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Possible alignment of CRS and TOSSD classifications

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This note is presented for DISCUSSION under item 14 of the draft annotated agenda [DCD/DAC/STAT/A(2021)3].

The note proposes a number of additional codes for consideration in the CRS classifications, with the objective to facilitate reporting by countries and organisations that report both to the CRS and TOSSD statistical systems.

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Possible alignment of CRS and TOSSD classifications

Introduction

1. TOSSD has a larger scope than the Creditor Reporting System (CRS), both in terms of providers covered and types of activities included (e.g. peace and security). However, for CRS reporters the overlap between the two statistical systems is significant as all Official Development Assistance (ODA) and Other Official Flows (OOF) are also included in TOSSD, provided the activities comply with the TOSSD sustainability criteria. In addition, the two systems have a large overlap in terms of classifications as the TOSSD Task Force adopted many of the classifications used in the CRS¹, both for their relevance and in order to allow reporting entities to submit data to the two systems without additional burden.
2. In some cases, the TOSSD Task Force complemented the existing CRS taxonomies with additional codes. These additional categories were created to better track certain activities, in response to data needs expressed by various stakeholders (recipient countries, CSOs, researchers, providers) either directly through their participation in the TOSSD Task Force meetings or through the consultations carried out in the context of the TOSSD country and thematic pilot studies.² While some of the TOSSD additional codes apply to activities reported in TOSSD only³, others are relevant for activities reported both in the CRS and TOSSD.
3. **This note, issued at the request of the TOSSD Task Force, proposes a number of additional codes to the CRS classifications for consideration by the WP-STAT.**⁴ The benefit of these additional codes for WP-STAT members is two-fold: (i) the codes proposed allow to distinctively track certain activities and characteristics that are relevant also in the context of the CRS and discussions on ODA; and (ii) the alignment of the CRS-TOSSD classifications would be beneficial for the vast majority of CRS reporters, who report also to TOSSD, as it would facilitate their data production and submission processes.

Aligning the CRS and TOSSD sector classifications

Proposal for new purpose codes

4. TOSSD is aimed at tracking the financing of sustainable development and the SDGs. In order to define the scope of TOSSD activities reportable as contributions to SDG 16 on peace, justice, and inclusion, a specific TOSSD pilot study was carried out.⁵ The pilot, which involved a large consultation with relevant experts, revealed the need to better track some peace and security activities currently not

¹ TOSSD and the CRS are governed by distinct bodies. The TOSSD Reporting Instructions are agreed and maintained by the international TOSSD Task Force, with its distinct membership and standard setting mechanisms. Eight members of the Task Force (Canada, Denmark, the European Union, France, Japan, Sweden, the United Kingdom and the United States) are also members of the WP-STAT, while the remaining nineteen members represent emerging providers, recipient countries and international organisations.

² See <https://www.tossd.org/pilot-studies-and-analyses/>.

³ For example the sector code on “countering violent extremism”.

⁴ An earlier proposal to introduce in the CRS a modality for “refugees in developing countries” was not accepted and is not discussed again here [see DCD/DAC/STAT/A(2020)4].

⁵ See the TOSSD [pilot study on peace and security](#) and the issues paper discussed by the TOSSD Task Force on [TOSSD classifications](#).

separately identified in the CRS purpose codes. **It is therefore proposed to include these categories in the purpose codes classification when relevant for ODA reporting (see Box 1). Members are invited to share their views on this proposal.**

Box 1. Proposal for creating new CRS purpose codes

- In the sector “Government and civil society – general [151]”, introduce three purpose codes as shown below (in yellow) under the “legal and judicial development” and “human rights” categories:

15130	Legal and judicial development
15138	Fight against transnational organised crime
15139	Cyber security
15160	Human rights
15161	Transitional justice

- In the sector “Conflict, peace and security [152]”, introduce a new purpose code as shown below (in yellow):

15210	Security system management and reform
15220	Civilian peace-building, conflict prevention and resolution
15230	Participation in international peacekeeping operations
15240	Reintegration and SALW control
15250	Removal of land mines and explosive remnants of war
15261	Child soldiers (prevention and demobilisation)
15270	Prevention of violent extremism

Notes:

- The additional purpose codes proposed are shown in yellow. When the additional purpose code proposed is a subcategory of an existing purpose code, the parent purpose code is shown in bold.
- In addition, in TOSSD some purpose codes were introduced to cover non-ODA activities: countering violent extremism, international criminal justice, disarmament of Weapons of Mass Destruction (WMD).

