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Development Co-operation Directorate  
Development Assistance Committee

## DAC Working Party on Development Finance Statistics

### [DRAFT Handbook for reporting the SDG focus of development co-operation activities]

Informal meeting of the Working Party on Development Finance Statistics (WP-STAT), 24-26 February 2020, OECD Boulogne

The CRS field for reporting on the SDG focus of development co-operation was introduced in the data collection in 2019 on 2018 activities [DCD/DAC/STAT(2018)52]. Members have requested that additional guidance be developed to support their internal data collection and quality assurance processes in this area. Following a presentation at the December 2019 WP-STAT meeting, the Secretariat has drafted the first modules of the guidance on SDGs coding in the CRS.

Members will be invited to COMMENT on these modules, to be complemented by additional modules for discussion at the June 2020 meeting.

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# Introduction

1. This handbook provides clarifications on how to identify and report on support for the Sustainable Development Goals (SDGs) in the Creditor Reporting System of the OECD-DAC (CRS) to improve transparency on the financing of the 2030 Agenda. All development stakeholders involved in the implementation of the 2030 Agenda – including governments, multilateral institutions, the private sector and the civil society – require up-to-date and accurate information on its financing.
2. This guide presents the principles and methodologies of this reporting in nine different modules. The modules foreseen are the following.
  - A. Description of the SDG focus field
  - B. Overall SDG coding principles
  - C. Correspondence with policy and Rio markers
  - D. Correspondence with Sector codes
  - E. SDG coding methodology
  - F. Specific challenges and coding per SDGs
  - G. Use of machine learning tools to aide SDG coding
  - H. Improving text descriptions of development co-operation activities
  - I. Visualisation of SDG focus information
3. The SDG focus field and the overall SDG coding principles were presented at the WP-STAT in December 2019 and are further developed in this note based on the comments received. The other modules will be prepared progressively.
4. This handbook is intended to be a practical guide for reporters. It does not develop theoretical or analytical work on issues such as SDG interlinkages, trade-offs or impacts. The Handbook specifically aims to facilitate reporting in the context of the CRS, but makes reference to both the statistical framework of Total Official Support for Sustainable Development (TOSSD) and the International Aid Transparency Initiative (IATI), that also implement an SDG coding field with similar characteristics and aims to contribute to a common understanding on SDG reporting.

## Description of the SDG focus field

5. The SDG focus field is a voluntary field in the CRS database, and responds to the following question<sup>1</sup>:

***“To which sustainable development goal or target does the activity aim to contribute directly?”***

Data providers can report:

- up to ten targets, goals, or a combination of goals and targets,
- any goal or target belonging to the official list of 17 goals and 169 targets,
- the SDG value in the form of a flag, i.e. without percentages or scoring.



6. The format of the SDG field is as follows:

- Goals and targets are reported in no particular order, separated by a semicolon “;”,
- Goals are reported with their number followed by “.0”,  
e.g.: 2.0; 3.1; 3.a;

<sup>1</sup> See: DCD/DAC/STAT(2018)52.

7. The reporting instructions set no restrictions on the types of activities for which the SDG focus can be reported. All types of aid and types of finance can be reported as contributing to the SDGs.

8. The SDG focus of development co-operation is also reported in the TOSSD statistical framework and in IATI, with slight differences.

- **In TOSSD**, the contribution to the SDGs is an eligibility criterion. The field is therefore a mandatory field, although exceptions are possible<sup>2</sup>. The SDG field in TOSSD was developed after the approval of the SDG focus field in the CRS. The TOSSD reporting instructions specify that the activity should *directly* and *significantly* contribute to the reported SDGs. Lastly, TOSSD can accept more than 10 values for the SDG focus field, although it does not expect this to be a common case.

- **In IATI** it is also possible to report multiple goals or targets, and a guidance document was published in 2019<sup>3</sup>. Version 2.03 of the IATI standard introduced the <tag> element that allows to 'tag' an activity to one or multiple SDG Goals or Targets, in its entirety, without associated percentages, finances or priorities. IATI does not place a limit on the number of goals or targets that could be reported. IATI can also be used to publish the results of development co-operation activities, which can be associated to the SDG indicators using the <reference> element.

