

Report of the Inter-agency
Task Force on Financing
for Development

FINANCING FOR DEVELOPMENT: PROGRESS AND PROSPECTS 2018



United Nations

This report is a joint product of the members of the Inter-agency Task Force on Financing for Development (members are shown on page xi). The Financing for Development Office of the United Nations Department of Economic and Social Affairs serves as the coordinator and substantive editor of the Task Force report.

The online annex of the Task Force (<http://developmentfinance.un.org>) comprehensively monitors progress in implementation of the Financing for Development outcomes, including the Addis Ababa Action Agenda and relevant means of implementation targets of the SDGs. It provides the complete evidence base for the Task Force's annual report on progress in the seven action areas of the Addis Ababa Agenda (chapters III.A–III.G). The report is by necessity more concise and selective, and should thus be read in conjunction with the online annex.

The online annex of the Task Force also covers several key cross-cutting initiatives that build on the synergies of the Sustainable Development Goals in-depth:

- Delivering social protection and essential public services
- Ending hunger and malnutrition
- Closing the infrastructure gap
- Promoting inclusive and sustainable industrialization
- Generating full and productive employment for all
- Protecting ecosystems
- Promoting peaceful and inclusive societies
- Gender equality
- Investing in children and youth
- Addressing the diverse needs and challenges faced by countries in special situations
- Global partnership

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Chapter IV

Data, monitoring and follow-up

1. Key messages and recommendations

The range and depth of data demands to fully implement the monitoring frameworks for the Sustainable Development Goals (SDGs) and financing for development outcomes are unprecedented. The frameworks require data that is disaggregated by income, sex, age, race, ethnicity, migration status, disability, geographic location and other nationally relevant characteristics in order to cover all population groups and leave no one uncared. Monitoring the implementation of the Addis Ababa Action Agenda (hereafter, “Addis Agenda”), requires data that are not included in the SDG indicators process, with a focus on policies and financial flows. The Inter-agency Task Force on Financing for Development (hereafter, “Task Force”), despite its limited resources, seeks to pull together the relevant data that exist; however, there is no central process for trying to bridge the data gaps that have been identified by the Task Force in its 2017 report.¹

Significant efforts are required to strengthen national statistical capacities to provide the necessary data and statistics to monitor the progress in the implementation of the 2030 Agenda for Sustainable Development and Addis Agenda. Funding the modernization efforts of national statistical systems is essential. Support from multilateral and bilateral donors for all areas of statistics accounted for only 0.3 per cent of total official development assistance (ODA), which is far below what is needed. **Donors should consider increasing the ODA they provide to statistical systems.**

Challenges in data collection are particularly steep for gender-related data fields. Despite

an increase in data availability to monitor progress towards gender equality, additional efforts are needed to fill the gaps. ***To overcome these challenges, Member States could incorporate plans for developing integrated national systems for gender statistics into their broader strategies.*** The Task Force has previously recommended that policies of Member States not simply be “gender-sensitive, but actively seek to advance the goal of gender equality”. This will not be possible if policymakers do not make use of gender-disaggregated information. ***Member States should strengthen efforts to produce sex-disaggregated data, but they also should popularize the use of gender statistics to improve policy design and implementation.***

Further progress is also needed on data on the financial sector and on financial vulnerabilities. Substantial progress was made by the participating economies during the first year of the second phase of the Data Gaps Initiative, despite some key challenges in the implementation of some recommendations. These challenges include compilation of government finance statistics beyond central government; sectoral accounts, including details on shadow banking activities; and sharing of granular data. ***Overcoming these challenges is essential to providing data to policymakers to monitor financial sector risks, analyse fiscal conditions, and understand cross-border financial interconnectedness.***

Finally, this report highlights transparency and accountability as a critical issue across chapters. Efforts at transparency, whether related to tax matters, debt levels, or trade and customs data, will be more successful if the basis for information sharing is more consistent. This chapter highlights efforts to improve the use of the Legal Entity Identifier (LEI)

