

2022 Financing for Sustainable Development Report Draft Outline

I. Global economic context

II. Thematic chapter

III.A. Domestic public resources

1. Key messages and recommendations

2. Domestic resource mobilization in the COVID-19 era

- Revenue trends & ongoing impact of COVID-19
 - Annual official data on revenue (through 2020), supplemented with selected first half 2021 data if possible
 - Possible data presentation on impact of COVID response/vaccination rates on fiscal system – pointing to ongoing impact – alongside regular breakdowns by income, region, special situation
 - Impacts on tax administration functioning
- Lessons learned from COVID-19
 - Challenges in forecasting
 - How to prepare for potential increase in non-economic shocks and associated revenue volatility
 - Digitalisation of tax administrations
 - Counter-cyclical role of fiscal policy (pointer to thematic chapter)

3. Inequality implications of the changing fiscal system¹

- Progressivity & inequality
 - Revenue and expenditure should not be considered in isolation
 - Principles: balancing equity with efficiency and enforcement
 - Revenue progressivity
 - Wealth taxes, land taxes and inheritance taxes; and evasion by high-wealth individuals (w/ ref to administration)
 - The role of consumption/excise taxes in addressing inequality (including distributional implications of tobacco and sugar taxes)
 - Revenue from informal sector and distributional implications (w/ ref to administration)
 - Social protection, incl. its coverage of informal workers
 - Recent data/trends – reflecting ILO World Social Protection Report 2020-2022
 - COVID-19 response mechanisms (temporary v. permanent), and developments in social protection delivery systems (incl. coordination of different pillars)

¹ Revenue & expenditure to be discussed together in sections 3 and 4

- Importance of social contributions, including distributional implications
- Gender responsive social protection
- Gender inequalities and their economic and social implications
 - Gender disaggregated tax & COVID-19 response data
 - Tax policy/systems to promote gender equality
 - Gender responsive budgeting (GRB)
 - Applying GRB for COVID-19 recovery
 - Public investment in the care economy
 - Potential box: gender disaggregated data from Ethiopia

4. The environmental implications of the fiscal system

- Green fiscal policies & fossil fuel subsidies/carbon taxes
 - Impact of fuel subsidies/carbon taxes on fiscal space and financing for development
 - Discussion broken down by relevant country groups (e.g. fossil fuel exporters versus importers)
 - Discussion on inequality impacts & political economy of implementation
 - Possible reference to international coordination and cross-ref to trade chapter on border adjustment
- Other environmental taxes: including many at subnational level (waste, transportation related)
 - Brief reference to biodiversity finance – internalising externalities/changing incentives, raising revenue
 - Reference: Financing specifics change for GPGs versus local public goods/services (cross ref development cooperation chapter)

5. International tax cooperation

- Responses to the digitalization of the economy
 - Short description of trends/revenue implications
 - Description of final result from IF on BEPS (both Pillar 1 and Pillar 2)
 - Addressing digitalisation:
 - Discussion of the implementation challenges and potential impact of Pillar 1
 - Description of the UN subcommittee work on Article 12B, take up and discussion of potential impact
 - Addressing BEPS more broadly:
 - Impact of Pillar 2 on incentives for sustainable investment
- Progress on tax transparency and exchange of information for tax purposes
- UN Tax Committee results from previous committee composition conclusion of 4-year work programme
- Box: Work of the PCT
- Capacity-building
 - Data on aid to DRM, results of Addis Tax Initiative 5-year completion

6. Illicit financial flows

- Reference to/box on forthcoming UN Secretary General Policy Brief on IFFs
- Volume estimates & statistical framework
 - UNCTAD/UNODC indicator process
 - Published estimates, broken down by region if possible
- Progress on combatting tax evasion (with references to section 5)
- Progress on financial and beneficial ownership transparency
 - Presentation of FATF review (will happen late in the year)
 - Up to date state of play on country adoption of centralised beneficial ownership registries, incl. public transparency
- Progress on anti-money laundering and countering the financing of terrorism
 - Possible mention of IFFs linked to remittances
 - Possible mention of IFFs linkage to conflict
- Progress on combatting corruption (incl outcomes of UNGASS on Corruption)
 - Possible country box on procurement from OECD/MAPS
- Progress on tax & crime
- Progress on asset recovery and return