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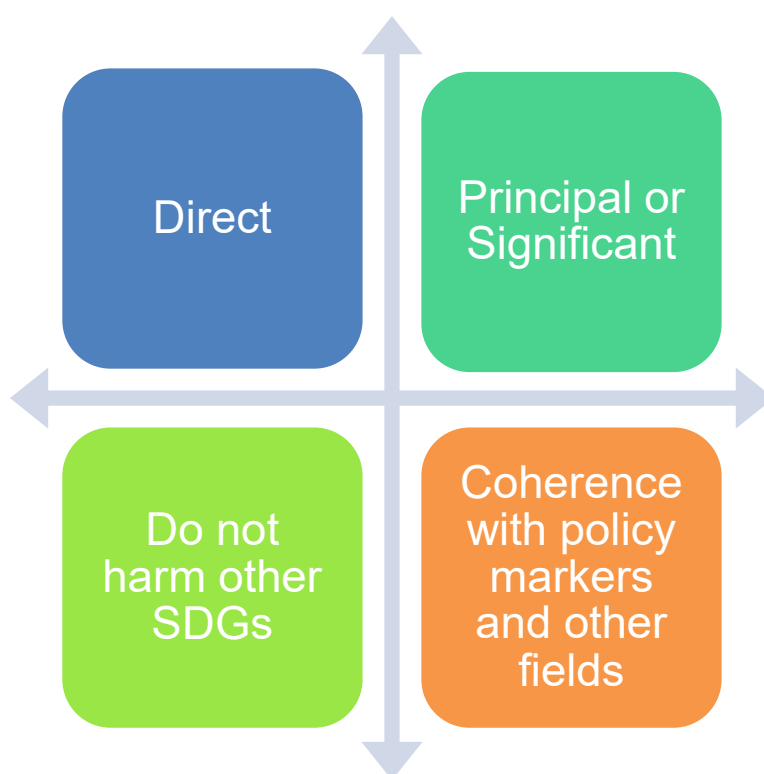
<sup>2</sup> See TOSSD Reporting Instructions, paragraphs 37, 47, 48, 49 and 87 <http://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/TOSSD-Reporting-Instructions.pdf>

<sup>3</sup> See: <https://iatistandard.org/en/news/new-guidance-on-publishing-sdg-data-using-the-iati-standard/>

## SDG Coding Principles

9. This module aims to establish a common understanding among reporters on high-level principles for assigning the SDGs or targets to development co-operation activities. The four criteria listed below should all be met simultaneously:

- 1) The activity should directly contribute to the reported SDGs, in the short or medium term.
- 2) The SDGs reported should be the principal objective of the activity, or a significant one.
- 3) An activity with a substantial, unmitigated, detrimental effect to one or more SDGs should not be reported as contributing to the 2030 Agenda, regardless of its positive contributions to other SDGs.
- 4) The SDG reporting should in principle be coherent with the policy markers and, when relevant, with the information reported in other CRS fields.



## Direct Contribution

**High level principle – The activity should directly contribute to the reported SDGs in the short or medium term.**

10. SDGs are closely inter-related. Some SDGs, such as the SDG1 on poverty, have profound linkages with all the others and can be potentially identified as the long-term objective of most development co-operation activities. Others, such as SDG7 on energy, are instrumental to achieve progress on most SDGs. Yet others, such as SDG5 on gender equality, are transversal goals, which could, and should, be embedded in activities in most areas, alongside other goals. Targets are also inter-related, within each goal, and across goals.

11. Each development co-operation activity typically focuses only on a subset of SDGs. The reporting methodology recognises the existence of interlinkages between the SDGs, but limits the reporting only to the SDGs the activity *directly* contributes to.

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*Reporters should indicate to which sustainable development goals or targets the activity aims to directly contribute.*  
*[CRS - Statistical directives]*

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12. A direct contribution can be defined as a contribution in the short to medium term, during the timeframe of the project or immediately thereafter, as a direct consequence of the project activities.

13. Development co-operation providers use different terms to indicate the short, medium and long-term objectives and results of their activities (Table 1). The direct results are often named “planned outputs”, while the consequences of these outputs on the target population are often named “desired outcomes”. Outputs and outcomes are linked by a strong causality chain. Therefore:

- The **identification of the SDG focus** of the activity should be based on the analysis **at the level of outputs and/or outcomes**.
- **Long-term objectives** should not be reported in the SDG focus field, unless a strong causality chain can be established.
- Development co-operation activities can have **indirect linkages** with many SDGs. These indirect contributions should not be reported in the SDG field as they are, by definition, outside the perimeter of the activity.

**Table 1 - Direct contribution**

Timeframe	Also called	SDGs Focus
Short – term	Planned outputs	Included
Medium – term	Desired outcomes	Included
Long – term	General objective	Not included, unless clear causal link

## Challenges

**SDGs are closely inter-related and it could be challenging to draw the line between direct and indirect contributions.** The guideline in this respect is that the SDGs focus field is not designed to record all possible effects of the reported activity on all SDGs. Rather, the SDG focus field collects information on the objectives and targets that are clearly and unequivocally pursued within the perimeter and during the results timeframe of the activity.

## Examples

Activities to increase school enrolment for girls directly contribute to SDG4 (education) and SDG5 (gender equality).

Higher levels of schooling for girls are likely to reduce economic vulnerability and contribute to poverty reduction. The contribution to SDG1 is indirect and therefore should not be reported.

