



ENSURING SUSTAINABLE FINANCING...

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... that supports a people-centred approach.

UN DESA supported Member States and the global community to address the urgent issues of sustainable financing for development, with focus on staving off the debt and liquidity crises emergent from the economic impacts of the pandemic and building resilience.

UN DESA...

- Led preparation of the 2021 Financing for Sustainable Development Report, putting forward joint analysis and policy recommendations to finance the pandemic response and strengthen risk-informed financing for sustainable development.
- Supported Member States to reach consensus on a series of ambitious policy actions to finance pandemic response and recovery and transition to more sustainable economies and societies.
- Shaped a reimagining of development cooperation – informed by risk, designed to build resilience, and strongly linked with climate action.
- Strengthened support to the UN Tax Committee.
- Advanced a concrete menu of options for Member States to address debt distress and liquidity challenges and combat illicit financial flows in the context of the recovery from the COVID-19 pandemic.
- Coordinated the actions of the GISD Alliance with major policy making groups and financial system bodies to ensure that its recommendations are included in their priorities.
- Led the UN's work to develop a global methodology on integrated national financing frameworks (INFFs).

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Ensuring sustainable financing

The COVID-19 crisis triggered the largest global recession in 90 years, setting back progress toward the SDGs and affecting all aspects of financing for development. Providing much needed guidance to Member States to respond and recover from the pandemic has been central to UN DESA's efforts.

Providing policy advice leadership on financing for sustainable development

UN DESA led the preparation and analytical work for the **2021 Financing for Sustainable Development Report (FSDR)**, the main substantive input to the ECOSOC Financing for Development Forum, and product of the Inter-agency Task Force on Financing for Development. Launched in March, the 2021 FSDR highlighted the risk of a sharply diverging world in the near term where the gaps between rich and poor widen because some countries lack the necessary financial resources to combat the COVID-19 crisis and its socioeconomic impact. Short-term risks are compounded by growing systemic risks that threaten to further derail progress, such as climate change.



The report recommended immediate actions to prevent this scenario and put forward solutions to mobilize investments in people and in infrastructure to rebuild better. It also laid out reforms for the global financial and policy architecture to ensure that it is supportive of a sustainable and resilient recovery and aligned with the 2030 Agenda. The messages of the FSDR were amplified by targeted policy briefs on risk-informed finance, corporate sustainability reporting and blended finance.

Addressing Debt and Liquidity Risks

UN DESA supported Member States in developing policy solutions to address debt and liquidity in the follow-up process to the High-Level Event on Financing for Development in the Era of COVID-19 and Beyond, convened in May 2020 by the Secretary-General and the Prime Ministers of Canada and Jamaica. The Department supported the work of discussion groups led by Member States and including various international institutions,

which culminated in a menu of proposed policy options and recommendations, including on the need for debt relief beyond the G20's Debt Service Suspension Initiative, and for a new SDR allocation and mechanisms to channel SDRs to countries in need. These options were considered by Finance Ministers convened by the Deputy Secretary General and the Finance Ministers of Canada and Jamaica and, subsequently, by Heads of State and Government at a special meeting on the margins of the 75th United Nations General Assembly in September 2020. As a follow-up to these discussions, UN DESA is leading two of six clusters set up to advance the menu of policy options - liquidity and debt vulnerability and addressing special country needs. The cluster on liquidity and debt vulnerability contributed to the Secretary-General's brief, **Liquidity and Debt Solutions to Invest in the SDGs: The Time to Act is Now**, and supported the meeting of Heads of State and Government on *International Debt Architecture and Liquidity* in March 2021.



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PLACING WOMEN AT THE CENTRE

Mainstreaming gender perspectives in shaping fiscal policy

Gender issues are routinely covered in the annual Financing for Sustainable Development Report (FSDR). The Inter-Agency Task Force on Financing for Development Gender Cluster Group, co-chaired by UN Women and UN DESA, ensures that gender perspectives are mainstreamed in the annual FSDR.