III.B. Domestic and international private business and finance

1. Key messages and recommendations

2. Investment trends

3. Increasing long-term private finance

- 3.1 Unlocking private investment in sustainable and resilient infrastructure
- 3.2 Increasing the impact of Foreign Direct Investment (FDI)
- 3.3 Developing local financial markets

4. Improving access to financial services

- 4.1 Financial inclusion and local banking sector
- 4.2 Access to finance for SMEs
- 4.3 Reducing the cost of remittance transfers

5. Leveraging financial systems to advance a sustainable private sector

- 5.1 Policy incentives for sustainable business practices
- 5.2 Enhancing corporate sustainability reporting
- 5.3 Taxonomies, standards and labels for sustainable investment
- 5.4 Embedding sustainability in lending practices and the role of credit rating agencies

III.C. International development cooperation

1. Key messages and recommendations

2. Official development assistance

- Impact of COVID-19 allocations on 2020 ODA by sector (health, education, economic, gender, disaster risk reduction etc.), instrument (grants, loans), country programmable aid, country group (Africa, LDCs, LLDCs, SIDS), 2021 ODA estimates
- Box on ODA modernization (including impact of debt rule changes)
- Box on ACT Accelerator, COVAX progress

2.1 Humanitarian finance

2.2. COVID-19 implications on access criteria

- Graduation issues, transition finance, middle-income countries, multidimensional vulnerability

3. MDB lending

- IDA20 replenishment, non-concessional finance trends

4. Blended finance

5. South-South cooperation (covering also triangular cooperation)

6. Finance for climate change and biodiversity

6.1. Climate finance – UNFCCC SCF 4th Biennial Assessment

6.2. Biodiversity finance

7. Quality, impact and effectiveness of development cooperation (including country group context analysis, e.g., for LDCs and SIDS)

- International cooperation on global public goods
- Box on country level action to strengthen the effectiveness of development cooperation
- Box on broader measures of development support (Working Group on Development Support discussions, TOSSD progress)
- Box on UN guidelines on the taxation of aid

III.D. International trade as an engine for development

1. Key messages and recommendations

2. Developments in international trade

2.1. Trends in world trade (including in LDCs – LLDCs – SIDS tourism) / diversification / changes in supply-chain

2.2. Trade-restrictive and trade-facilitating measures

2.3. 5E-commerce (international) [linked to domestic e-commerce likely covered in the tech chapter]

3. Progress on progress on multilateral trade negotiations and WTO reform

4. Regional trade and investment agreements

4.1. Regional trade agreements

4.2. International investment agreements

5. Facilitating international trade

- 5.1. Trade finance gaps and instruments
- 5.2. Aid for Trade
- 5.3. Trade facilitation

6. Mainstreaming sustainable development in international trade

- 6.1. Intellectual property rights and the trade-related response to the COVID-19 pandemic
- 6.2. Trade and vulnerability: empowering women and migrant workers
- 6.3. Trade and climate change (including carbon border tariffs and making commercial shipping carbon neutral)

III.E. Debt and debt sustainability

[Structure and focus to be further refined based on evolving focus of thematic chapter]

1. Key Messages and Recommendations

2. Debt trends: impact of the pandemic and its aftermath

- Overview of global debt levels (*including developed/ developing countries; link to global context and systemic issues*)
- Debt levels in developing countries:
 - Development of public and external debt levels of LDCs, SIDS, MICs, regions
 - Composition of debt: official debt, commercial debt, domestic debt
 - Aggregate and specific indicators of vulnerability (*public debt and debt service vs revenues; external debt/ financing requirements vs reserves*)
- Risk assessments of debt sustainability in developing countries
- Financing needs and debt sustainability revisited in the context of recovery and SDGs

3. Response to the Covid-19 pandemic

- International response - updates and assessment on: moratorium (DSSI), debt relief (IMF CCRT and others) and restructuring (CF), provision of fresh financing
- National responses