Activities to support small agro-food businesses could directly contribute to SDG8 (economic growth and employment), SDG1 (poverty) and SDG5 (gender equality).

The improvement in the welfare of the families could in turn lead to improvements in other areas, such as SDG2 (health) or SDG3 (education). However, these contributions would be indirect and outside the perimeter of the project, and should not be reported.



## Principal or Significant Contribution

**High Level Principle – The SDGs reported should be the principal objective of the activity, or a significant one. Avoiding a negative impact is not a sufficient criterion to report an SDG.**

14. Development co-operation activities can pursue several policy objectives simultaneously. The CRS database includes a system to track twelve policy objectives, and to score them as the principal or significant objective of the activity, defined as follows:

- **Principal (primary)** policy objectives are those which can be identified as being fundamental in the design and impact of the activity and which are an explicit objective of the activity.
- **Significant (secondary)** policy objectives are those which, although important, are not one of the principal reasons for undertaking the activity.

15. The SDGs are also policy objectives, recorded in the SDG focus field but with no scoring. The reporting needs to distinguish between contributions to the SDGs that are “significant”, and thus included in the reporting, and those that are not significant, to be excluded from the reporting. The TOSSD reporting instructions uses the following wording.

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*Only report the targets that the activity directly and significantly contributes to.  
[TOSSD reporting instructions]*

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16. The CRS reporting directives also state that to qualify for a policy marker, it is not sufficient to avoid a negative impact, with the following wording:

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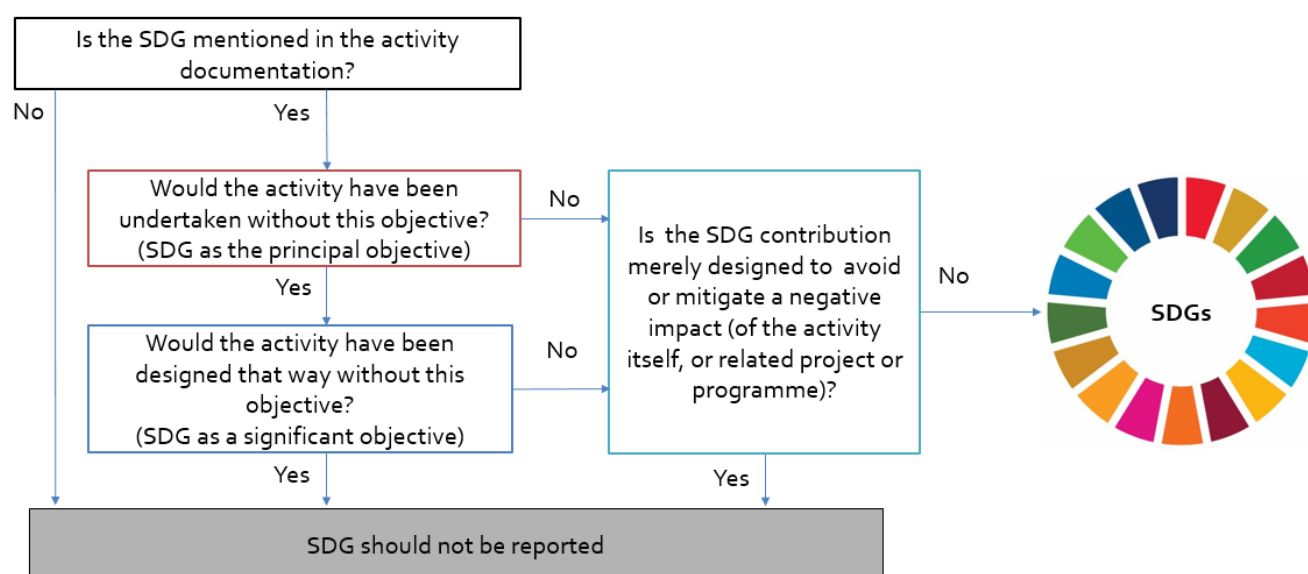
*To qualify for a score “principal” or “significant”, the objective has to be explicitly promoted in project documentation. Avoiding negative impact is not a sufficient criterion.  
[CRS Statistical Directives]*

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17. Data providers should adopt the same principles to report the SDGs and the policy markers, with the main difference being that the SDG focus field does not distinguish between principal (or primary) and significant (or secondary) SDGs. Reporting the SDGs should therefore have the following characteristics:

- The SDGs or targets should be **explicitly mentioned in the activity documentation** (or, at a minimum, should be easily recognisable).
- The reported SDGs should be **either the principal (primary) reason for undertaking and designing the activity, or a significant (secondary) objective among other prime objectives**. In other terms, the activity would not have taken place, or would not have been designed that way, if not for contributing to the reported SDGs.
- The value reported should not merely represent **an attempt to avoid or to mitigate the negative impact on one or more SDGs**, caused by the activity itself or related projects or programmes.

