

FINANCING SUSTAINABLE DEVELOPMENT



Secretary-General Addresses High-level Dialogue on Financing for Development
– Photo Credit: UN Photo/Evan Schneider

The fallout from COVID-19 has made financing for sustainable development more difficult, undermining Member States' ability to achieve the Sustainable Development Goals (SDGs). UN DESA has helped navigate this extremely difficult period through timely policy advice, rapid provision of virtual intergovernmental support, and strengthening remote capacity-building initiatives.

UN DESA...

- Supported the first quadrennial General Assembly Dialogue on Financing for Development.
- Advanced concrete commitments to respond to the COVID-19 crisis and strengthen efforts for sustainable finance to support the achievement of the Addis Ababa Action Agenda.
- Facilitated stronger G20 commitment to financing sustainable development and amplified the United Nations' messages to recover better in the G20.
- Led preparation of the UN's most authoritative analytical report on financing for sustainable development, in collaboration with more than 60 international organizations.
- Helped Member States to implement integrated national financing frameworks, as tools for immediate policy response and long-term planning, including in response to COVID-19.
- Facilitated the work of the Development Cooperation Forum.
- Supported international cooperation in tax matters and provided capacity support for domestic resource mobilization, and financing at subnational level.
- Coordinated the establishment of a high-level panel on international financial accountability, transparency, and integrity.
- Supported the High-Level Event on Financing for Development in the Era of COVID-19 and Beyond.
- Engaged the private sector to mobilize resources and align business operations with the Sustainable Development Goals.
- In light of the COVID-19 pandemic, supported investors to recover better.

Financing sustainable development

At the start of the Decade of Action, global challenges have multiplied. The economic and financial shocks associated with COVID-19 have plunged the world into recession. This has made financing for sustainable development more difficult, endangering the achievement of the SDGs.



Bill Gates at the High-level Dialogue on Financing for Development, September 2019. - Photo Credit: IISD Reporting Services

Supporting Member States to advance sustainable finance

In September 2019, UN DESA supported the High-level Dialogue on Financing for Development where six urgent actions were highlighted for strengthening sustainable finance: (i) address vast financing gaps for sustainable development; (ii) align financing sources and instruments with the SDGs, including through the implementation of integrated national financing frameworks (INFFs); (iii) tackle illicit financial flows; (iv) achieve debt sustainability

against rising climate and structural vulnerabilities; (v) strengthen domestic tax systems and international tax cooperation; as well as (vi) underline the essential role of Official Development Assistance.

Reflecting its action-oriented focus, the Dialogue featured announcements of more than 20 new initiatives and commitments by governments and stakeholders, including innovative financial instruments and new partnerships for SDG financing.

Helping Member States access policies and financing to fight COVID-19

UN DESA supported the ECOSOC President (Norway) to swiftly adapt the modalities of the ECOSOC Financing for Development Forum to the new circumstances, spearheading an innovative way of conducting negotiations and intergovernmental meetings within the constraints of the COVID-19 pandemic. ECOSOC convened two virtual meetings of the Forum on 23 April and 2 June, to address the immediate needs and longer-term fragilities exposed by the pandemic. These meetings helped Member States to gain better understanding of the concrete policy and financing options to tackle the global crisis and recover better. The outcome document of the Forum represents the first set of universally agreed policy guidance on financing COVID-19 response and recovery. The document was also the first intergovernmental outcome negotiated by virtual means in the history of ECOSOC.

Providing policy advice to address the financing challenges caused by COVID-19

UN DESA's thought leadership on development financing helped to shape the global discourse, including within the G20, International Monetary Fund and World Bank. The Department advanced strong policy responses to mitigate the impact of COVID-19 on the most vulnerable groups of countries, particularly least developed countries (LDCs) and small island developing States (SIDS).

The Department led the preparation and analytical work for the **2020 Financing for Sustainable Development Report** (FSDR), the main substantive input to the ECOSOC Financing for Development Forum. The publication is a product of the Inter-agency Task Force on Financing for Development, convened by UN DESA, which comprises over 60 international organizations, including the United Nations, the International Monetary Fund and the World

Bank. Launched in April 2020, the 2020 FSDR provided immediate actions and medium and long-term policy solutions to respond to the financing challenges brought on by COVID-19.

