

Debates on public spending in the Financing for Development process

Expert Group Meeting:

**Addressing inequalities and challenges to social inclusion through fiscal, wage and
social protection policies**

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Conference introduction

- Official preparatory process begin in 2014
- Conference held in July 2015 in Addis Ababa, Ethiopia
- Parallel process to the definition of the SDGs and agreement of the 2030 Agenda



Outcome


- A new global framework for financing sustainable development
 - A comprehensive set of policy actions by Member States, with a package of over 100 concrete measures to transform the global economy and achieve the Sustainable Development Goals
 - Includes all the means of implementation (MoI) of the 2030 Agenda
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Addis Agenda and fiscal policies

Addis Agenda social compact

- Primary commitment in **paragraph 12**
- **“we commit to a new social compact. In this effort, we will provide fiscally sustainable and nationally appropriate social protection systems and measures for all, including floors, with a focus on those furthest below the poverty line and the vulnerable, persons with disabilities, indigenous persons, children, youth and older persons. We also encourage countries to consider setting nationally appropriate spending targets for quality investments in essential public services for all, including health, education, energy, water and sanitation, consistent with national sustainable development strategies. We will make every effort to meet the needs of all communities through delivering high-quality services that make effective use of resources. We commit to strong international support for these efforts, and will explore coherent funding modalities to mobilize additional resources, building on country-led experiences.”**

Developing the social compact

- Elements paper includes proposals on social protection and social services
 - Zero draft – developed a ‘bridge’ to explain the relationship between the 2030 Agenda and FfD outcome
 - Discussion of whether there should be a recommended minimum level of social spending agreed in the Addis Agenda
 - First draft – called this a ‘social compact’ without a set spending floor attached
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Addis Agenda and taxation

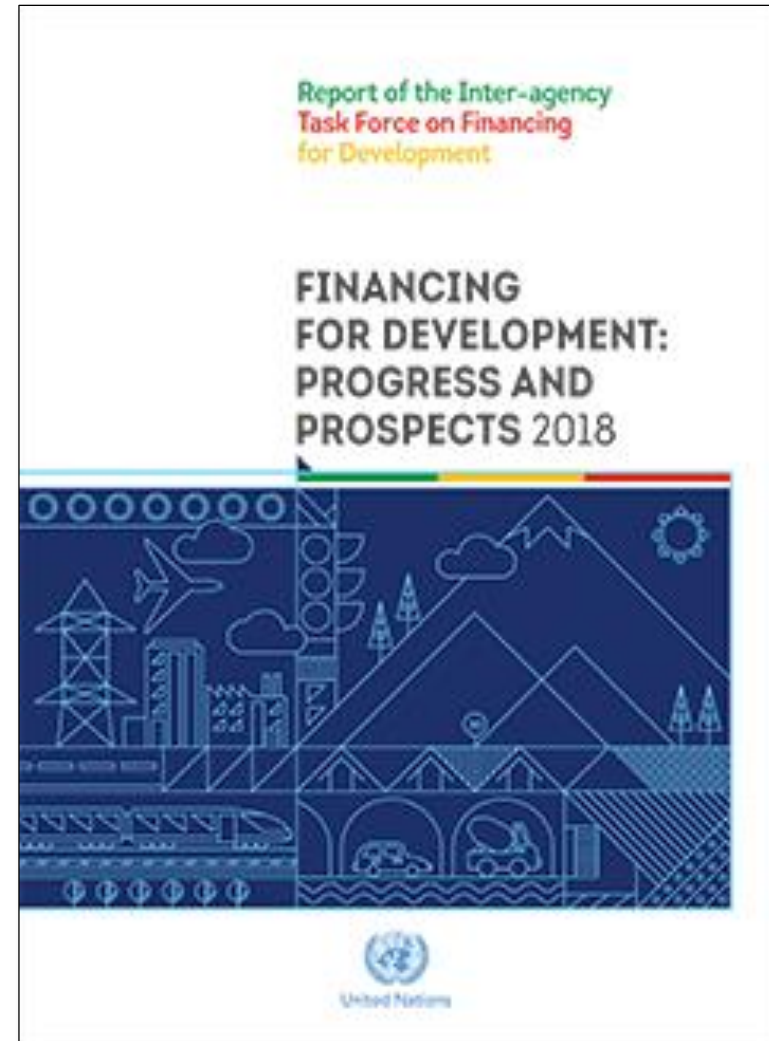
- Primary commitment in **paragraph 22**
- **“We commit to enhancing revenue administration through modernized, progressive tax systems, improved tax policy and more efficient tax collection. We will work to improve the fairness, transparency, efficiency and effectiveness of our tax systems, including by broadening the tax base and continuing efforts to integrate the informal sector into the formal economy in line with country circumstances. In this regard, we will strengthen international cooperation to support efforts to build capacity in developing countries, including through enhanced official development assistance (ODA). We welcome efforts by countries to set nationally defined domestic targets and timelines for enhancing domestic revenue as part of their national sustainable development strategies, and will support developing countries in need in reaching these targets.”**

