

Suggested issues for the thematic chapters of the 2019 and 2020 Financing for Sustainable Development Report (FSDR) of the Inter-agency Task Force

Draft Concept Note

The annual Financing for Sustainable Development Report by the Inter-agency Task Force consists of 3 sections: (i) the global context and its implications for financing for development; (ii) an overview of each chapter of the Addis Ababa Action Agenda, complemented by a detailed online annex; and (iii) a thematic chapter.¹ To date, topics for the thematic chapter have been chosen by the Task Force, with informal feedback from Member States and other stakeholders. To provide additional guidance on future themes, Member States have requested the Secretary-General to brief the General Assembly and the Economic and Social Council on the 2019 and 2020 thematic chapters.²

This note lays out initial proposals by the Task Force for 2019 and 2020 themes. The proposed theme for 2019 is *National financing frameworks for the SDGs*, focusing on implementing the Addis Agenda at the national level. The preliminary proposal for 2020 is *Financing sustainable development in the era of the Fourth Industrial Revolution*.

While the 2018 report focused its thematic chapter on the SDGs under in-depth review at the 2018 High-level Political Forum, this may be more challenging going forward. For 2019, the SDGs under in-depth review (quality education, decent work and economic growth, reduced inequalities, climate action, and peace, justice and strong institutions) are wide-ranging and complex. To do justice to their breadth, the 2019 report will address these throughout its chapters, including in the global context and thematic chapters. Findings on each of the highlighted SDGs will be summarized in an overview box in the early parts of the report. SDGs for in-depth review have not yet been specified for 2020.

Thematic chapter of the 2019 report: National financing frameworks for the SDGs

At the heart of the Addis Ababa Action Agenda are two core elements: domestic policies and actions, including ‘integrated national financing frameworks that support nationally owned sustainable development strategies’ and an enabling international environment.³

Since 2015, there has been much discussion of integrated financing frameworks and how to operationalize implementation of the SDGs and the Addis Ababa Action Agenda at the country level. It is widely recognized that to effectively mobilize and align a complex set of financing sources and instruments with an ambitious and wide-ranging development agenda, a strategic and integrated approach to national planning and financing is needed. In the outcome of the 2018 FfD Forum, Member States committed to ‘operationalize national financial frameworks into investable projects and pipelines.’ However, how to do this needs to be elaborated further. The thematic chapter of the 2019

¹ Member States endorsed this three-pronged approach in the outcome of the 2016 FfD Forum. E/FFDF/2016/3.

² General Assembly Resolution A/RES/72/208, para. 11, which requests the Secretary-General to ‘address a joint meeting of the Second Committee and the Economic and Social Council, informing them of and discussing the issues to be addressed in the thematic chapter of the 2019 and 2020 reports of the Inter-Agency Task Force, and to summarize those discussions by producing a report, within existing resources, to guide the Inter-Agency Task Force on the thematic issues to be covered in those reports [...]’

³ Addis Ababa Action Agenda of the Third International Conference on Financing for Development, para. 9.

report, provisionally titled 'National financing frameworks for the SDGs', will respond to the growing interest in this concept.

The chapter will (i) identify the building blocks of national financing frameworks for the SDGs, including analysis of financing flows, policies and institutions for SDG implementation; (ii) propose actions for developing and integrating these building blocks into effective financing strategies, responding to specific national priorities, needs, country circumstances and the global environment; and (iii) map out available support measures from the international community.