UN DESA also made substantive contributions to the UN Secretary-General's report on *Debt and COVID-19: A Global Response in Solidarity*, providing policy advice on addressing sovereign debt. The Department also analysed the impact of COVID-19 on the financial sector, providing policy recommendations on how the international community can support countries most in need, and promoting the opportunity for sustainable development investing.

UN DESA's analytical work provided the foundation for three of six work streams (global liquidity and financial stability, debt vulnerability and private sector creditors engagement)¹ set up to advance the High-Level Event on Financing for Development, hosted by the Secretary-General and the Prime Ministers of Canada and Jamaica to discuss financing for development in the era of COVID-19 and beyond. Member States will lead the efforts to identify the policy options to move forward on these key issues, with support from the UN development system and UN DESA, and in partnership with international organizations, financial institutions, think tanks, thought leaders and civil society.

Strengthening G20 commitment and action to support financing for development and recover better from COVID-19

UN DESA convenes the UN G20 Working Group, on behalf of the Secretary-General, to bring strategic system-wide UN inputs to the work of the G20. UN DESA strengthened collaboration with the G20 Presidency in 2020 (Saudi Arabia) to advocate for a stronger G20 focus

¹ The other work streams were external finance for inclusive growth, illicit financial flows and recovering better for sustainability.



G20 Leaders Virtual Summit, March 2020 – Photo Credit: UN Photo/Eric Schneider

on financing for development. For the first time, the G20 developed a Multi-year Programme of Action on Financing for Sustainable Development. The Multi-year Programme is expected to be endorsed by the G20 Summit in November 2020. The Department also actively engaged in the preparation of the G20 Extraordinary Summit on COVID-19, supporting the Secretary-General’s advocacy for the alignment of policies and relief resources with the 2030 Agenda.

Promoting private investment to support the Sustainable Development Goals

UN DESA supported the Secretary-General in launching the Global Investors for Sustainable Development (GISD) Alliance, a group of 30 global business leaders, brought together to provide decisive leadership in mobilizing resources for and aligning business operations with sustainable development. With UN DESA’s support, the Alliance is taking steps to increase the impact of private investment and facilitate the disclosure by corporations of meaningful metrics to inform investor decision-making. The Alliance has filled a critical gap in the finance ecosystem by developing a common definition of Sustainable Development Investing. The definition is key

to ensure the credibility of such investing and mitigate the risk of SDG-washing.

In light of the socioeconomic challenges caused by the COVID-19 pandemic, the GISD Alliance is also considering how to reorient investment for sustainable development both during the immediate response and in the recovery phase. To support this work, UN DESA has produced analysis on how investors could help recover better after the COVID-19 crisis.

Helping Member States to implement integrated national financing frameworks

UN DESA prepared practical modules to help Member States implement integrated national financing frameworks (INFFs), including in the context of recovering better from COVID-19. The first module, on the INFF inception phase, provided guidance to UN Country Teams in over 100 countries that submitted proposals to the UN Joint SDG Fund under the theme, *SDG Financing*, including to pioneer INFFs. INFFs are a tool to help countries strengthen planning processes, ensure more risk-informed financing strategies and overcome existing impediments to financing sustainable development at the national level. An INFF lays out the full range of financing sources – domestic public

resources, aid and development cooperation, and domestic and international private finance – and allows countries to develop a strategy to increase investment, manage risks and shocks and achieve sustainable development priorities, as identified in a country’s national sustainable development strategy.

Advancing risk-informed and climate-smart development cooperation

As substantive secretariat to the Development Cooperation Forum, UN DESA supported research, analysis and policy dialogue in support of more effective development cooperation in the COVID-19 period. UN DESA worked with UN DCO to roll out the biennial DCF Survey, which monitors, reviews and documents the evidence on the state of play of development cooperation on the ground in responding countries. Survey findings reflected trends in development cooperation immediately

preceding the onset of COVID-19, complemented by in-depth interviews with selected countries on the early impact of the pandemic. Analysis of Survey data informed the 2020 DCF Survey Study and provided practical guidance to Member States on advancing risk-informed development cooperation in the Decade of Action for the SDGs. UN DESA also worked closely with the Government of Indonesia in preparing analytical and related work focused on the key role of development cooperation, including South-South and triangular cooperation, in climate action and disaster risk reduction.