Measuring the social compact and taxation

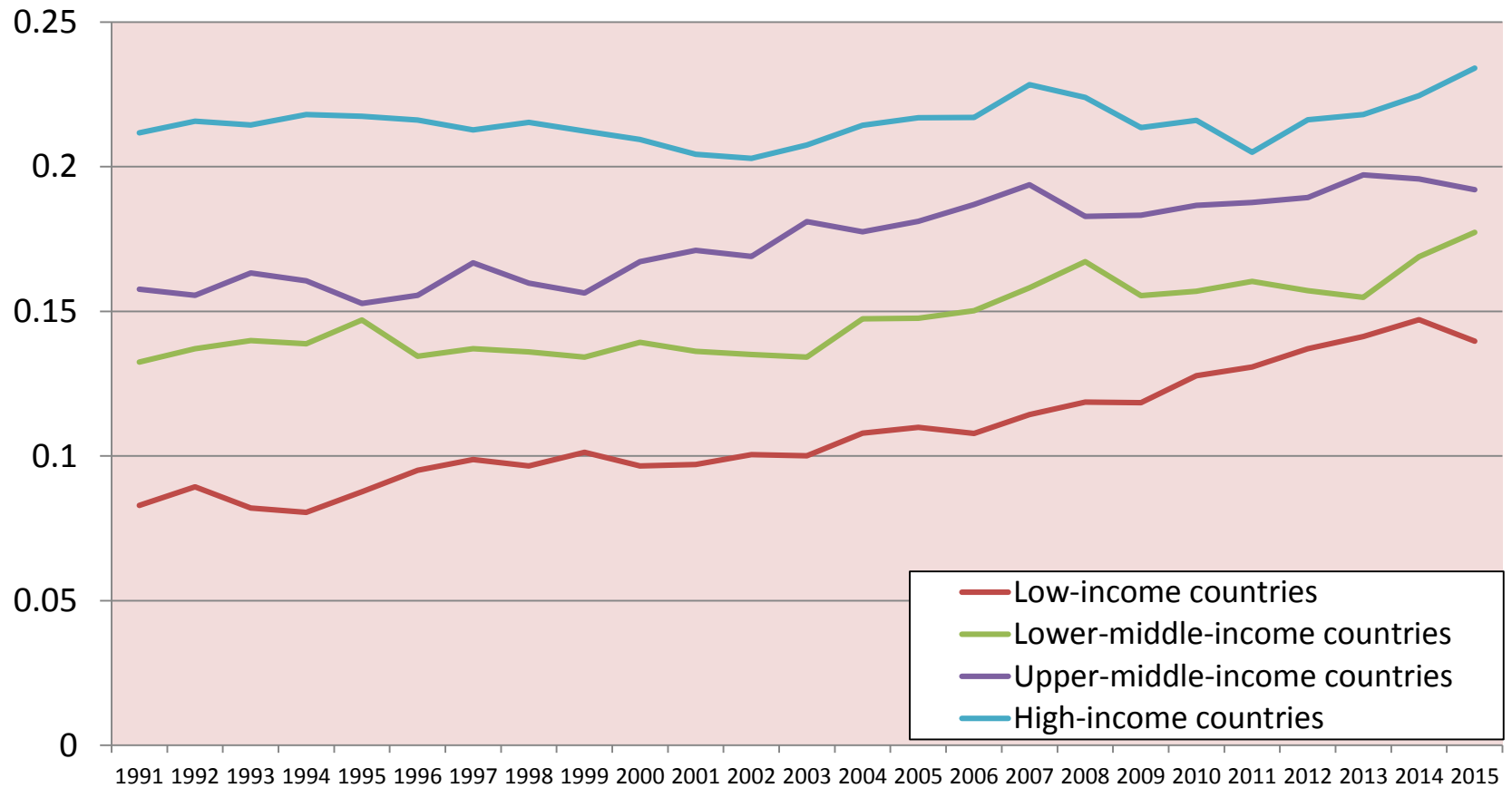
- Serious measurement problems
- Government expenditure on health and education
 - Time lags for data on budget implementation
 - Lack of comparable reporting across countries
- Government revenues
 - Time lags for data
 - Inconsistent series
- Conclusion: National level analysis needed