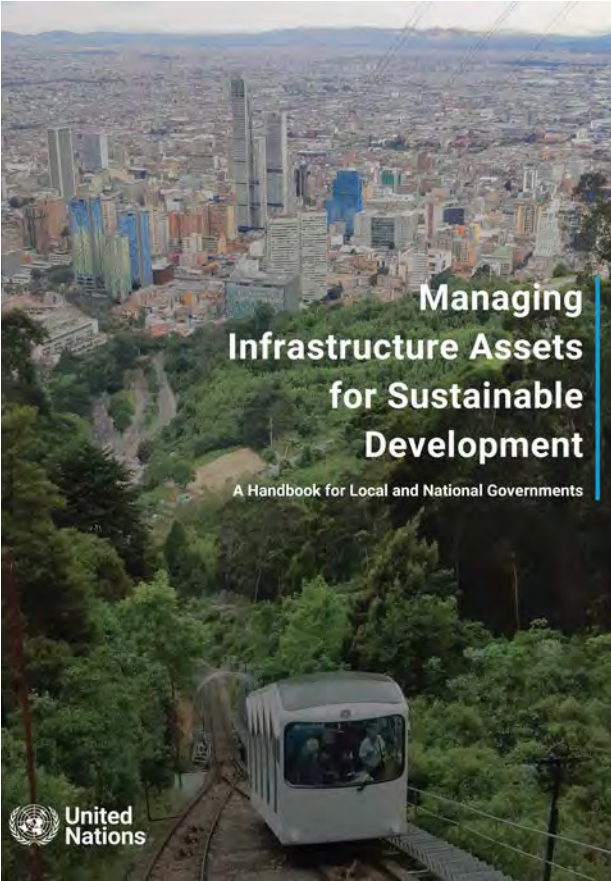
Some of the issues covered in the 2021 FSDR include how COVID-19 fiscal responses helped to mitigate the negative and disproportionate impact of the crisis on women and girls; official development assistance to gender equality and women's empowerment; gender responsiveness of climate finance; measures to address non-tariff barriers faced by women cross-border trade; and investing in gender statistics. UN DESA's analytical work also highlighted that the negative impacts of illicit financial flows are greater on women and girls.

Maximizing the value and sustainability of public infrastructure investments

Investments in public infrastructure assets – from bridges and watersheds to hospitals and garbage collection vehicles – play a key role in the SDGs, stemming the tides of the COVID-19 pandemic and confronting the climate, humanitarian, and other crises. Yet, efforts to close infrastructure investment gaps rarely factor in the financial costs, human skills and material resources needed to manage a wide portfolio of critical infrastructure assets over their entire life cycles.

In the last five years, UN DESA has sought to change this prevailing approach. A pilot project to introduce and implement sustainable, forward-looking infrastructure asset management in municipalities across Bangladesh, Nepal, Tanzania and Uganda yielded a still-growing body of knowledge and tools, now outlined in the UN DESA-UNCDF publication **Managing Infrastructure Assets for Sustainable Development: A Handbook for Local and National Governments**. Released in February 2021, the Handbook is available in Spanish, French, and Swahili, with more translations to come. With practical and accessible text and engaging infographics, the Handbook calls to action national and local governments in nurturing infrastructure assets and the key public services they enable to be reliable, crisis-resilient, and climate-smart.

UN DESA also partnered with UNITAR and Columbia University to create a Massive Open Online Course that transforms asset management principles and tools described in the Handbook into a virtual and visual learning experience. The self-paced course features interviews and testimonies from primary sources, including an asset manager from Malaysia's Department of Irrigation and Drainage, a public financial management expert from Nepal, a town clerk in Uganda and many more. Learners receive in-depth instruction in an engaging setting.



Curbing illicit financial flows

UN DESA supported Member States to advance a concrete menu of options to combat illicit financial flows in the context of the recovery from the COVID-19 pandemic. The Department coordinated a multi-stakeholder discussion group on illicit financial flows, co-chaired by the Ambassadors of Barbados and Nigeria, as part of the Initiative on Financing for Development in the Era of COVID-19 and Beyond. The menu of options was considered at a meeting of Heads of State and Government and fed into analytical work conducted by the Inter-agency Task Force on Financing for Development.