¹ *Financing for Development: Progress and Prospects*. Report of the Inter-agency Task Force on Financing for Development 2017 (United Nations publication, Sales. No. E.17.I.5), page 121.

in financial sector data. *Public entities that issue securities could lead by example and obtain an LEI for themselves.* Chapter II.A discussed the preparation of registries on beneficial ownership. *Transparency efforts could be linked and made more interoperable, so that policymakers can have better data and make more effective decisions that move the world closer to achieving the SDGs.*

2. Strengthening data and statistical capacities

2.1 Progress on the Cape Town Global Action Plan for Sustainable Development Data

The Cape Town Global Action Plan for Sustainable Development Data provides a strategic framework calling upon Governments, policy leaders and the international community to modernize and strengthen national statistical systems, and provides a framework for the design and implementation of country-led statistical capacity-building activities necessary to achieve the 2030 Agenda for Sustainable Development. The Global Action Plan was included in the General Assembly resolution on the work of the United Nations Statistical Commission pertaining to the 2030 Agenda for Sustainable Development,² which notes that the Action Plan should inform discussions at the policy and decision-making levels on statistical gaps and capacity-building needs in relation to the implementation of the SDGs. The Global Action Plan recognizes that modernization of national statistical systems is essential to the implementation of the 2030 Agenda for Sustainable Development, and emphasizes the need for countries, the United Nations and all other entities to intensify support for statistical capacity-building, including improving the information technology base of statistical systems.

The High-level Group for Partnership, Cooperation and Capacity-Building is developing notes on implementation for the Global Action Plan, which will serve as a practical starting point to guide implementation of programmes and activities aimed at

strengthening national statistical systems and developing their capacity to respond to the data needs of the 2030 Agenda for Sustainable Development. The purpose of the notes is to offer guidance for national and international initiatives aimed at addressing the objectives under the six strategic areas of the Global Action Plan. Country examples provide case studies to highlight activities that countries are undertaking to carry out the Global Action Plan in their national settings. The implementation of the plan will also be reviewed at the upcoming United Nations World Data Forum 2018, being held in Dubai, United Arab Emirates, from 22 to 24 October.

2.2 SDG indicator framework

In order to promote accountability to their citizens, Member States committed to a systematic follow-up and review of the implementation of the 2030 Agenda for Sustainable Development at the national, regional and global levels. Member States agreed to a set of global indicators, to be developed by the Inter-agency and Expert Group on Sustainable Development Goal Indicators (IAEG-SDGs),³ to follow-up and review the goals and targets of the 2030 Agenda for Sustainable Development. The global indicator framework was adopted by the United Nations Statistical Commission at its forty-eighth session in March 2017, and subsequently adopted by the Economic and Social Council in June 2017 and the General Assembly in July 2017.⁴

The global indicator framework was developed by the IAEG-SDGs through an open and transparent process involving all stakeholders. It consists of 232 indicators, addressing all goals and targets of the 2030 Agenda for Sustainable Development. The indicators are currently classified into three tiers, based on the existence of established methodology and data availability. As of December 2017, the framework comprised 93 tier I indicators (those with regular data), 66 tier II indicators (those without regular data), and 68 tier III indicators (those with no internationally established methodology or standards). In addition, there were five indicators classified in multiple tiers, meaning that different

² A/RES/71/313.

³ A/RES/70/1, para. 75.

⁴ A/RES/71/313.

components of those indicators were classified in different tiers. Significant progress has been made in the methodological development of many tier III indicators since April 2017, when many more (84) indicators were still being classified as tier III.⁵

A robust and high-quality indicator framework requires continued work over time, and the framework will be annually refined and comprehensively reviewed by the United Nations Statistical Commission in 2020 and 2025. The IAEG-SDGs continues to work in an open, inclusive and transparent manner to ensure that the indicator framework is fully implemented so that all goals and targets are appropriately reviewed and no individual or group is left behind.