Explanation on the purpose codes proposed

5. A number of stakeholders interviewed in the context of the TOSSD peace and security pilot study stressed the relevance of separately tracking support aimed at combating transnational organised crime and cybercrime, given that these activities are broadly recognised as important for the achievement of the SDGs.⁶ Civilian activities aimed at enhancing the capacities of the criminal justice system in developing countries in combating organised crime and cybercrime are reportable in ODA. Therefore, the WP-STAT may wish to consider the creation of the two following purpose codes in the “legal and judicial development” category:

⁶ The fight against organised crime is specifically mentioned in SDG target 16.4 (“By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime”). The fight against cybercrime can contribute to the achievement of many SDGs and is directly relevant to SDG 9 (“Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation”).

- **Fight against transnational organised crime:** Activities that support law enforcement agencies in the fight against transnational organised crime, including trafficking in cultural property; money laundering and illicit financial flows; trafficking of wild fauna and flora and forest products; maritime piracy; illegal mining, trafficking in precious metals; crimes related to fishing; illicit trafficking in firearms. [Use code 16063 for narcotics control, code 15139 for the fight against cybercrime and code 15190 for human trafficking and migrant smuggling]. The provision, or training on the use, of lethal equipment is excluded from ODA. See additional safeguards in the field of peace and security in the Directives (paragraphs 110-133).⁷
- **Fight against cybercrime:** Civilian activities to protect the cyber domain – including the internet, telecommunications network, computer systems, and embedded processors and controllers – from those threats that are associated with its interdependent networks and information infrastructure or that may harm these. Also covers the fight against cybercrime. This category includes protection measures against i) offences against the confidentiality, integrity and availability of computer data and systems; ii) computer-related offences; iii) content-related offences; iv) offences related to infringements of copyright and related rights.⁸

6. Another category that is missing from the CRS purpose codes but that was highlighted as very important for the achievement of SDG 16 is transitional justice. The WP-STAT may wish to consider the creation of a new purpose code for transitional justice under the “human rights” sector:

- **Transitional justice:** Support to national institutions of developing countries beyond the regular justice system to address large-scale or systematic human rights violations. Transitional justice delivered through international tribunals based on international law is not eligible to ODA.⁹

7. Although specifically mentioned as eligible to ODA in the statistical reporting directives, the prevention of violent extremism (PVE) is currently not separately identified in the purpose codes. A number of experts and civil society organisations have stressed the importance of tracking this category. A purpose code on PVE (ODA-eligible) would also clarify what this concept means in comparison with countering violent extremism (non ODA-eligible). It is therefore proposed to include the following code in the “conflict, peace and security” category:

- **Prevention of violent extremism:** Actions intended at addressing the drivers of violent extremism such as those outlined in the United Nations Secretary General plan of action to prevent violent extremism: dialogue and conflict prevention; strengthening good governance, human rights and the rule of law; engaging communities; empowering youth; gender equality and empowering women; education, skills development and employment facilitation; strategic communications, the Internet and social media.

⁷ The definition used in TOSSD has been slightly adjusted to make a reference to the CRS Reporting Directives. In TOSSD, the “Fight against transnational organised crime” is defined as follows: “Activities that support law enforcement agencies in the fight against all forms of transnational organised crime, including trafficking in cultural property, money laundering and illicit financial flows; trafficking of wild fauna and flora and forest products; maritime piracy; illegal mining, trafficking in precious metals; crimes related to fishing; illicit trafficking in firearms; human trafficking and migrant smuggling. Activities should be aligned with the United Nations Convention against Transnational Organised Crime (UNTOC). The provision, or training on the use, of lethal equipment is excluded even if related to the above-mentioned crimes.”

⁸ Note that although a sector on cybersecurity has been created in TOSSD, its definition is still under discussion. The TOSSD Task Force has requested the TOSSD Secretariat to propose a definition focussing also on cybercrime, in line with the one proposed here but covering in addition some military/defence activities, not eligible to ODA but reportable in TOSSD.

⁹ Note that the definition of “transitional justice” used in TOSSD has been changed to comply with the ODA eligibility rules.

Aligning the classifications on financial instruments

8. In the CRS classification on financial instruments, grants are defined as “transfers in cash or in kind for which no legal debt is incurred by the recipient”. However, today this financial instrument is used in the CRS as a default value for expenditures, which involve no transfer of resources, but which are rather direct payments by the donor for the compensation of its employees, the procurement of goods and services, etc. Examples of such expenditures include administrative costs or expenses incurred by donor official research entities that receive allocations from the government ODA budget.¹⁰

9. Some reporters, for example from international organisations, have signalled to the Secretariat that classifying by default their headquarter expenditures as “grants” does not seem appropriate for them, as these include, in addition to transfers and grants, expense categories such as staff, supplies and travel (see the United Nations harmonised expense categories in Box).

