Introduction

In July 2015, world leaders came together in Addis Ababa, Ethiopia, to adopt the Addis Ababa Action Agenda (the Addis Agenda) at the Third International Conference on Financing for Development (FfD). The Addis Agenda created a holistic and coherent framework for financing sustainable development. More than just a framework, the Addis Agenda embodies several hundred concrete actions that Member States of the United Nations pledged to undertake individually and collectively. As subsequently emphasized in the 2030 Agenda for Sustainable Development, adopted by the General Assembly in September 2015, full implementation of the Addis Agenda is critical for the realization of the sustainable development goals (SDGs) and targets.

Member States committed to staying engaged through a dedicated and strengthened follow-up process to assess progress, identify obstacles and challenges to implementation, promote the sharing of lessons learned, address new and emerging topics of relevance, and provide policy recommendations for action by the international community. In this context, the Addis Agenda established an annual United Nations Economic and Social Council (ECOSOC) Forum on FfD Follow-up to review implementation of financing for development outcomes and the means of implementation (MoI) of the 2030 Agenda.

Credible and timely monitoring and analysis will be required to inform this process. This Inter-agency Task Force, convened by the Secretary-General, will seek to make a substantive contribution to these monitoring and analytical functions. According to its mandate, the Task Force will (i) report annually on progress in implementing the financing for development outcomes and the MoI of the 2030 Agenda for Sustainable Development, and (ii) advise the intergovernmental follow-up processes on implementation gaps and recommendations for corrective action.

The Task Force appreciates that there is also great interest in its work by Governments, international institutions and other stakeholders. It will strive to be technically precise and thoughtful, and to cover the full range of FfD issues, while also being accessible to a broad range of readers.

The Task Force will base its analysis on the premise that, given the nature of the issues being discussed, there is often not one simple policy solution. Rather, the complex nature of the issues implies that there are multiple policy options. Indeed, all economic policies have trade-offs. The Task Force sees its role as mapping out policy options and analysing their underlying assumptions and economic, social and environmental implications, while leaving the final policy choice to the national and international political processes.

As requested by the Addis Agenda, the Task Force aims to build on the positive experience of Inter-agency cooperation that the Secretary-General initiated when he invited the relevant international institutions to leverage their specialized expertise to monitor the eighth Millennium Development Goal.

1 Endorsed by the General Assembly in resolution 69/313.
2 General Assembly resolution 70/1, para. 40.
3 The 2012 United Nations Conference on Sustainable Development created the HLPF (General Assembly resolution 66/288, paras. 84-86); it was given responsibility to be the central mechanism for follow-up and review of progress toward the SDGs at the global level in the 2030 Sustainable Development Agenda (resolution 70/1, paras 82–90).
Addis Ababa Action Agenda — Monitoring commitments and actions

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The MDG Gap Task Force drafted analytical reports that incorporated the official indicators, while also monitoring complementary data and information to address emerging concerns. It regularly gave updates on international cooperation commitments and recommended policy measures that could be considered by the international community to further the global partnership. It is a model that the present Task Force will seek to emulate.

The Task Force further appreciates that a different international exercise will monitor progress on achieving the SDGs. That effort will focus on a global indicator framework agreed by the United Nations Statistical Commission for measuring the targets specified under each SDG, including those pertaining to the MoI. These indicators, particularly those for the MoI targets, will be important inputs to the Task Force’s work. The Addis Agenda also includes numerous additional commitments and action items that are not contained in the SDG targets. In addition, the Task Force has found that many items are difficult to fully capture with just one indicator. The Task Force Report will thus complement the statistical report on the SDG indicators by providing: (i) a review of the additional commitments and action items in the Addis Agenda and other FfD outcomes; (ii) an assessment of progress in implementing agenda items that may not be easily captured by quantitative indicators, such as qualitative measurements in areas where data is lacking; and (iii) an analytical discussion of the issues to give a fuller picture of implementation, assess the impact of financing flows and policies on achieving goals, and promote knowledge sharing and mutual learning. Monitoring of commitments made on the sidelines of the Addis Conference is included as Appendix B in this year’s Report, and published as a separate appendix in future years.

The first report of the Task Force, completed in the early months of 2016, does not seek to assess progress in implementation of the Addis Agenda or the MoI of the 2030 Sustainable Development Agenda, which were agreed to less than six months prior to the drafting of this report. Indeed, much of the data for 2015, which is the base year against which to measure progress in implementation, had not yet been published when this year’s report was being prepared. Instead, the focus of this year’s report is on how the Task Force proposes to monitor the implementation of commitments in future years. The Report also seeks to situate that discussion in the context of relevant recent developments.