It is expected that the SDGs will be integrated into national development plans and frameworks. The global indicators are supplemented by national and subnational indicators that guide countries' follow-up and review. Decisions on national indicators are driven by national priorities.

2.3 Funding for statistical capacities

To measure progress across the SDGs, national statistical systems need to produce accurate, reliable, easy-to-use, timely and disaggregated data and statistics. While data availability and quality have improved over the years, national statistical systems in developing countries still face significant capacity constraints to measure the SDGs and support their implementation. In some countries, institutional and legislative reforms are needed to ensure that the national statistical office can effectively lead the SDG monitoring and reporting processes. To fill data gaps, new institutional arrangements are required to enable private-public multi-stakeholder partnerships for the use of big data and non-traditional data sources.

Moreover, sufficiently disaggregated data are necessary for measuring progress and disparities across all population groups in order to leave no one behind. Aggregated data at the national level, and sometimes at the subnational level, often mask the

developmental disparities among different population groups. National statistical systems need to find creative technological solutions to collect, integrate and better use granular data from multiple sources—including traditional surveys, censuses, administrative records and geospatial information. Better linking data from different surveys can provide new insights in a cost-effective way. Efforts can also be made to improve cross-country data comparability and make metadata publicly available. The creation of standardized approaches to the use of big data and non-traditional sources for SDG-related efforts can allow innovations to be shared, promote comparability and improve efficiency.

It is estimated that domestic and donor support to data and statistics for 77 of the world's lower-income countries will need to increase up to \$1 billion per year to strengthen national statistical systems for SDG monitoring.⁶ However, in 2015 (the last year for which data is available), countries received only \$541 million in support from multilateral and bilateral donors—0.3 per cent of total ODA—for all areas of statistics.⁷ Countries in sub-Saharan Africa benefited most from the growth in ODA statistical support, followed by the countries in Central and Southern Asia and Latin America and the Caribbean (see figure 1). Support for data and statistics in least developed countries grew dramatically over this period, from \$106.0 million in 2010 to \$176.7 million in 2015. Continued and increased technical and financial support is needed to ensure that countries in developing regions are better equipped to monitor progress of their national development agenda.

2.4 Gender statistics, including data on time use and unpaid work

The Beijing Platform for Action states that statistics related to individuals should be “collected, compiled, analysed and presented by sex and age and reflect problems, issues and questions related to women and men in society”.⁸ The essential role of relevant,

⁵ Tier classifications are available from <https://unstats.un.org/sdgs/iaeg-sdgs/tier-classification/>.

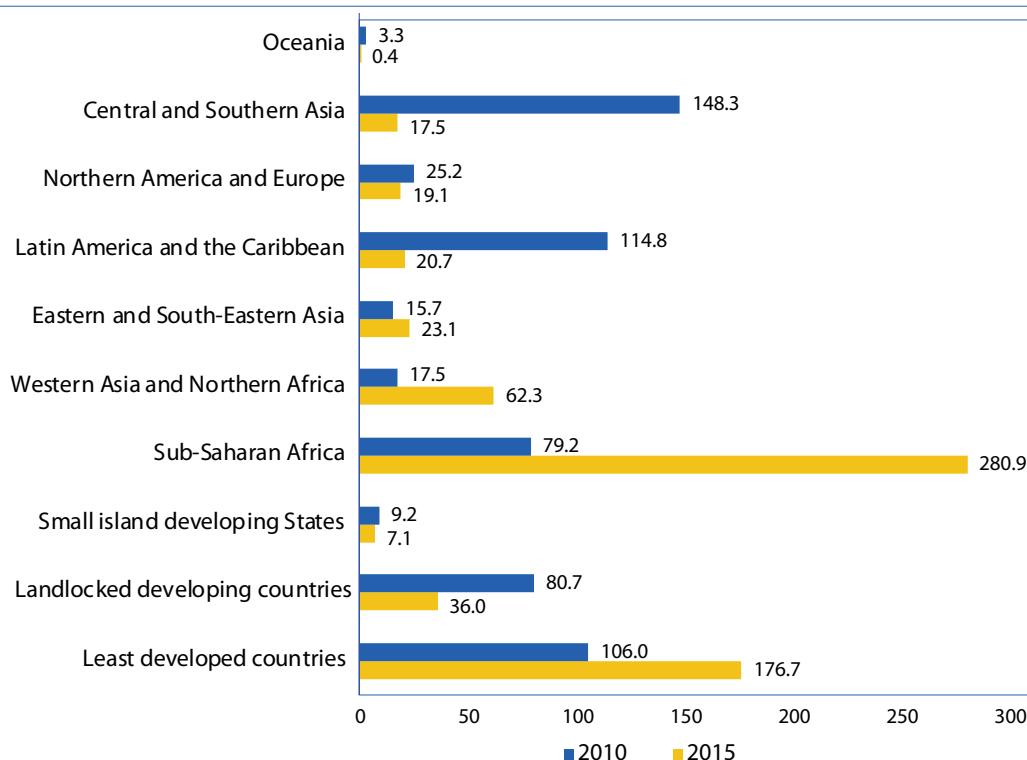
⁶ Sustainable Development Solution Network (2015). *Data for Development – A Needs Assessment for SDG Monitoring and Statistical Capacity Development*.