Figure 1 - SDG coding decision tree



## Challenges

**Drawing the line between a significant contribution (included) and not significant contribution (excluded) could be challenging.** Adopting the same concepts already in use for scoring the policy markers could help reporters identify the SDGs in a coherent manner. **Drawing the line between a positive contribution and avoiding negative impact could also be challenging as in some cases both are valid.** Reporters should report the SDGs only if the activity is able to make a positive contribution to one or more goals or targets, with respect to the baseline before the implementation of the activity or related project or programme.

## Examples

School development programme in rural areas, including infrastructure and staff.

This programme directly and significantly contributes to SDG4 (education) and SDG5 (gender equality). The programme creates some jobs, but job creation is not the principal or significant focus of the activity and thus SDG8 should not be assigned.

Hydro-electric power plant, with measures to mitigate environmental and biodiversity impact (such as safe corridors for fish).

This project will contribute to SDG7 (energy), but not to SDG14 (Life below water) because the interventions in this area are limited to avoid a negative impact on biodiversity.

## Do not harm other SDGs

**High Level Principle – An activity with a substantial, unmitigated, detrimental effect to one or more SDGs should not be reported as contributing to the 2030 Agenda, regardless of its positive contributions to other SDGs.**

18. The 2030 Agenda sets ambitious and integrated objectives for the whole world, in five interconnected areas of people, planet, prosperity, peace and partnerships. The objective of the Agenda is bold and transformational. The Agenda states that the SDGs are integrated and indivisible and balance the social, economic and environmental dimensions of sustainable development.

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*This is an Agenda of unprecedented scope and significance. It is accepted by all countries and is applicable to all, taking into account different national realities, capacities and levels of development and respecting national policies and priorities. These are universal goals and targets which involve the entire world, developed and developing countries alike. They are integrated and indivisible and balance the three dimensions of sustainable development.*  
*[2030 Agenda - Preamble]*

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19. The 2030 Agenda makes clear that the goals are not divisible. In other words, pursuing one goal at the expense of the others cannot be considered as contributing to the 2030 Agenda. Translating this principle into clear guidance for reporters is challenging because development co-operation activities, as most human activities, might have negative externalities on other areas. The TOSSD reporting instructions uses the following wording to ensure the sustainability:

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*An activity is deemed to support sustainable development if it directly contributes to at least one of the SDG [...] and if no substantial detrimental effect is anticipated on one or more of the other targets*  
*[TOSSD Reporting Instructions]*

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20. Development co-operation providers faced the problem of balancing economic, social and environmental dimensions of activities well before the SDGs. A series of environmental and social safeguards (ESS) have been developed by bilateral and multilateral institutions. The ESS are based on the identification of possible negative impacts, and their avoidance or minimisation. The ESS typically consider possible alternatives to the activity, international best practices and mitigation options. The issue of avoiding negative effects on one or more SDGs is, in most cases, already addressed by the ESS at the design stage of the activity.

21. In the context of the SDG reporting, the information recorded in the CRS is too limited to enable an ex-post assessment of the eventual detrimental effects of each activity on the other goals. However, data providers could declare that, whenever an SDG is assigned to an activity, it is intended to contribute to the 2030 Agenda and that appropriate internal procedures (such as ESS) are in place to ensure that the other SDGs are not substantially harmed.

22. The “potential harm to other SDGs” could be defined to have two characteristics.

- **To be substantial** i.e. have a significant negative impact on one or more goals, targets, or indicators.
- **To be unmitigated** i.e. the negative impact is not minimised or compensated, for example by using the available best practices and technologies or appropriated mitigation options.

Reporters could agree that *by reporting the SDG focus of an activity, data providers declare that they have internally assessed that no substantial, unmitigated detrimental effect is foreseen on other SDGs.*

## Challenges

- Many economic activities have an environmental impact, and are not carbon-neutral. Sustainability is however not a fixed concept, but should be assessed by the stakeholders of the activity on the basis of many factors including the local conditions, the needs that the activity aims to fulfil, the availability of more sustainable solutions, their cost-effectiveness, the likelihood and nature of the possible risks on other SDGs.
- Drawing the line on “no substantial, unmitigated, detrimental effect” might be particularly challenging for SDG13, as many economic and developmental activities can in fact increase the GHGs emissions. Climate change is an integral part of the 2030 Agenda and of development finance efforts. Emphasis should be placed on the presence of proper environmental analysis, safeguard mechanisms, and the use of best current practices and mitigation options.

## Examples

- Fishery development projects could contribute to SDG2 (zero hunger) and SDG8 (decent work) but could potentially have a negative impact on SDG14 (life below water). The project could be flagged for SDG2 and SDG8 only if the concerns over the detrimental impact on SDG14 have been analysed and addressed.

