

Technical Session 6: Effective Management of Development Finance for Sustainable Graduation and Long-Term Inclusive and Sustainable Development

A. Context

Countries currently graduating from the Least Developed Country (LDC) category need to address possible impacts of graduation while dealing with the aftermath of the Covid-19 outbreak along with many new challenges, on top of difficulties to deliver on their own national development priorities. According to the 2022 Financing for Sustainable Development Report, GDP per capita in one out of every five developing nations is expected to stay below 2019 levels through the end of 2023, even before the effects of the Ukraine war are apparent. With the war in Ukraine and the global fuel crisis, countries are experiencing rising inflation, price hikes, and food shortages.

In this challenging context, LDCs have limited resources to invest in mitigating crises and driving long-term sustainable development. Approximately half of LDCs, including graduating countries, are spending a large share of their resources on debt repayments, which squeezes out investments in social sectors and green growth. Most LDCs also have inadequate business environments for private investments in the SDGs, and uncertain ODA trends aggravated by a volatile geopolitical environment. Overall, while costs of development progress are increasing, while the resources envelope is shrinking.

For LDCs, there needs to be an increase in the volume of available development finance, while limited resources need to be allocated efficiently, to address the challenges mentioned above. The Integrated National Financing Framework (INFF), which more than 70% of LDCs are implementing, provides the comprehensive and multi-stakeholder approach to develop tailored financing strategies for the achievement of national development priorities and the SDGs.

Financing strategies can be designed to mobilise and align both public and private finance with national planning. Through dialogues across a wide range of stakeholders – planning and financing entities in government, line ministries, private sector, civil society, development partners – they can help to relink planning and financing to accelerate progress towards the SDGs and priority areas, such as climate action or human capital development.

B. Objectives

In this session, the LDC graduating countries will discuss their INFF implementations with the aim of:

1. Exchanging lessons learnt and good practices in the governance and processes of INFFs to strengthen planning and financing for long-term, inclusive, and sustainable development in graduating countries.

- Identifying specific financing policies, actions, and technical assistance (including innovative financing streams that have been accessed in other countries, and examples of international support that increased the volume of development finance) that will both contribute to the INFF and STS processes.

C. Guiding Questions

- What stage is the development of an INFF for your country at? What have been the main achievements?
- How have the approaches for your country's INFF taken into account the different needs and contexts of different groups (e.g., gender, youth) and sectors (e.g., social sectors, climate)?
- What steps have been taken to develop synergies between the INFF and the country's national STS planning?
- Are systems in place to support integrated approaches to planning and financing? Can new ways be explored to strengthen these?
- What challenges have been encountered in the implementation of the INFF and how have these been addressed?
- What key support measures and technical assistance are needed to structure and deliver on setting foundations for the INFF or on the identified policies and actions to enhance sustainable financing of development would be needed?

D. Format

The plenary session will be in-person and virtual (Zoom) and include a presentation by an expert, a moderated panel discussion with representatives from Bangladesh, Lao PDR and Nepal, and interactive Q&A.

E. Session Outline and Time Allocated: Thursday 0900 – 1030 (90 minutes)

Time	Description	Resource person(s)/ Key questions
5 minutes	Brief Opening remarks to set the scene: Outline session objectives, format and expected outcomes.	Chair: Ms. Sara Sekkenes, UN Resident Coordinator to Lao PDR
20 minutes	Presentation: “How INFFs could help to manage transitions to achieve sustainable graduation and advance towards long-term inclusive and sustainable development”	Ms. Radika Lal, SDG Finance Advisor, UNDP Bangkok Regional Hub
35 minutes	Panel Discussion moderated by the Chair	Chair: Ms. Sara Sekkenes, UN Resident Coordinator to Lao PDR

		<p>Representatives of lead INFF ministry from each country:</p> <ol style="list-style-type: none"> 1. Mr. Farid Aziz, Additional Secretary, Economic Relations Division, Government of Bangladesh 2. Dr. Chantanaphone Vongxay, Deputy Director General, Department of Planning, Ministry of Planning and Investment, Government of Lao PDR. 3. Mr. Dhundi Prasad Niraula, Joint Secretary, Ministry of Finance, Government of Nepal <p>UNRCO Economists of Bangladesh, Nepal, and Lao PDR</p>
20 minutes	Q&A	
10 minutes	<p>Closing: Summary of session and recommendations for STS preparations</p> <ol style="list-style-type: none"> a. What policy recommendations emerge as relevant for the graduating LDCs? b. What potential support could be useful in implementing these recommendations? 	<p>Chair: Ms. Sara Sekkenes, UN Resident Coordinator to Lao PDR</p>