1. The evolving global situation

There have been several important developments since Member States came together in Addis Ababa in July, including the successful adoption of the 2030 Agenda for Sustainable Development and the adoption of the Paris Agreement under the United Nations Framework Convention on Climate Change. There has also been progress in other action areas of the Addis Agenda. For example, IMF quota and governance reforms, which had been agreed to in 2010, became effective in January 2016. In response to the call in the Addis Agenda, the new Global Infrastructure Forum, led by the multilateral development banks, will be launched in Washington, DC on 16 April 2016 during the IMF/World Bank Group Spring Meetings.

Nonetheless, these global efforts are taking place in an increasingly difficult environment. Growing global risks threaten to make implementation of the agenda even more challenging than just six months ago. As the finance ministers and central bank governors of the Group of 20 observed in their communiqué at their 27 February 2016 meeting, “The global recovery continues, but it remains uneven and falls short of our ambition for strong, sustainable and balanced growth. Downside risks and vulnerabilities have risen against the backdrop of volatile capital flows, a large drop of commodity prices, escalated geopolitical tensions, the shock of a potential UK exit from the European Union and a large and increasing number of refugees in some regions. Additionally, there are growing concerns about the risk of further downward revision in global economic prospects.” Indeed, as indicated in the United Nations World Economic Situation and Prospects 2016, over $700 billion of capital left developing and transition countries in 2015, greatly exceeding the magnitude of net outflows during the “Great Recession”. At the same time, non-financial

corporations in emerging market countries accumulated significant levels of debt, which increased from less than 60 per cent of gross domestic product (GDP) in 2006 to more than 100 per cent at mid-2015, making these countries particularly vulnerable to sudden stops and reversals of capital flows.

Geopolitical risks have also risen. The world is facing the largest crisis of forced displacement since the Second World War, which is putting growing demands on limited public resources. There is a risk that needed assistance will be diverted from long-term development and countries most in need. Indeed, the least developed countries (LDCs) risk seeing their share of ODA falling further, despite the commitment in the Addis Agenda to reverse the decline. The challenge for the international community is to address the need for a response to the crisis while maintaining its commitment to long-term sustainable development and implementation of the SDGs. The Forum on FfD Follow-up could be a useful platform to reassert that development commitments will not be put at risk.

2. From Monterrey to Addis Ababa and the means of implementation for the SDGs: Monitoring Financing for Development outcomes

The Addis Agenda aims to mobilize public finance, set appropriate public policies and regulatory frameworks to unlock private finance, trade opportunities and technological development, and incentivize changes in consumption, production and investment patterns. It further seeks to align all resource flows and policies with economic, social and environmental priorities.

The holistic approach is rooted in the FfD process, embodied in the 2002 Monterrey Consensus and the 2008 Doha Declaration on Financing for Development. The Monterrey Consensus recognized not only that all sources of financing—public and private, domestic and international—are needed to finance development, but that resource mobilization depends on public policies and a strengthened national and international enabling environment. Both national policies and regulations and international rules and agreements are thus linked to development finance and outcomes.

The global partnership for development, as delineated in Monterrey, emphasizes the central importance of development cooperation and concessional financing. Indeed, development cooperation, and the fora in which it is discussed, remains a crucial part of the agenda. Building on Monterrey and Doha, the Addis Agenda reafirms that developing countries have primary responsibility for their own economic and social development. National sustainable development strategies are thus a core element of the Addis Agenda. As in Monterrey, domestic policies must be supported by an enabling international environment. Science, technology, innovation and capacity building had been touched upon in the Monterrey Consensus and Doha Declaration on FfD, but they were not accorded detailed treatment. The Addis Agenda explicitly incorporates each of the major non-financial MoI for delivering sustainable development along with the more traditional financial means, complementing and contextualizing them in a comprehensive framework.

The Addis Agenda goes beyond Monterrey and Doha outcomes by taking into account policy requirements for realizing all three dimensions of sustainable development—economic, social and environmental—in an integrated manner. It emphasizes the importance of incentives for private sector investment, as well as the quality of investment. It also emphasizes sustainable consumption and production patterns globally. In doing so, it brings issues such as climate finance, protection of oceans and forests, and other environmental concerns more prominently into the discussion, and incorporates these into the Monterrey global coherence agenda, along with issues of trade and global financial stability.