- A fossil fuel power plant could contribute to SDG7.1 on energy access, increasing the provision of electricity and the reliability of the national grid. However, fossil fuels are detrimental to SDG13 on climate change, and cause local pollutants. The activity should not be marked for SDG7, if viable alternatives exist.

## Coherence with policy markers and other CRS fields

**High Level Principle – The SDG reporting should be in principle coherent with the policy markers and, when relevant, with the information reported in other CRS fields.**

23. Coherence is an important element of a statistical framework. The CRS database has several internal rules to ensure coherent values between some of its fields (such as the sector codes, policy markers, types of aid, et al.). The introduction in the CRS of the SDG focus field provides additional information for each activity reported, which should not obviously contradict the information presented in other fields. Particular attention is needed to avoid contradiction between the SDG field and some policy markers, and, in some cases, with sector codes that are closely aligned with SDGs.

24. The policy markers and the SDGs focus field have similar methodologies, as both report the intended objective of the activity. The policy markers are a statistical tool to track financing for selected objectives, with specific eligibility criteria, perimeter and default values. The SDGs are policy objectives, but the agenda does not provide a detailed methodology to identify the activities that support the SDGs. Some of the policy markers are closely related to the SDGs, and coherent values should be reported unless otherwise justifiable. Table 2 presents a correspondence between the policy markers and the SDG values. The correspondence is recommended in most cases, but not prescriptive. Misalignments between the definition of the policy markers and of the SDGs wording exist, and thus this correspondence is not valid in all cases.

**Table 2 – Correspondence between policy markers and SDGs (recommended values)**

(If) Policy and Rio Markers	(Then) SDG	Note
<b>Biodiversity</b>	SDG14 - Life below water or SDG15 – Life on land	
<b>Desertification</b>	SDG15 – Life on land	In particular 15.2 and 15.3, but not exclusively
<b>Climate Change Mitigation</b>	SDG13 – Climate Action	
<b>Climate Change Adaptation</b>	SDG13 – Climate Action	
<b>Environment</b>	SDG13, SDG14, SDG15	
<b>Gender Equality</b>	SDG5 – Gender Equality	
<b>Participatory Development / Good Governance</b>	n.a.	Some linkages with SDG16 exist, but need to be assessed case by case
<b>Reproductive, Maternal, Newborn and Child Health (RMNCH)</b>	SDG3 – Good Health or SDG2 - Nutrition	

<b>Trade development</b>	n.a.	Some linkages with SDG17.10, 17.11 and 17.12 exist, but need to be assessed case by case
<b>Disaster Risk Reduction</b>	n.a.	
<b>Nutrition</b>	SDG2 - Nutrition	
<b>Support and inclusion of people with disabilities</b>	n.a.	

25. Given the longer experience with policy markers, and their more detailed methodology, it is preferable to derive the SDG field value from the policy markers, rather than vice-versa. [Detailed analysis to be developed.]

26. The coherence with sector codes is more challenging. Sector codes represent the sector of economic activity (input) while the SDGs and the policy markers are defined on the basis of the desired objectives. Translating sector codes to SDGs cannot take into account the “do not harm” criteria and, if done automatically, may allow non-sustainable activities to be recorded as supporting the SDGs. However, in some sectors the activities are very likely to be related to the SDGs, and a correspondence can be recommended. This is particularly the case of the health and education sectors. [Detailed analysis to be developed.]

## Challenges

27. There might be misalignments between the policy marker definitions and the SDGs. These will need to be addressed case by case.

## Examples

- A project marked with the Rio marker for “biodiversity” (principal or significant) should logically also be marked with either the SDG13 “life on land” or the SDG14 “life below water”.
- A project in the education sector should logically be also marked with SDG2.

# SDG Data visualisation

## Concept

28. This section provides some examples of visualisation of the data on the SDG focus of development co-operation activities. All examples are based on real data collected in 2019 on 2018 activities. The examples are not exhaustive as the SDG data are extremely rich and can be showcased in various ways, rather they represent some of the most common cases.

29. The SDG focus data and the policy markers data have similar characteristics and, consequently should be treated in a similar fashion. Some of these include:

- The data are qualitative in nature. While they can approximate the amount of “SDG-related” development finance, an exact quantification by SDG is not possible.
- The SDGs are interlinked and the SDG data have overlaps. These overlaps should be properly taken into account when visualising and communicating data. Activities flagged with more than one SDG should not be counted several times.
- Data coverage varies significantly from one member to another. This influences the results and should be properly communicated.
- Data at the target level could be aggregated at the goal level.

## Portfolio profiles by provider or recipient country

30. The availability of SDG information allows to build portfolio profiles to analyse the SDG focus of the development co-operation activities committed by a donor, committed to a specific recipient country, or of any intersection of donor/recipient desired.

