final use of the funds as the allocation decision is made by the institution. Therefore, this information will need to be collected directly from these institutions. The provider country would not report these types of aid under TOSSD and a methodology will need to be developed to attribute outflows from the institutions to provider countries.³

² For type of aid B01 TOSSD will capture the outflows from the institutions and not the support to them. At present, in CRS, ex-post reporting on NGOs' activities funded from core contributions is identified through Bi/Multi = 7.

³ See DCD/DAC/STAT(2018)19.

Table 2. Types of aid relating to contributions to international organisations

Type of aid	First recipient	Final recipient	Cross-border resource flow to TOSSD eligible country	TOSSD pillar	Reporting by	Attribution to provider country
B01 Core support to international NGOs, other private bodies, PPPs and research institutes	Institution	One recipient country	Yes	1	International organisation	Yes
		Multiple recipient countries	Yes	?		
		Regional or global level	No	??		
B02 Core contributions to multilateral institutions	Institution	One recipient country	Yes	1		
		Multiple recipient countries	Yes	?		
		Regional or global level	No	??		
B03 Contributions to specific-purpose programmes and funds managed by international organisations (multilateral, INGO)	Institution	One recipient country	Yes	1		
		Multiple recipient countries	Yes	?		
		Regional or global level	No	??		

Types of aid that correspond to costs incurred in the provider country and would not be reflected in the cross-border component of TOSSD

9. In-donor costs include administrative costs, student costs in the donor country, in-donor refugee costs and development awareness programmes. These costs are by definition spent within the donor country and, although some of them are considered cross-border in the context of balance of payment statistics, and a few could be assigned to specific recipient countries (e.g. scholarships), they are not necessarily recognised by developing countries as resources receipts.

10. However, some of these activities may support sustainable development at global level and address global challenges such as migration. The inclusion of these types of aid in pillar 2 will be discussed at the next Task Force meetings. At the WP-STAT workshop comments are invited on what would justify the inclusion of these types of aid in pillar 2.

Table 3. Types of aid corresponding to costs incurred in the provider country

	Type of aid	recipient	Cross-border resource flow to TOSSD-eligible countries	TOSSD pillar
E01	Scholarships/training in donor country	in donor	no	?
E02	Imputed student costs	in donor	no	?
G01	Administrative costs not included elsewhere	in donor	no	?
H01	Development awareness	in donor	no	?
H02	Refugees in donor countries	in donor	no	?

Treatment of debt relief

11. It is debatable whether, and if so which elements of, debt relief should be considered for inclusion under TOSSD. In balance of payment statistics, debt relief indeed gives rise to accounting entries and SDG 17.4 explicitly calls to "Assist developing countries in attaining long-term debt sustainability through coordinated policies aimed at fostering debt financing, debt relief and debt restructuring, as appropriate, and address the external debt of highly indebted poor countries to reduce debt distress". However, it may be argued that debt relief will not lead to new investments in the developing countries concerned and has for that reason been criticised as inflating ODA. Its inclusion in pillar 2 as a development enabler could be a possible way to address these points. Participants are invited to share their comments on this issue to inform future discussions in the Task Force.

Issues for discussion

In the case of contributions benefiting multiple recipient countries, to what extent will reporters be able to provide information on the component that goes to each of the recipients? If such information is not available, should the components be estimated or should the inclusion of these projects in pillar 2 be considered instead?

What are your views concerning the treatment of in-donor costs? What would be the narrative to include these types of aid in pillar 2? Could debt relief be considered a development enabler?

Annex A. Types of aid

Type/ Sub-type	Description	Clarification
A	Budget support	For contributions under this category, the donor relinquishes the exclusive control of its funds by sharing the responsibility with the recipient.
A01	General budget support	Unearmarked contributions to the government budget including funding to support the implementation of macroeconomic reforms (structural adjustment programmes, poverty reduction strategies). Budget support is a method of financing a recipient country's budget through a transfer of resources from an external financing agency to the recipient government's national treasury. The funds thus transferred are managed in accordance with the recipient's budgetary procedures. Funds transferred to the national treasury for financing programmes or projects managed according to different budgetary procedures from those of the recipient country, with the intention of earmarking the resources for specific uses, are therefore excluded.
A02	Sector budget support	Sector budget support, like general budget support, is a financial contribution to a recipient government's budget. However, in sector budget support, the dialogue between donors and partner governments focuses on sector-specific concerns, rather than on overall policy and budget priorities.
B	Core contributions and pooled programmes and funds	For contributions under this category, the donor relinquishes the exclusive control of its funds by sharing the responsibility with other stakeholders (other donors, NGOs, multilateral institutions, Public Private Partnerships). The category covers both core contributions (B01 and B02), and pooled contributions with a specific earmarking (B03 and B04).
B01	Core support to NGOs and civil society, PPPs and research institutes	Funds paid over to PPPs, networks, research institutes and non-profit private bodies – developing country-based, donor-country based and international NGOs and other civil society organisations, e.g. philanthropic foundations – for use at these organisations' discretion and contributing to programmes and activities which these organisations have developed themselves, and which they implement on their own authority and responsibility. The List of ODA-eligible international organisations (see Annex 2) provides a list of INGOs, PPPs and networks core contributions to which may be reported under B01. This list is not exclusive.
B02	Core contributions to multilateral institutions	These funds are classified as multilateral ODA (all other categories fall under bilateral ODA). The recipient multilateral institution pools contributions so that they lose their identity and become an integral part of its financial assets. The List of ODA-eligible international organisations (see Annex 2) provides a comprehensive list of agencies core contributions to which may be reported under B02.
B03	Contributions to specific-purpose programmes and funds managed by international organisations (multilateral, INGO)	In addition to their core-funded operations, international organisations set up and raise funds for specific programmes and funds with clearly identified sectoral, thematic or geographical focus. Donors' bilateral contributions to such programmes and funds are recorded here, e.g. "UNICEF girls' education", "Education For All Fast Track Initiative", various trust funds, including for reconstruction (e.g. Afghanistan Reconstruction Trust Fund).
B04	Basket funds/pooled funding	The donor contributes funds to an autonomous account, managed jointly with other donors and/or the recipient. The account will have specific purposes, modes of disbursement and accountability mechanisms, and a limited time frame. Basket funds are characterised by common project documents, common funding contracts