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The commitments and action items in the Addis Agenda are organized in seven main action areas (see Table 1) and a concluding section on data, monitoring and follow-up. Member States also identified a number of cross-cutting thematic areas where policy actions harness the synergies that exist between many of the specific action items elaborated in the action areas of the Agenda.

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<th>A. Domestic public resources</th>
<th>B. Domestic and international private business and finance</th>
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<td>c. International development cooperation</td>
<td>D. International trade as an engine for development</td>
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<td>E. Debt and debt sustainability</td>
<td>F. Addressing systemic issues</td>
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<td>G. Science, technology, innovation and capacity building</td>
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The relationship between the Addis Agenda and the SDGs

All of the MoI of the SDGs are included in the Addis Agenda. The indicators for the MoI targets will be important inputs to the Task Force’s work, as will relevant indicators for other SDG targets (which are particularly relevant to cross-cutting issues). Nonetheless, the 2030 Agenda for Sustainable Development and the Addis Agenda have different structures, which can make it difficult to track similar targets across the two agendas. The 2030 Agenda is organized around the SDGs, or around goals and outcomes, while the Addis Agenda follows the Monterrey Consensus, and is structured around different financial and non-financial MoI.

As emphasized in the Addis Agenda, the 17 SDGs have enormous synergies across goals, with implementation of one contributing to progress in the others. Similarly, there are synergies across the Addis chapters, as well as between the Addis Agenda and the SDGs (see Appendix C). Each of the SDGs thus draws on inputs from across the Addis Agenda chapters for implementation, while each of the Addis chapters speaks to different SDGs. Whether the issues are presented in terms of flows and MoI (the Addis Agenda) or by outcomes (the SDGs), the agendas need to be understood in a holistic manner.

In consideration of this, the Task Force draws on a nuanced understanding in the Addis Agenda of the benefits and risks associated with different types of finance and other MoI, as depicted by the seven chapters of the Addis Agenda. The different sectors and goals have different capital structures, implying that the appropriate combinations of financing modalities vary by sector, as well as by national contexts. For example, some investments, such as those that meet basic social needs, in most cases will be largely financed by public resources (though in some countries, supplemented by private investment).

Other investments, such as infrastructure, will often need to effectively combine public and private funding. Still others, such as financing for small and medium-sized enterprises (SMEs), will be predominantly private, though generally within public policy and regulatory frameworks that support and incentivize investment. All of these will also need support from non-financial MoI, such as technology and a supportive international environment, including a stable economic system and debt sustainability (see Figure 1).

As noted in the Addis and 2030 Sustainable Development Agendas, the full set of action areas in the Addis Agenda, together, thus form a strong basis for implementation of the SDGs and support for the global partnership for sustainable development.

Monitoring the commitments and actions in the Addis Agenda

Monitoring the Addis Agenda and the MoI of the SDGs represents a complex exercise covering hundreds of commitments and action items. The Task Force has carefully gone through the full range of these commitments and action items to create a framework for monitoring the broad agenda in future years. It compiled and clustered them into nine chapters—on cross-cutting issues, the seven action areas, and on data, with commitments and actions in each chapter organized by thematic clusters. Under each cluster, the Task Force presents options for monitoring, including: (i) the best currently available sources of data that will allow for monitoring progress in implementation in future years; (ii) a discussion on the quality of the data; and (iii) other methods such as qualitative and contextual analysis and case studies. In addition, the Task Force
The report notes where the indicators for the SDGs will provide additional data and information. While the Task Force will be flexible and incorporate new data sources in the future, the inaugural 2016 report will serve as a reference guide for the FfD follow-up process. Future reports will also include the monitoring of the broader FfD outcomes, building on the annual monitoring done since the Monterrey Consensus by the FfD Office of the United Nations Department of Economic and Social Affairs, in collaboration with the five major institutional stakeholders of the FfD process.

3. Task Force assistance to the Financing for Development Follow-up

In fulfilling its mandate to advise this intergovernmental follow-up on progress, implementation gaps and recommendations for corrective action (para 133), this first exercise of the Task Force has focused on building a monitoring and assessment framework. The Task Force work was ongoing in the context of a changing global environment, with new challenges that risked impacting implementation of the agenda. The changing global context, combined with the sheer breadth of the data gathering exercise, raised several questions about future monitoring. In particular, it brought forth three observations on how the Task Force can best support the Forum on FfD Follow-up.