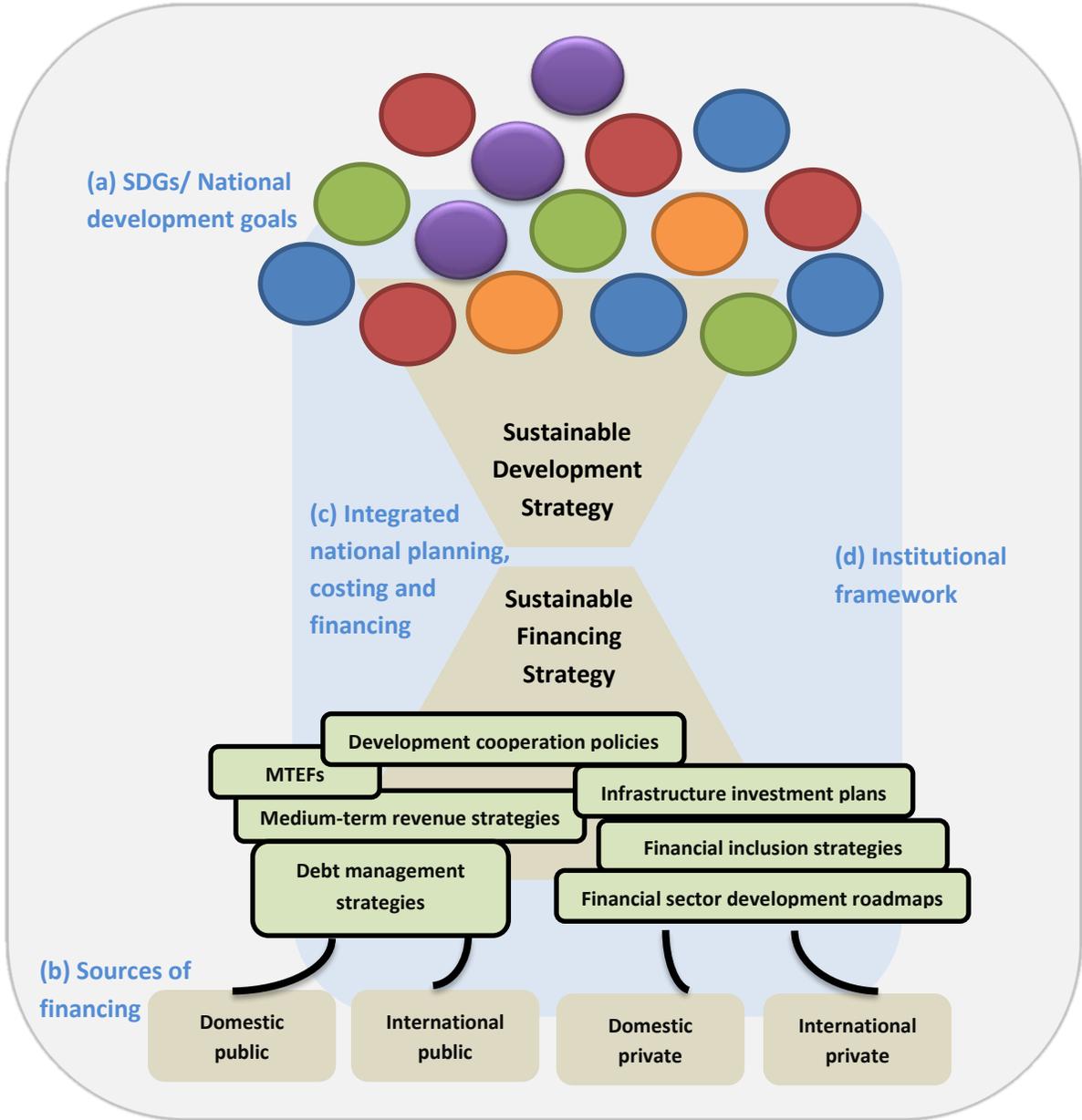
The chapter will build on ongoing work across the Task Force. Several of its members have been working on integrated financing frameworks and strategies, including UNDP, the OECD and the World Bank, along with more targeted efforts identified in the 2017 and 2018 reports, such as medium-term revenue strategies, financial inclusion strategies, development cooperation policies, and others. The chapter aims to help countries navigate the complex set of challenges and web of policy recommendations to operationalize the Addis Agenda at the country level, and in implementing the SDGs.

(i) Main building blocks of national financing frameworks for the SDGs

A national financing framework sets out relations between (a) a country's overarching development goals and objectives, (b) the main sources of financing available to achieve these objectives, (c) the policies and strategies to mobilize, manage and align these resources with national goals, and (d) the institutional framework and arrangements underpinning these linkages. The schematic below provides an initial visualization, drawing on ongoing work by many member agencies of the Task Force. It will be further developed in the report.

- (a) *A country's development goals and objectives:* The 2030 Agenda, the Paris Climate Agreement and the Addis Agenda provide a global vision for a sustainable future. There has also been an increase in countries adopting national sustainable development plans that incorporate goals articulated in these global agreements and regional agreements (such as Africa's Agenda 2063).
- (b) *Sources of financing:* The development financing landscape has become more complex, with new actors (such as non-traditional donors, development finance institutions, and private sector initiatives) and a wider array of financing instruments and approaches.
- (c) *Integrated planning and financing:* To take advantage of the full range of sources of finance, countries are increasingly considering implementing sector or theme specific financing policies and strategies in almost all action areas of the Addis Agenda. An Integrated financing strategy aims to bring these together to ensure that a country's development vision is translated into an operational plan, and that its various elements are coherent with each other. To date, many national development strategies and plans lack a detailed financing component. An integrated strategy aims to ensure that plans are costed and take advantage of the full set of financial resources, guiding them in a strategic manner towards priorities articulated in national sustainable development strategies.
- (d) *Institutional structures:* The above elements will be embodied in national institutional arrangements, based on national circumstances. For example, national strategies can be formulated in a whole-of-government approach, and coordinated by the highest level of government, or by dedicated Ministries of Planning. Ministries of Finance play a leading role in the formulation and implementation of financing strategies, along with line ministries responsible for specific policy areas. Mechanisms for public-private cooperation, systems for monitoring impact and accountability form part of these institutional structures.