Inter-agency Task Force on FfD

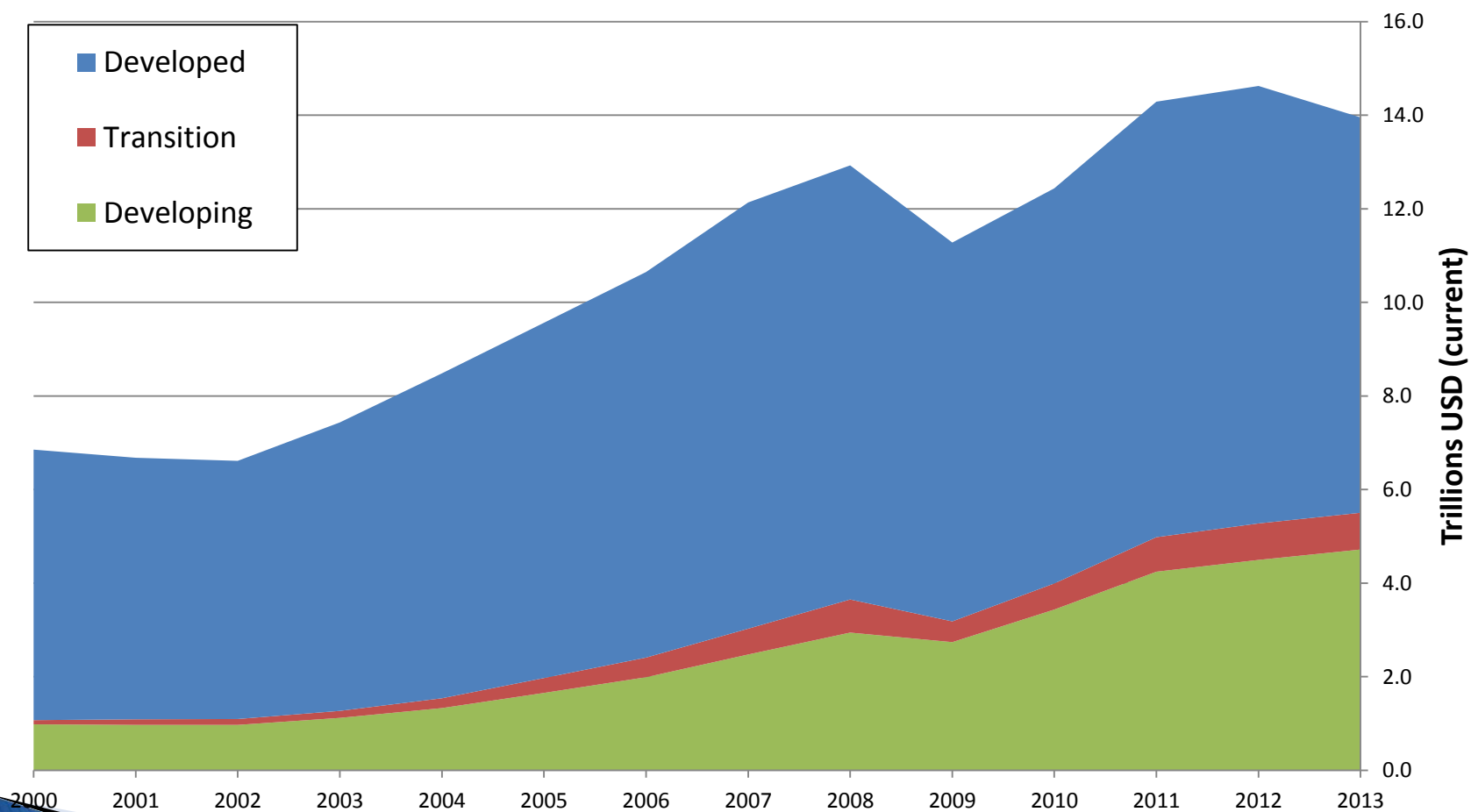
- IATF is to advise the intergovernmental follow-up process on progress, implementation gaps and recommendations for corrective action
- DESA serves as the secretariat and substantive editor
- Membership
 - Five major institutional stakeholders (World Bank Group, IMF, WTO, UNCTAD and UNDP)
 - UN regional commissions
 - Over 50 agencies and programmes
 - Non-UN-System entities (e.g. FSB, OECD)
- <http://developmentfinance.un.org>