⁷ Paris 21. *Partner Report on Support to Statistics: PRESS 2017*. Estimates include country-specific commitments to IDA borrowing countries and unallocated commitments to developing regions.

⁸ Beijing Platform for Action, para. 206 (a).

Figure 1

Total ODA dedicated to statistical capacity-building activities, 2010 and 2015
(Millions of United States dollars)



Source: SDG Indicator Database, UN/DESA.

Notes: Includes country-specific commitments only. Unallocated commitments to multiple countries and regions are excluded.

reliable and timely gender statistics—cutting across traditional fields of statistics, including education, health and employment as well as emerging ones, such as climate change—to ensure development and leave no one behind is also recognized in the 2030 Agenda for Sustainable Development.

Progress has been made on the availability of sex-disaggregated data for basic indicators on population, families, health, education and work, thanks to commitments by Governments to conduct decennial censuses, along with increases in the number of household surveys. Yet, gender statistics are still far from satisfactory, and many gaps exist

in terms of data availability, quality, comparability and timeliness. According to a 2018 assessment, sufficient and regular data is available for only 10 out of the 54 gender-specific indicators in the 2030 Agenda for Sustainable Development. Globally, less than one third of the data needed for monitoring the gender-specific indicators is currently available.⁹ For example, high-quality data on causes of deaths, crucial for monitoring several SDG indicators under Goal 3 (good health and well-being), can only be produced by about 30 countries.¹⁰ Less than half of all developing countries regularly produce information on labour force activities disaggregated by sex.¹¹

⁹ *Turning promises into action: Gender equality in the 2030 Agenda for Sustainable Development*. United Nations Entity for Gender Equality and the Empowerment of Women (UN Women, 2018).

¹⁰ Prasanta Mahapatra and others, “Civil registration systems and vital statistics: successes and missed opportunities”. *The Lancet*, vol. 370, No. 9599 (10 November 2007), pp. 1653–1663.

¹¹ *The World’s Women 2015: Trends and Statistics* (United Nations publication, Sales No. E.15.XVII.8).