Schematic of a national financing framework for the SDG



Source: UN DESA

Note: The international enabling environment, such as the international trade and financial systems, provide the backdrop to and shape elements of a national financing framework.

(ii) Integrated financing strategies

Integrated financing strategies are at the heart of this broader national framework. The second part of the thematic chapter will explore key elements of such strategies, drawing on national experiences and ongoing work by Task Force members.⁴

There is a wealth of lessons that can be learned from previous efforts in implementing sustainable development strategies. The chapter will explore past experiences with planning to draw lessons on the most effective mechanisms to support implementation of the SDGs. It will explore methods of costing and needs assessments, and lay out the range of sector specific strategies that governments can consider, such as medium-term revenue strategies, development cooperation policies, infrastructure plans, debt management strategies, capital market development plans, financial inclusion strategies, and sustainable financial system roadmaps. Strategic approaches tend to be well developed in some of these areas, in particular public finance, for example through medium-term expenditure frameworks or development cooperation strategies. They are however not always well aligned with each other, or with initiatives by the private sector. The report will examine their synergies, as well as their roles in integrated strategies across different country groups, based on country priorities, contexts and the respective international environments they are faced with.

Drawing on existing experiences, the report will also explore what governance and coordination mechanisms have proven to be effective in implementing such strategies; measurement of financing gaps, needs assessments and costings; impact assessments of different financing flows; what form effective mechanisms for transparency and accountability can take; and which elements in the international enabling environment are critical to complement national efforts.

(iii) Available support measures from the international community and gaps in the global enabling environment

The final part of the chapter will map existing support efforts by the international community to help countries implement sustainable financing strategies. Initiatives by development partners pertain to both supporting countries in developing their national strategies, costing tools and specific financing policies, and to guiding their own engagement with and support to countries. They include efforts such as Development Finance Assessments (DFAs) carried out by UNDP and the Asia-Pacific Development Effectiveness Facility (AP-DEF), a new generation of UN Development Assistance Frameworks (UNDAFs), World Bank country partnership frameworks and other overarching tools, as well as many other sector-specific initiatives.

Throughout the chapter, case studies will provide concrete examples of implementation efforts. Lessons learned from these case studies will inform the chapter's analysis. Case studies will pertain to specific elements of the financing strategy, such as costing and flow assessments or medium-term revenue strategies; to specific priority sectors and their financing, notably the SDGs under in-depth review, such as education and climate action; and to existing country efforts to integrate different elements into a coherent financing strategy.

⁴ See for example UNDP DFA Guidebook, OECD Financing for Stability Guidance for ongoing efforts

Preliminary proposal for the thematic chapter of the 2020 report: Financing sustainable development in the era of the Fourth Industrial Revolution

2020 will mark half a decade since the adoption of the Addis Ababa Action Agenda. While the 2019 report consolidates analysis on how to operationalize and implement the Addis Agenda at the country level, the 2020 report will take a global perspective, identifying megatrends that have impacted the financing landscape since the adoption of the Addis Agenda, and that will impact development financing in the decade ahead.

To this end, the *global context chapter* will tentatively adopt a wider lens to assess relevant trends – such as technological change, a changing geopolitical environment and challenges to the existing model of globalization and other issues – and their impacts on sustainable development financing.

Building on this assessment, *the thematic chapter* will tentatively zoom in on the impact of new and emerging technologies on development financing. Due to their potential to disrupt industries and markets, they are sometimes described as part of a fourth industrial revolution. Such profound change requires a rethinking of approaches to development financing as well. The thematic chapter will explore how they impact issues such as financial inclusion and access to financial services, public administration, or how developing countries engage in international trade, absorb new technologies and achieve sustainable development.

The SDGs under in-depth review in 2020 are yet to be decided. The Task Force will incorporate relevant analysis on financing these SDGs as they become available, and will adjust its proposed focus as required, based on the highlighted SDGs as well as the changing economic landscape.