Strengthening tax cooperation

Throughout the year, UN DESA strengthened its support to the United Nations Committee of Experts on International Cooperation in Tax Matters, helping to advance the role of tax cooperation in achieving the 2030 Agenda and Addis Ababa Action Agenda. It supported the Committee



Inaugural Meeting of the Global Investors for Sustainable Development Alliance, October 2019 - Photo Credit: UN Photo/Mark Garten



LOOKING AHEAD

Taxation of the digitalized economy

UN DESA will hold a first in a series of UN workshops on taxation of the digitalized economy, in the fall of 2020, which will provide developing country participants with an opportunity to discuss and share experiences, as well as feed their views into the ongoing international dialogue, on policy and administrative options to effectively tax the digitalized economy.

in its technical work in multi-stakeholder subcommittee meetings and production of draft chapters, building towards production of the Committee's signature products as well as new ones, all with emphasis on the needs of developing countries. UN DESA assisted the Committee in advancing progress on updates of the widely used **UN Model Double Taxation Convention between Developed and Developing Countries**, the **Manual on Transfer Pricing**, and the **Handbook on Taxation of the Extractives Industries by Developing Countries**. It also advanced new work on the **Manual of Mutual Agreement Procedure**, a handbook on carbon taxation, and guidelines on the tax treatment of government-to-government aid projects.

Building local and regional capacity for municipal asset management

Municipal assets, such as equipment and machinery, public land, buildings and infrastructure facilities provide essential public services and play a critical role in the implementation of the SDGs. UN DESA and UNCDF delivered three country-level workshops in Nepal, Bangladesh and

Local and central government officials on joint field mission in Gulu, Uganda to assess progress in municipal asset management
- Photo Credit: UN DESA /Linda Newton



Uganda, as part of their joint Development Account project on municipal asset management. The workshops resulted in tangible commitments, including the implementation of Asset Management Action Plans (AMAPs) at the local level and the design of new asset management policy guidelines at the national level. UN DESA and UNCDF are also implementing new online training modules on municipal asset management to help local governments identify strategic intervention that mitigate the adverse social and economic impact of the pandemic. Specific focus is on improving the service level of critical assets like hospitals, water and sanitation and solid waste management, as well as on retrofitting public facilities to increase the capacity of local healthcare, provide shelter and facilitate business activities.

Promoting financial accountability, transparency, and integrity

UN DESA hosts the independent Secretariat of the High-level Panel on International Financial Accountability, Transparency, and Integrity (FACTI Panel) launched by the Presidents of the General Assembly and the Economic and Social Council, in March 2020. The independent Secretariat developed an overview of existing frameworks related to financial accountability, transparency, and integrity, as well as analysis to help Member States gain clarity on Financial Integrity issues. Through the spring and summer, UN DESA supported the Panel to consult with various stakeholders, including Member State delegations, civil society, international institutions, experts, academia, and the private sectors. The information gained was used to help the panel prioritize its work, develop its understanding of the gaps and vulnerabilities in the current frameworks, and begin thinking about recommendations. The Panel will continue its work, producing an interim report in September 2020 and a final report in February 2021.



IN FOCUS

Delivering capacity support to mobilize domestic resources

Building on the policy and practical guidance produced by the United Nations Committee of Experts on International Cooperation in Tax Matters, UN DESA delivered global and regional workshops related to domestic resource mobilization and taxation. In 2019-2020, workshops were held in a number of developing countries including Senegal, Kenya, Ecuador Indonesia Peru and Colombia.

The Department also expanded its portfolio of online courses on tax matters to include French versions of both the UN Primer on Tax Treaties and the UN Primer on Transfer Pricing, in addition to the existing versions of both courses in English and Spanish.