31. The example in Figure 2 shows the SDG ODA profile of Portugal. Portugal’s reporting on the SDG focus field had excellent coverage in 2018, with SDGs assigned to 98% of its activities (in volume of financing). In this case, the shares are calculated as the amounts committed for each SDG, divided by the amount of total bilateral ODA (SDG marked or not). The chart shows well that Portugal’s ODA in 2018 mainly targeted SDG1 and SDG4, followed by SDG16 and SDG17. The chart also shows that 2% of the activities (in volume) had no SDG focus assigned.

32. The example in Figure 3 shows the SDG focus of ODA committed to Papua New Guinea by DAC members in 2018, presenting the amount in USD millions committed for each SDGs. The chart visualises the amount committed for each SDG exclusively and the amount of committed overlapping with other SDGs. The chart also visualises the amount of ODA to which no SDG has been assigned. There is a strong focus on SDG16, with almost half of the corresponding commitments exclusively targeting this SDG. The chart displays also a strong focus on SDG9, always overlapping with other goals, and on SDG3 and SDG4.

Figure 2 - SDG focus of total bilateral ODA from Portugal, 2018

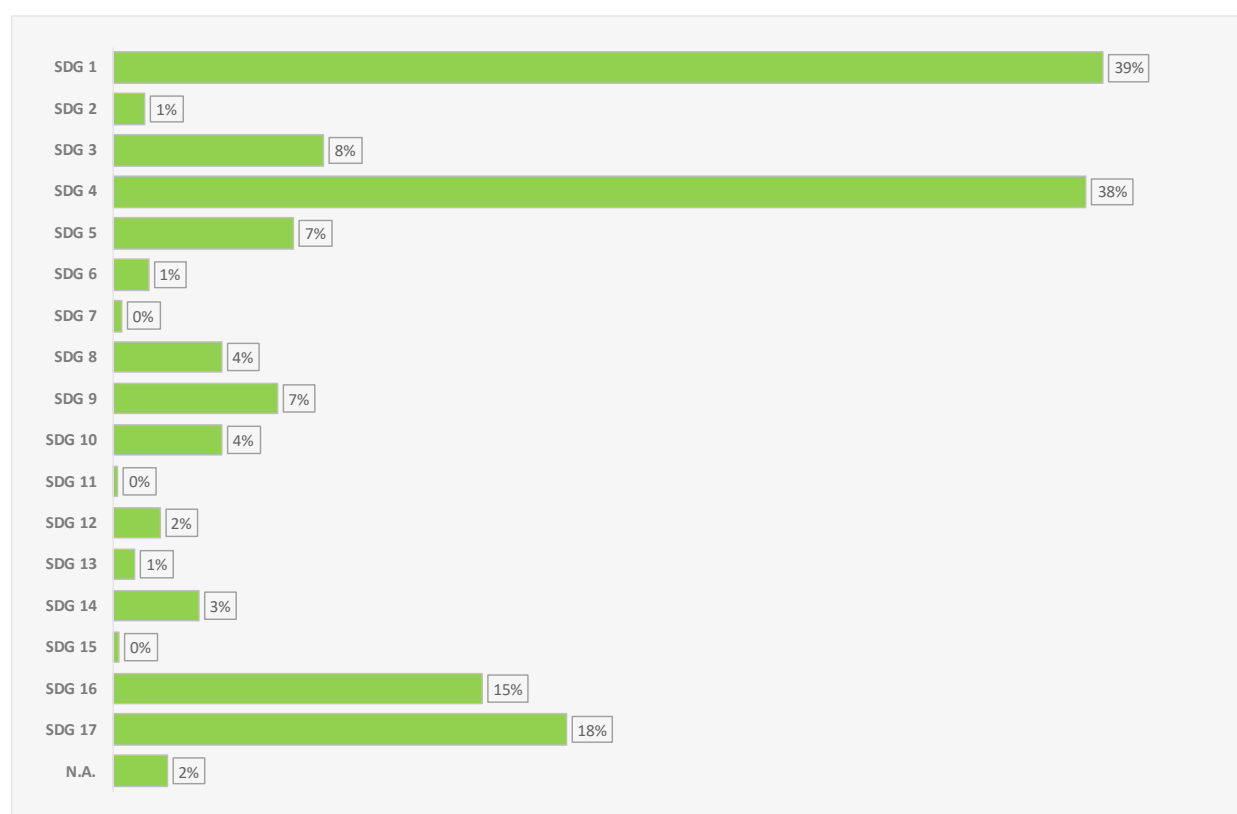
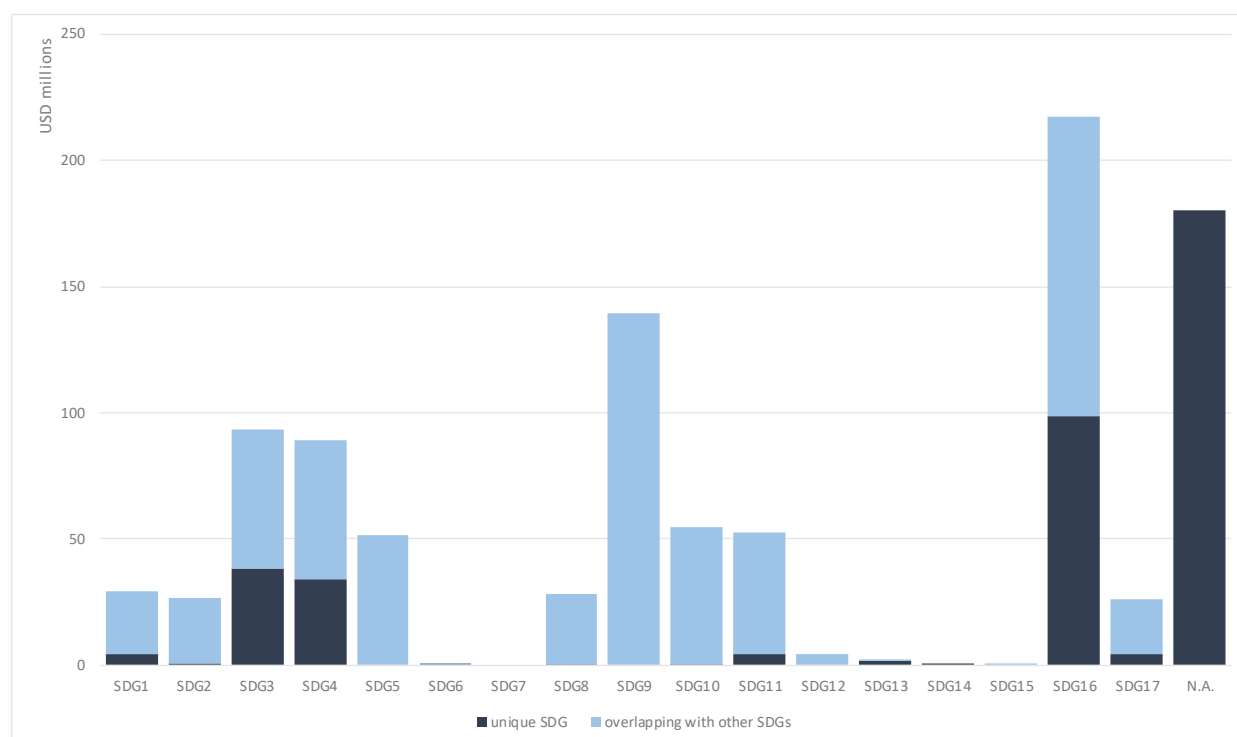