STRENGTHENING PUBLIC INSTITUTIONS

Taking asset management principles and tools to the field

Between February and April 2021, UN DESA brought the asset management expertise of various field authorities to over 2,500 individuals across Africa, Asia-Pacific and Latin America and the Caribbean in the “Online Solutions Dialogues”. This three-part interactive workshop series convened local and national government officials, together with industry, academic and civil society professionals, in discussions about

how to leverage infrastructure assets to meet the challenges affecting our economies, societies and geographies. Participants gained hands-on experience in developing Asset Management Action Plans, the flagship tool developed jointly by UN DESA and UNCDF, analysing trends in asset data over time and devising a climate adaptation strategy for a hazard facing their own communities.

The Dialogues put asset management on the radar screens of thousands of governments, cultivating a deeper commitment to sustainable and resilient infrastructure for the SDGs, backed by a growing network of knowledge and practical support.

BOOSTING PARTNERSHIPS AND MULTISTAKEHOLDER ENGAGEMENT

New UN-led knowledge platform on risk-informed and resilient infrastructure asset management

UN DESA has leveraged its partnerships with UNCDF and UNOPS in the context of its capacity development support on sustainable infrastructure asset management. Over 2020-2021, the three agencies collaborated on the finalization and launch of the UN Handbook on infrastructure asset management. The preparations of the Handbook convened numerous experts and practitioners from around the world and helped establish a new UN-led knowledge platform on risk-informed and resilient infrastructure asset management. The platform brings together central and local government infrastructure experts from local governments, the UN system, as well as experts from the African Development Bank, the Inter-American Development Bank, the Asian Development Bank, the Institute for Asset Management, the Overseas Development Institute, United Cities and Local Governments (UCLG) and CitiesAlliance.



The Department also hosted the Independent Secretariat of the High-Level Panel on International Financial Accountability, Transparency and Integrity for Achieving the 2030 Agenda (FACTI Panel). The FACTI Panel's independent Secretariat successfully supported the Panel in its work and the widespread dissemination of its recommendations, despite the disruptions caused by the COVID-19 pandemic, organising effective consultation and supporting production of high-quality analysis. Through its analysis the Panel has successfully advanced the global conversation on illicit financial flows and financial integrity issues.

Advancing international tax cooperation in times of crisis

UN DESA supported the Committee of Experts on International Cooperation in Tax Matters to deliver fully on its ambitious work programme and conclude its work at its 22nd Session in April 2021. COVID-19 has disrupted economies and consumption patterns, favouring digital business models over their bricks-and-mortar competitors. The 2021 UN Model Double Taxation Convention included

a new Article 12B that gives source (often developing) countries the treaty right to tax payments in their countries from automated digital services, where supported by domestic law. The pandemic has also displaced workers, through lockdowns and travel restrictions, and the UN Model has been amended to clarify when a home office in another state would constitute a “permanent establishment” - providing taxpayers with tax certainty, at a time when home offices have become more usual, often involuntarily. UN DESA also supported preparation of the 2021 United Nations Practical Manual on Transfer Pricing for Developing Countries, addressing transfer pricing challenges related to cross-border inter-company transactions. This helps avoid profit shifting from high-tax to low-tax jurisdictions – despite the pandemic-related market disruptions that make comparison with market prices difficult.

The Department’s Virtual Workshop on Practical and Policy Aspects of Taxation in a Digitalized Economy brought together over 160 participants for learning with top-tier experts on innovative issues in international tax.



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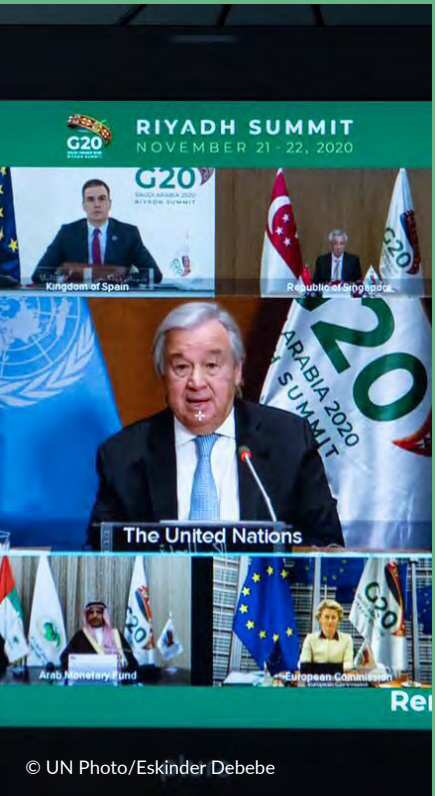
SUPPORTING COUNTRIES IN SPECIAL SITUATIONS