		and common reporting/audit procedures with all donors. Donors' contributions to funds managed autonomously by international organisations are recorded under B03.
C	Project-type interventions	N.B. Within this category, members able to do so are requested to report the aggregate amount used for financing donor experts/consultants on Table DAC1. Where the activity consists solely of experts' costs, report under category D.
C01	Project-type interventions	A project is a set of inputs, activities and outputs, agreed with the partner country*, to reach specific objectives/outcomes within a defined time frame, with a defined budget and a defined geographical area. Projects can vary significantly in terms of objectives, complexity, amounts involved and duration. There are smaller projects that might involve modest financial resources and last only a few months, whereas large projects might involve more significant amounts, entail successive phases and last for many years. A large project with a number of different components is sometimes referred to as a programme, but should nevertheless be recorded here. Feasibility studies, appraisals and evaluations are included (whether designed as part of projects/programmes or dedicated funding arrangements). Aid channelled through NGOs or multilaterals is also recorded here. This includes payments for NGOs and multilaterals to implement donors' projects and programmes, and funding of specified NGOs projects. By contrast, core funding of NGOs and multilaterals as well as contributions to specific-purpose funds managed by international organisations are recorded under B. * In the cases of equity investments, humanitarian aid or aid channelled through NGOs, projects are recorded here even if there was no direct agreement between the donor and the partner country.
D	Experts and other technical assistance	This category covers the provision, outside projects as described in category C, of know-how in the form of personnel, training and research.
D01	Donor country personnel	Experts, consultants, teachers, academics, researchers, interns, volunteers and contributions to public and private bodies for sending experts to developing countries. Supplementation payments by the donor country to its experts employed by developing countries or international aid agencies should also be included, as well as the cost to the reporting government of civil servants seconded to developing countries. However, the costs of "counterparts" receiving on-the-job training while working with donor experts are excluded. Volunteers are persons who work in a developing country under wholly or partly publicly financed or publicly controlled volunteer programmes, receiving a stipend in compensation for their services, i.e. subsistence allowances, daily support costs, and/or financial remuneration, either during the period of service, or on return home.
D02	Other technical assistance	Provision, outside projects as described in category C01, of technical assistance in recipient countries (excluding technical assistance performed by donor experts reported under D01, and scholarships/training in donor country reported under E01). This includes training and research; language training; south-south studies; research studies; collaborative research between donor and recipient universities and organisations; local scholarships; development-oriented social and cultural programmes. This category also covers ad hoc contributions such as conferences, seminars and workshops, exchange visits, publications, etc. Scholarships for students and contributions for trainees to follow studies or training courses in developing countries are recorded here while scholarships/training in donor country is reported under E01 (except that training performed in donor country through visiting tours and short-term resident training courses, or attendance at ad hoc non-academic courses and seminars is recorded under D02). General subsidies to the developing country education sector are not recorded here, but as sector budget support (A02) or project-type interventions (C01).

E	Scholarships and student costs in donor countries	
E01	Scholarships/training in donor country	Financial aid awards for individual students and contributions to trainees. The beneficiary students and trainees are nationals of developing countries. Financial aid awards include bilateral grants to students registered for systematic instruction in private or public institutions of higher education to follow full-time studies or training courses in the donor country. Estimated tuition costs of students attending schools financed by the donor but not receiving individual grants are not included here, but under item imputed student costs (E02). Training costs relate to contributions for trainees from developing countries receiving mainly non-academic, practical or vocational training in the donor country. Training performed in donor country through visiting tours and short-term resident training courses, or attendance at ad hoc non-academic courses and seminars is recorded under D02.
E02	Imputed student costs	Indirect ("imputed") costs of tuition in donor countries.
F	Debt relief	
F01	Debt relief	Groups all actions relating to debt (forgiveness, conversions, swaps, buy-backs, rescheduling, refinancing).
G	Administrative costs not included elsewhere	
G01	Administrative costs not included elsewhere	Administrative costs of development assistance programmes not already included under other ODA items as an integral part of the costs of delivering or implementing the aid provided. This category covers situation analyses and auditing activities. As regards the salaries component of administrative costs, it relates to in-house agency staff and contractors only; costs associated with donor experts/consultants are to be reported under category C or D01.
H	Other in-donor expenditures	Groups a number of contributions that do not give rise to a cross-border flow.
H01	Development awareness	Funding of activities designed to increase public support in the donor country for development co-operation efforts, and understanding of development needs and issues.
H02	Refugees in donor countries	Official sector expenditures for the sustenance of refugees in donor countries during the first twelve months of their stay.