A number of challenges on producing relevant and reliable gender statistics at the national level have been identified. First, there is a lack of national capacity in producing basic gender statistics and/or statistics that are sufficiently disaggregated. Often, gender statistics are not prioritized in regular statistical production. For many countries, it is necessary to integrate gender statistics in national statistical plans and strategies, including investing in improving basic gender statistics. Second, there is a lack of an integrated national system of gender statistics within countries. Given the cross-cutting nature of gender statistics, they are often collected by different producers within a country. These data are often not comparable across data sources and not shared with different producers. It is important to strengthen the links between producers of statistics in various fields at the national level. Third, there is a lack of standards for producing gender statistics for emerging areas. Statistical methods for producing relevant gender statistics are still lagging behind in many priority areas, such as individual-level poverty; quality of education and lifelong learning; and the different impacts of natural disasters and environment degradation on women and men. For some other areas, such as time spent on unpaid care and domestic work, statistical methods exist and data have been collected in 83 countries since 2000.¹² However, additional research is needed on innovative data collection approaches to reduce costs and the burden on respondents as well as to ensure a higher coverage and availability of time-use data across countries. Finally, there is a lack of recognition and knowledge of gender statistics by users. Gender statistics once produced should be properly communicated to all users including policymakers and the general public. Gender statistics can be a focus of efforts to improve the communications work of national statistical offices, such as the new project being launched by the United Nations Economic

Commission for Europe to develop a strategic communications framework for such offices.

The 2017 ECOSOC Forum on Financing for Development Follow-up encouraged Governments to strengthen the collection of time-use data, time-use research on the unpaid care burdens of women and girls and the construction of satellite accounts to determine the value of unpaid care work and its contribution to the national economy. In addition to the need for innovative instruments to collect time-use data, other challenges exist in producing data on unpaid care and domestic work that accurately reflect gender inequalities. For example, evidence shows that women spend more time than men caring for family members. This activity often overlaps with domestic duties, making it difficult to capture it accurately in time-use surveys (see figure 2).¹³ Furthermore, comparability of time-use data across countries remains a challenge owing to the different methods, definitions and classifications adopted by countries.¹⁴ The United Nations Statistical Commission adopted in 2017 the International Classification of Activities for Time-Use Statistics¹⁵ and plans for its operationalization, which will contribute to better harmonized data across countries in the near future. The UNECE Guidelines for Harmonizing Time-Use Surveys provides useful guidance in the design and implementation of time-use surveys, which can help improve international comparability.¹⁶

3. Monitoring the financial sector

The Group of Twenty (G20) Data Gaps Initiative (DGI) is a high-level effort to implement the regular collection and dissemination of reliable and timely financial statistics for policy use. It was initially launched to address data gaps revealed by the global financial crisis. The second phase of the initiative commenced in 2015 and is focused on monitoring risk in the financial sector; vulnerabilities, interconnections and spillovers; and data sharing. In addition

¹² The Sustainable Development Goals Report 2017 (United Nations publication, Sales No. E.17.I.7).

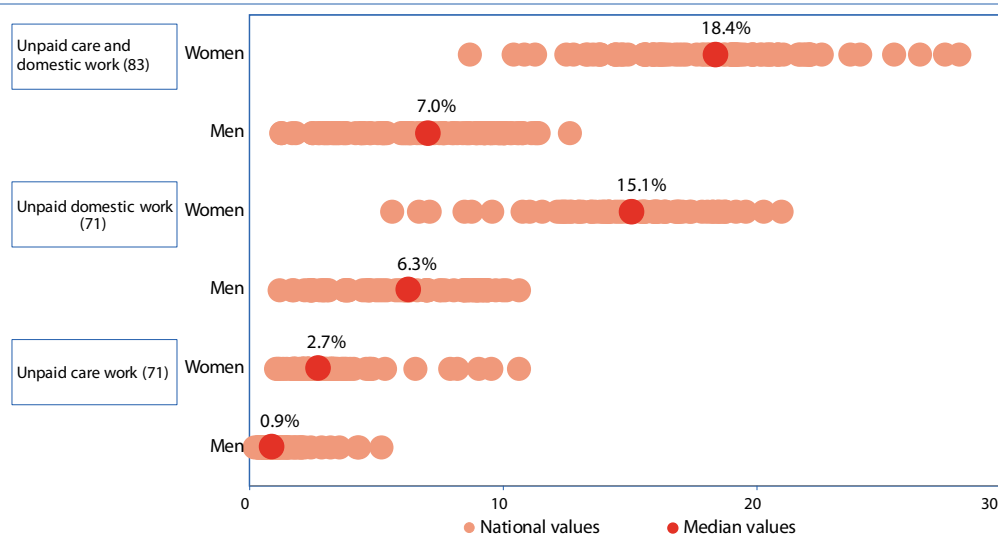
¹³ Ibid.