4. Advancing the policy agenda: Debt crisis prevention and resolution

- Debt management and transparency
- Debt sustainability assessments and credit ratings²
- Incorporating multidimensional vulnerability in debt risk assessments and restructurings*
- Financing instruments to create fiscal space and share risks
- Debt crisis resolution: progress on market-based solutions; other options for progress, such as institutionalizing standstills, debtor/creditor dialogues, statutory approaches

² In response to requests by Member States in the outcome of the 2021 FfD Forum

III.F Addressing systemic issues

1. Key Messages and Recommendations

2. International architecture for rebuilding better [linked to thematic chapter]

- 2.1. Coverage of the global financial safety net
- 2.2. What role for SDRs?
- 2.3. Mobilizing finance to rebuild better [incl. box on differentiated needs/options for MICs]
- 2.4. Managing capital flow volatility

3. Agreed regulatory reforms: implementation and way forward [incl. lessons learned from COVID-19 crisis]

- 3.1. Implementation and effects of agreed reforms
- 3.2. Addressing gaps and risk factors [with a focus on NBF]

4. Financial and monetary policy in the age of climate change

- 4.1. Addressing climate risks for financial institutions
- 4.2. Regulatory frameworks
- 4.3. Monetary policy considerations [possible box on central bank policy and inequality]

5. Digital finance

- 5.1. Harnessing digital finance [issues of competition, cybersecurity, financial stability] [could include a box on specific country experience(s) with regulation]
- 5.2. Digital assets and currencies [CBDCs, cryptocurrencies and “stablecoins”; role for cross-border transfers]

6. Global governance and policy coherence

- 6.1. Governance at international institutions and standard-setting bodies
- 6.2. Improving coordination and policy coherence [incl. increasing alignment with SDGs]

Possible boxes on: (i) specific financing needs/options for MICs; (ii) central bank policy and inequality; (iii) specific country experience(s) with regulation of digital finance

III.G Science, technology, innovation and capacity building

1. Key messages and recommendations

2. Enabling a just and inclusive digital transition

- 2.1. Acceleration of digital trends [*development opportunities (including e-commerce section), digital divides and unintended consequences*]
- 2.2. Digital financial services [*trends; reference to financial inclusion discussion in private sector*]
- 2.3. Investing in a just and inclusive digital transition

3. STI for a green energy transition

- 3.1. STI and sustainable infrastructure for a green energy transition
- 3.2. Knowledge-sharing and transfer of environmentally sound technologies *[considering diverse needs and capacities of different country groups – LDCs, LLDCs, SIDS]*

4. Opportunities and risks of STI for other action areas of the Addis Agenda [short update on FSDR 2021]

- 4.1. The financial sector *[private business and finance, incl. the use of AI by credit rating agencies (reference to thematic chapter)]*
- 4.2. Domestic public finance
- 4.3. International development cooperation
- 4.4. International trade

5. United Nations system actions on STI in the areas of the AAAA

- 5.1. Actions by the United Nations System and others *[including updates on COVID-19 action – possibly as a box?]*
- 5.2. The Technology Facilitation Mechanism
- 5.3. United Nations Technology Bank for Least Developed Countries

With (possible) boxes on: (i) impact of new and emerging technologies on labour markets (ii) property rights of publicly financed R&D; (iii) Commission on Science and Technology for Development; (iv) updates on COVID-19 actions by the UN system (focus on ACT-A?)

IV. Data, monitoring and follow-up

1. Key messages and recommendations

2. Data frameworks, measurements and collection (including any ongoing COVID-19 impact)

- 2.1. SDGs indicator framework
- 2.2. Monitoring the economic and financial sector (G20 Data Gaps Initiative, IMF Dissemination Standards, debt statistics)
- 2.3. Gender statistics
- 2.4. Measures of sustainable development beyond GDP

3. Accessibility and innovation (open data, big data and new technologies, COVID-19 innovations, leveraging private sector data)

4. Strengthening national statistical systems (including any ongoing COVID-19 impact)

- 4.1. Statistical Performance Indicators, Statistical Capacity Indicators, including availability of gender statistics (country group analysis, e.g., LDCs/SIDS/LLDCs/Africa)
- 4.2. Gaps and funding for statistical capacities (country group analysis, Cape Town Global Action Plan, Bern Network on Financing Data for Development, IDA-20 replenishment, forthcoming Global Data Facility Umbrella Trust Fund)