Median tax/GDP ratios



Aggregate tax revenue

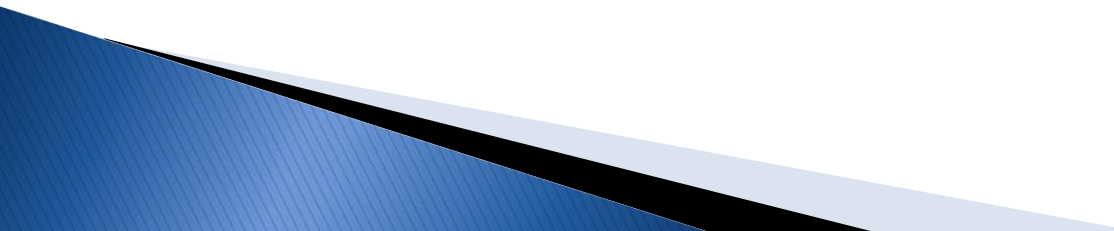


Outcomes of the Forum on Financing for Development Follow-up

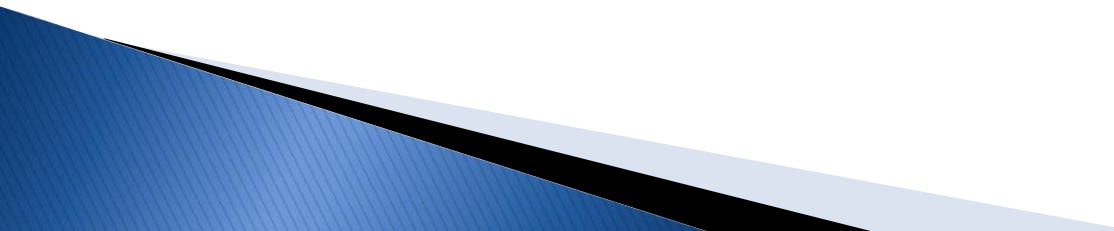
2017 Forum outcome

- Paragraph 7:
- We recognize that increased long-term oriented investments need to be complemented by measures to assist the poor and vulnerable people. We emphasize the importance of ensuring that social protection systems and measures for all, including floors, are consistent with national development strategies, and are well designed, efficiently operated, responsive to shocks, and sustainable in the long term. We will expand peer learning and experience-sharing among countries and regions in finding the right financing mixes that match countries' respective needs, capacities and national circumstances and encourage support for capacity-building to help countries, according to their needs, to design and implement nationally appropriate social protection systems and measures consistent with national development strategies. We recognize that effective health, education, energy, water and sanitation systems can contribute directly to poverty eradication, sustained and inclusive economic growth and stability and that efficient and effective investment is needed in these areas, consistent with national sustainable development strategies, including to improve the quality of and access to education and thereby enable millions of people to acquire skills for decent work.

2017 Forum outcome cont.

- Paragraph 9:
 - “We recognize the importance of better disaggregation of budget and expenditure data at the national and subnational levels, including by sex, to improve tracking of spending related to the Sustainable Development Goals and efforts to improve gender equality, accountability and transparency, with increased capacity-building for countries that need assistance.”
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2018 Forum outcome

- OP 9: “We affirm the importance of social protection services and essential public services for all, consistent with national development strategies, and encourage support for capacity-building in this regard.”
 - OP 11: “We will strive to strengthen revenue collection and related accountability mechanisms, as well as public service delivery at the national and subnational levels, including through whole-of-government approaches and medium-term revenue strategies.”
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Forum outcomes

- No discussion of the progressivity of taxes
 - Removed from the outcomes at the times of negotiations
 - No reference to specific packages of tax & spending
 - Little discussion of education and health expenditure
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