Box 2. UN Chief Executive Board Harmonised Expense Categories for reporting

The following expense categories are used for the United Nations internal reporting:

- **Staff and other personnel costs:** Includes all related staff and temporary staff costs including base salary, post adjustment and all staff entitlements.
- **Supplies, Commodities, Materials:** Includes all direct and indirect costs (e.g. freight, transport, delivery, distribution) associated with procurement of supplies, commodities and materials. Office supplies should be reported as "General Operating".
- **Equipment, Vehicles and Furniture including Depreciation:** For those reporting assets on UNSAS or modified UNSAS basis (i.e. expense up front) this would relate to all costs to put asset into service. For those who do donor reports according to IPSAS this would equal depreciation for period.
- **Contractual Services:** Services contracted by an organization which follow the normal procurement processes. In IPSAS terminology this would be similar to exchange transactions. This could include contracts given to NGOs if they are more similar to procurement of services than a grant transfer.
- **Travel:** Includes staff and non-staff travel paid for by the organization directly related to a project.
- **Transfers and Grants to Counterparts:** Includes transfers to national counterparts and any other transfers given to an implementing partner (e.g. NGO) which is not similar to a commercial service contract as per above. In IPSAS terms this would be more similar to non-exchange transactions.
- **General Operating and Other Direct Costs:** Includes all general operating costs for running an office. Examples include telecommunication, rents, finance charges and other costs which cannot be mapped to other expense categories.
- **Indirect Support Costs:** (No definition provided).

Source: 'Explanation of changes to UNDG Budget Categories' in the UN Multi-Partner Trust Fund Office [Gateway](#).

10. Today the classification of these expenses as grants in the CRS is misleading. In order to describe these expenses more accurately, a new category was added in TOSSD under the classification of financial instruments: “direct provider spending”. **The WP-STAT may wish to consider the creation of a similar category in the CRS classification of financial instruments, which would be defined as follows:**

¹⁰ For example, France allocates part of its ODA budget to the French National Institute of Health and Medical Research (INSERM) to carry out medical research on issues affecting developing countries.

- **Direct provider spending - 2100:** Direct expenditures incurred by official entities other than through grants. Examples include administrative costs or government support to R&D through activities carried out by government personnel in government facilities. This type of direct spending is also relevant when the provider is a multilateral institution.

11. Members are invited to share their views on whether they would support the creation of this additional financial instrument.

Aligning the classifications on channels of delivery

12. The TOSSD Task Force has adopted the CRS channel codes. Under the multilateral category (category 40000), only international organisations that are eligible to ODA (i.e. included in the Annex 2 List of ODA-eligible international organisations) are included in the CRS channel codes list. At the request of the United Nations, additional channel codes have been introduced in TOSSD to cover a number of organisations not included in Annex 2 (see Table 1), as the financing provided to them by donor countries can be reported in TOSSD.

13. While these latter organisations are not eligible to receive ODA funds in support of their core budgets, some of them might receive earmarked funding to specific ODA-eligible projects. In fact, Canada has already reported in the CRS this year earmarked ODA funding using the additional TOSSD channel codes for the International Residual Mechanism for Criminal Tribunals (IRMCT) and the Department of Economic and Social Affairs (DESA).

14. Canada proposed adding the TOSSD channel codes referring to international organisations not included in Annex 2 (see Table 1) to the CRS channel codes list. By providing the identity of the implementer, the additional codes would improve the granularity of the CRS data. The Secretariat also thinks that this would contribute to further align the CRS-TOSSD classifications and facilitate members' reporting. **Do members see any issue with integrating these codes in the channels of delivery classification of the CRS?**

Table 1. Channel codes for UN entities (core contributions reportable in TOSSD only)

41000	41200		UN entities (core contributions reportable in TOSSD only).
41200	41201	CTBTO	Comprehensive Nuclear Test Ban Treaty Organization
41200	41202	ICAO	International Civil Aviation Organization
41200	41203	ICC	International Criminal Court
41200	41204	IRMCT	International Residual Mechanism for Criminal Tribunals
41200	41205	ISA	International Seabed Authority
41200	41206	ITLOS	International Tribunal for the Law of the Sea
41200	41207	OPCW	Organization for the Prohibition of Chemical Weapons
41200	41208	DESA	Department of Economic and Social Affairs
41200	41209	DGACM	Department of General Assembly and Conference Management
41200	41210	DGC	Department of Global Communications
41200	41211	DMSPC	Department of Management Strategy, Policy and Compliance, including UNOG, UNOV and UNON
41200	41212	DOS	Department of Operational Support
41200	41213	DSS	Department of Safety and Security
41200	41214	OCT	Office of Counter-Terrorism
41200	41215	UNICRI	United Nations Interregional Crime and Justice Research Institute