

Response to draft report of the 2017 Inter-agency Task Force on Financing for Development: Submission by Development Initiatives, 7 April 2017

1. About Development Initiatives (www.devinit.org)

1.1 Development Initiatives (DI) is an independent international development organisation working on the use of data to drive poverty eradication and sustainable development. Our vision is a world without poverty that invests in human security and where everyone shares the benefits of opportunity and growth.

2. Overview

2.1 We welcome the framing of the IATF report which places an importance on the role of all resources (international, domestic, public and private) in financing sustainable development, while emphasising the role of national governments in developing coherent and nationally owned sustainable development strategies. We fully support the emphasis on progressing Integrated National Financing Frameworks (INFFs) including through Development Finance Assessments (DFA), and welcome the recommendation for the UN system to further support governments who want to establish an INFF.

2.2 The approach of the IATF in focusing on increasing private and public investments in development, and enhancing social protection, is very useful. In response to the challenges of slow economic growth and increasing inequality highlighted by the report, it will also be important to holistically examine the international architecture for financing development, to ensure that multilateral and bilateral institutions, financing agreements, rules, reporting and monitoring systems create appropriate incentives for actors, and are fit for purpose for targeting investments to where poverty and needs are greatest. Better information on the comparative advantages of specific financing instruments and mechanisms will be needed, along with transparency and reporting of impacts of interventions at sub-national level mapped against poverty and needs is required, with evidence tailored to specific vulnerable contexts. DI will be producing research on these topics in 2017-19.

3. Domestic public resources.

3.1 We support the emphasis of the IATF on the importance of international actors continuing to provide external support for building tax capacity in developing countries. The Task Force could usefully mention the need to focus not just on amounts of revenue raised, but the types of tax systems put in place, to ensure they are "progressive and modernised", in line with para 22 of the Addis Ababa Action Agenda. Additionally the value of donor support through the Addis Tax Initiative is important, however better information on the types of technical support offered and the results achieved in-country is needed. The Platform for Collaboration on Tax could consider monitoring the quality and impacts of external support in this regard. (ref: Box 3).¹

4. International development cooperation

¹ See Development Initiatives (2016), *Aiding domestic revenue mobilisation* <http://devinit.org/post/aiding-domestic-revenue-mobilisation/>

4.1 We welcome the reference to the need for careful consideration of the best application of blended finance for engaging the private sector in development cooperation, and support the recommendation to develop principles for the deployment of blended finance based on development effectiveness principles of country ownership, transparency and accountability. Further multi-stakeholder dialogue is needed to overcome barriers, both conceptual and practical, and ensure these principles can be translated into good practice from all actors, including private partners and financing institutions.²

4.2 We are concerned that the language in the report in regard to humanitarian assistance does not reflect the explicit linkages of the AAAA with the outcomes of the World Humanitarian Summit (paras 66 and 67) nor the importance of increasing coherence and integration of development and humanitarian financing efforts (as explicitly recognised in the AAAA outcome document). Fragile and conflict affected countries will experience enormous challenges in delivering poverty eradication and development. However, page 73 of the report urges providers to meet international aid commitments 'net of humanitarian aid and refugee costs', which seems to take a more regressive and 'siloed' approach to financing in fragile contexts than the AAAA requires. The Report should give greater emphasis to monitoring actions relevant to the commitments made in the AAAA for financing in crisis and post-crisis conflict contexts - including the Grand Bargain Commitment 10 on 'collective outcomes' across the humanitarian-development nexus, support for national and local actors,, addressing the 'peacebuilding financing gap', and the provision of education and longer-term livelihood support to refugees in protracted displacement contexts.

5. Data

5.1 We welcome the reference to the Cape Town Global Action Plan for Sustainable Development Data, the emphasis on developing data and statistical capacity, and the Report's recognition of the importance of disaggregated data. To reach the SDGs and ensure that no-one is left behind, the Report could make a much stronger case for investment in the collection of data that is disaggregated by income quintile, geography, gender, age and disability, in line with the AAAA.

5.2 While the Report notes the importance of interoperability of data and standards, we regret that it does not mention the potential of existing standards, such as the International Aid Transparency Initiative (IATI), to fill data gaps at country level by capturing data on a wide range of international development finance flows. This could strengthen the picture of incoming financing flows and support national efforts.

6. Conclusion

6.1 We welcome the significant efforts of the Inter-Agency Task Force in coordinating expertise and inputs of a wide range of stakeholders from within the UN and externally to produce the report, and look forward to reviewing the full set of evidence and data in the online annex. We would be happy to further discuss or clarify any points in this submission.

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² See Development Initiatives (2016), *Aligning blended finance with the Busan principles of development effectiveness* <http://devinit.org/post/aligning-blended-finance-to-busan-principles/>