Figure 3 - SDG focus of ODA committed to Papua New Guinea by DAC members, USD million, 2018.



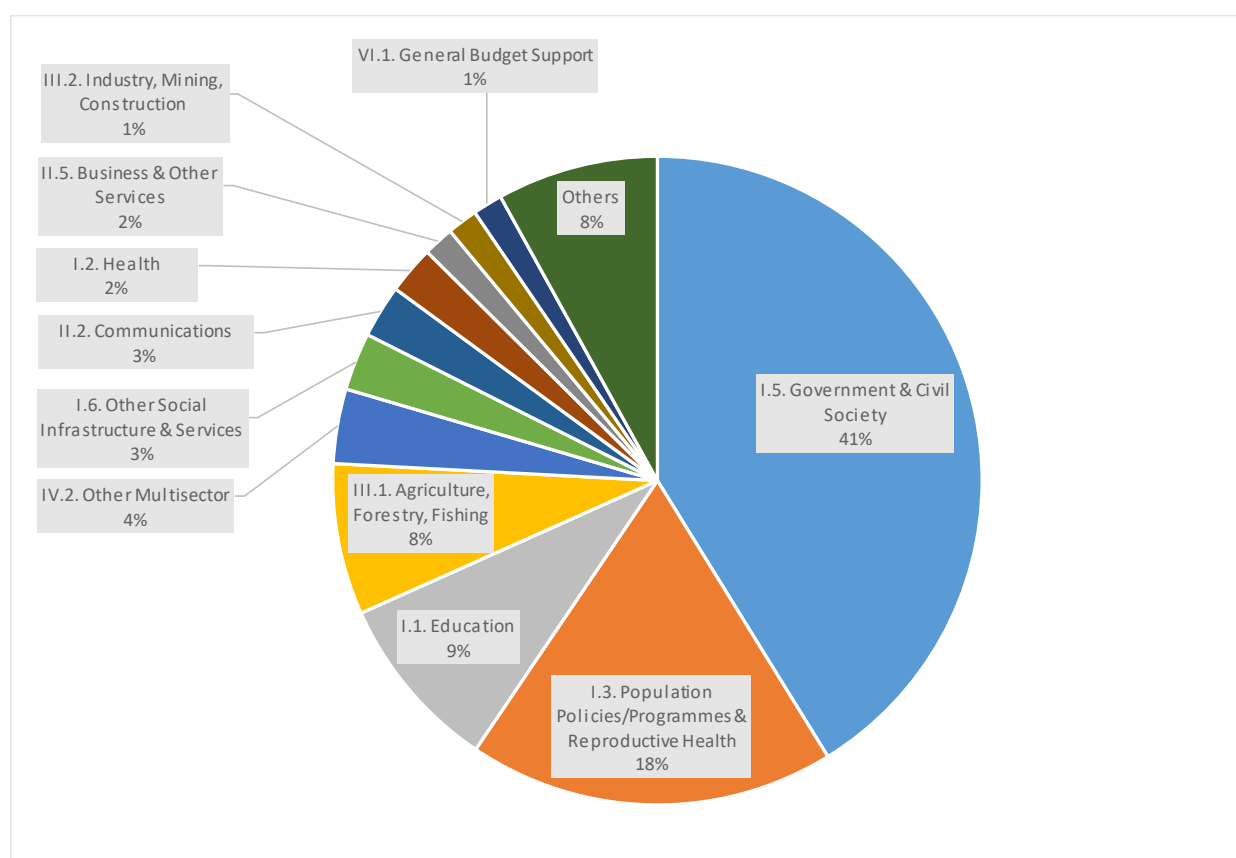


## Analysis by SDG

33. Data can also be analysed by SDG, to provide detailed information on the sectors that contribute to each SDG, on the overlaps between specific SDGs, or on the breakdown by target.

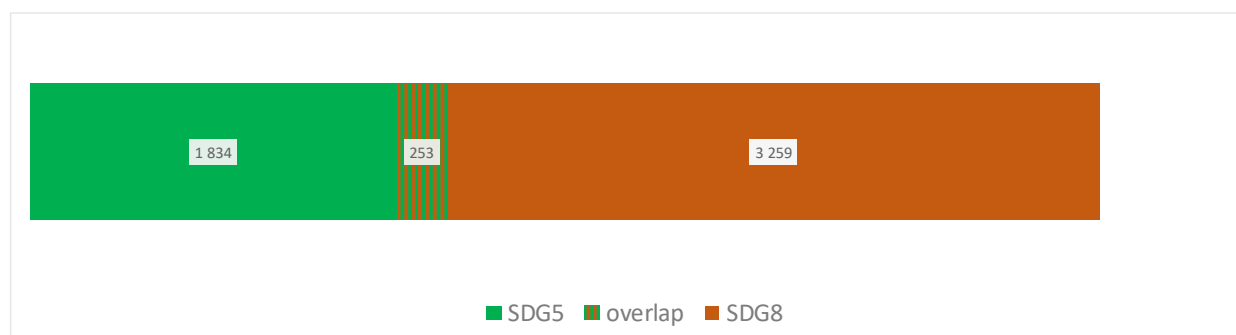
34. Figure 4 takes into account only ODA flagged as targeting SDG5 and presents the breakdown of these commitments by sector. The figure shows that the bulk of ODA identified as contributing to SDG5 is in the sectors of Government and Civil Society (41%), followed by Population Policies/Programmes and Reproductive Health (18%), Education (9%) and Agriculture, Forestry and Fishing (8%). In this case, there is no possibility of overlap given that sector codes do not overlap in the CRS statistical system.

**Figure 4 - SDG5 ODA from DAC members in 2018, by sector**



35. Data can show the overlap between selected SDGs. For example, Figure 5 visualises the amount committed by DAC donors to SDG5 and SDG8, and to both SDG5 and SDG8.

Figure 5 - ODA committed by DAC donors in 2018 to SDG5, SDG8 and overlaps, USD million.



36. Data can also be presented at the target level. Table 3 shows the composition of SDG7 commitments by target, in shares over the total amounts committed to SDG7. In this case, most of the data were coded at the goal level (7.0) and not much detail is available by target. Given that overlaps are possible also at the target level, the total amount is higher than 100%.

Table 3 - SDG7 by target, shares over total SDG7 commitments. ODA by DAC members in 2018.

<b>7.0</b>	96.9%
<b>7.1</b>	1.6%
<b>7.2</b>	0.5%
<b>7.3</b>	0.4%
<b>7.a</b>	0.4%
<b>7.b</b>	0.4%
<b>TOTAL</b>	100.2%