First, the changing global environment underscores the importance of maintaining flexibility in addressing key issues in the FfD follow-up process. As mandated in the Addis Agenda, the FfD follow-up process should address “new and emerging topics of relevance to the implementation of this agenda as the need arises” (para 131). The multidimensional expertise in the Task Force could help provide the Forum on FfD Follow-up with reliable and balanced assessments of the state of play on newly arising issues that have an impact on implementation of the FfD agenda. Indeed, the Task Force brings together the international community’s expertise and responsibilities in support of detailed policymaking in economic, financial and trade questions. A challenge for the Task Force will be how to incorporate flexibility into its work program, given the large number of agencies involved and the timing of the intergovernmental processes. The Task Force could contribute targeted analysis to assist the Forum on addressing new issues in its annual report, if timing allows.
Alternatively, analytical inputs could take the form of policy briefs from the Secretariat, working with relevant Task Force members on a case by case basis.

The second point relates to the importance of balancing the breadth and depth of the Agenda. The Addis Agenda is extremely broad, covering seven chapters and cross-cutting issues and including hundreds of commitments and action items. While the breadth of the Addis Agenda calls for full coverage of this wide range of issues, the complexity of the issues addressed also demands in-depth discussions, supported by data and analytical work. To cover the entire agenda in depth every year will most likely exceed a reasonable page limit of the Task Force’s report. It may also overburden the Forum on FfD Follow-up given its mandate of ‘up to five days’. Yet to not cover the full agenda could leave important gaps in implementation.

To address this challenge, the Task Force has discussed a three-pronged approach for the report: first, inclusion of a brief discussion of the global context and its implications for implementation of the agenda and the follow-up process; second, a concise overview of each chapter of the full agenda, including updated data and pertinent issues as well as updates on new initiatives called for in the Addis Agenda (such as the Global Infrastructure Forum and the Technology Facilitation Mechanism), while covering the broader set of commitments and action items in an on-line annex; and third, if Member States so request, a discussion of specific thematic issues, drawing on inputs from across the seven action areas of the Addis Agenda. Such a theme or themes, if supported, could for example draw from the cross-cutting issues delineated in the Addis Agenda, the HLPF or ECOSOC theme, or other issues. The thematic approach would, however, necessitate further guidance from Member States. Given the time necessary to produce a full in-depth report, especially with the active engagement of over 50 agencies, such guidance would need to be given in a timely manner. Member States may wish to consider including recommendations on modality agreements in the prior year’s agreed conclusions of the Forum on FfD Follow-up, or alternatively, laying out in those conclusions a plan of how and when those modalities could be agreed to ensure adequate time for preparation of the Report.

The third point addresses the question of how to engage countries on a national level in the FfD process. While the Report is global in nature, several of the issues addressed in the action areas, particularly those related to national sustainable development strategies, would be best informed by country reporting. Yet, countries already carry a significant reporting burden for the SDGs. Further guidance from Member States would be needed to assess options for country reporting in the FfD process, and its relation to related efforts for the SDGs.

Finally, the Task Force will be pleased to have feedback on its current monitoring proposals, which build on the indicators from the SDGs, but go further to serve as a basis for analysis on the full Addis Agenda and the MoI of the SDGs, from the Forum on FfD Follow-up.

Moving from monitoring to action

As noted, the monitoring exercise carried out by the Task Force serves a two-fold purpose: to advise the intergovernmental follow-up on progress and implementation gaps, and to provide recommendations for corrective action. This advisory function establishes an important link between monitoring and implementation. It was perceived as too weak in the experience of the MDG Gap Task Force Report, which in its final assessment found that the monitoring of commitments must be complemented by effective accountability mechanisms and avenues for advocacy to have a continued impact. The Task Force report and its discussion at the intergovernmental level can serve to provide this link.

In the context of an aspirational and non-binding agreement, such monitoring is a central component and lever of change for achieving progress over time. Indeed, if it leads to a deeper understanding of the issues and the creation of consensual knowledge, monitoring and analysis can change perception of policy options and become a driver of change, as evidenced in the field of environmental

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agreements. The norms and principles contained in international agreements confer legitimacy and can reinforce the positions of political actors. At the same time, it can contribute to the diffusion of policy approaches and peer learning when it serves to bring together a community of practitioners that can exchange experiences and learn from each other.

Combined with the intergovernmental and multi-stakeholder discussion in the FfD Forum, it may be hoped that the knowledge created through this monitoring and review exercise can in turn support greater political traction for implementation of the Addis Agenda and the MoI of the 2030 Agenda at national and global levels.

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