¹⁴ *The World's Women 2015*.

¹⁵ See <https://unstats.un.org/unsd/demographic-social/time-use/icatus-2016/>.

¹⁶ See https://www.unece.org/fileadmin/DAM/stats/publications/2013/TimeUseSurvey_Guidelines.pdf - <https://unstats.un.org/unsd/demographic-social/time-use/icatus-2016/>.

Figure 2

Time spent unpaid on care and domestic, women and men, 2000–2016*(Percentage of time spent per day)*

Source: SDG Indicator database, UN/DESA.

Notes: The figure reflects available data for 83 countries and areas over the period 2000–2016. Data disaggregated by unpaid domestic work and unpaid care work are only available for 71 countries. The number of countries and areas represented in each type of unpaid work is indicated in parentheses.

to the G20 economies, five non-G20 jurisdictions¹⁷ with significant financial sectors are also participating in the DGI. The work is aimed at helping ensure financial stability in these large or important financial centres, thus benefiting the entire international community because of the reduced risk of financial crises that can spillover to affect smaller economies. The 2017 work programme of the initiative included four thematic workshops in 2017 (data sharing, data gaps on the insurance sector, institutional sector accounts and financial soundness indicators) as well as the annual Global Conference in June 2017.

To facilitate progress, a new monitoring framework for G20 economies was agreed at the Global Conference. Of the 20 recommendation areas, 12 are judged by the coordinating agencies to be complete or broadly on track. These include financial soundness indicators, data on derivatives, coordinated portfolio investment surveys, coordinated direct investment surveys, residential property prices indices, international data cooperation and communication, and promotion of data sharing. Areas where further work is needed include measures of

financial sector concentration, sectoral accounts data, household distributional information, cross-border exposures of non-bank corporations, and commercial property price indices.

To accelerate further progress with the most challenging recommendations, the 2018 work programme of the initiative includes three thematic workshops: on property price indices, sectoral account and securities statistics. The January 2018 workshop on property price indices discussed compilation practices and the use of residential and commercial property prices for policy purposes, as well as country-specific challenges. To advance work, participants agreed to be pragmatic, data-oriented, and to take account of available private source data. Representatives from several countries shared their experiences with digitalization and the use of big data to compile real estate price statistics.

A February 2018 workshop found that the G20 economies have made substantial progress in developing institutional sectoral accounts and balance sheets, with most economies being expected to disseminate these by 2021. The workshop also dis-

¹⁷ Hong Kong SAR, the Netherlands, Singapore, Spain and Switzerland.

cussed the templates to be used by the participating economies to report sector accounts data in the context of the DGI. The outcomes of discussions will be reflected in the final version of the templates. The workshop also discussed a planned handbook on the compilation of institutional sector accounts, which will present actual country practices, the main challenges encountered, and practices to address some of the challenges.

The DGI has important complementarities with the efforts to implement the LEI system globally. LEIs are unique identifiers for each business entity, which, in some countries, are mandated for automatically tracking financial transactions and counterparty exposures in large information databases in some markets. In May 2017, the Legal Entity Identifier

Regulatory Oversight Committee, with membership from 50 countries, approved the collection of data on the ultimate and direct parents of entities with LEI, based on accounting consolidation and to be collected by the Global Legal Entity Identifier Foundation. This will provide an additional tool to increase transparency on group structures beyond the financial sector and allow the aggregation of data across corporate groups (including foreign affiliates), with the potential to show the financial interconnectedness between counterparties. Public entities that issue securities could lead by example and obtain an LEI for themselves. Expanded use of this technological solution will also bring down the cost per LEI, and consideration of potential business model changes may also facilitate use beyond financial institutions.