Advocating for special attention to the most vulnerable countries in the G20’s response and recovery

Under-Secretary-General Liu Zhenmin supported the Secretary-General’s engagement at the Group of 20 (G20) as the UN G20 Sherpa. UN DESA convened the UN G20 Working Group with a view to bringing a strategic and coherent approach to policy deliberations.

UN DESA worked closely with the G20 Presidencies (Saudi Arabia and Italy) and consistently brought to the G20’s attention the Secretary-General’s call of: i) Redoubling efforts to fight the spread of COVID-19; ii) Mobilizing resources for the COVID-19 response and recovery; iii) Achieving a sustainable, resilient and inclusive future beyond COVID-19; and iv) Tackling climate change to achieve a carbon-neutral and sustainable world.

These continuous and effective engagements have helped raise awareness among G20 members of the importance of stronger reference to multilateral action, the 75th anniversary of the UN as well as the 2030 Agenda, which were reflected in the 2020 G20 Leaders Declaration. The Riyadh G20 Summit took place virtually from 20-21 November 2020.



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In the Summit communique, G20 countries pledged to take all necessary measures to fight back the pandemic, making concrete commitments in health and socioeconomic response, including scaling up its support for Access to COVID-19 Tools Accelerator (ACT-A) initiative and COVAX. The declaration also presents avenues towards a more inclusive, resilient and sustainable recovery for all.



FACILITATING MULTILATERAL ACTION AND DECISIONS

Fostering global consensus to finance a sustainable, resilient, and inclusive recovery - 2021 ECOSOC FfD Forum and its outcome

UN DESA provided analytical and advisory support to Member States discussions at the 2021 ECOSOC Financing for Development Forum. The Forum broke new ground in the area of Financing for Development and was unprecedented in its reach and level of engagement. The Special Segment on Financing the COVID-19 recovery of the Forum, convened by the President of ECOSOC in consultation with the President of the General Assembly, garnered significant interest at the highest political level.

The Forum engaged Heads of State and Government as well as a Ministers and Vice-Ministers from over 50 countries. Unprecedented online interaction saw over 25,000 engagements being registered on social media in relation to the Forum, leading to a potential reach of around 4 billion users.

During the Forum, countries called for urgent global action to tackle the COVID-19 pandemic, which has had devastating effects on the lives and livelihoods of millions across the world.

The outcome document of the 2021 FfD Forum, agreed by consensus, represents a significant milestone for Financing for Development. It is the most ambitious since the Forum's inception, reinforcing the commitment of the international community to jointly tackle the COVID-19 crisis and commit to bold new actions that can set the world on track to achieve the Sustainable Development Goals.



The Virtual Workshop on Carbon Taxation engaged over 110 governments officials from more than 30 developing countries to learn about practical options to design and administer a carbon tax, at a time when many countries look for climate-smart solutions to finance the COVID-19 response and recovery.

Two virtual webinars on the COVID-19 Impact on Transfer Pricing and on the Transfer Pricing Aspects of Financial Transactions addressed the difficulty of comparability data during a pandemic and on how to deal with intra-group loans and guarantees. The webinars again brought developing country practitioners together with peers and renowned experts from the UN, OECD, academia, and private sector for a highly interactive learning event. Videos of the webinars are accessible online as training materials. UN DESA also continued to provide technical guidance on tax cooperation with the IMF, OECD and the World Bank, including through the Platform for Collaboration on

Tax (PCT). In February and March 2021, the PCT held two virtual workshops with over 700 participants to launch two toolkits on tax treaty negotiation and transfer pricing documentation.

Supporting Member States to implement integrated national financing frameworks

UN DESA continued to lead the UN's work to develop a global methodology on integrated national financing frameworks (INFFs) to help countries find solutions to close financing gaps and incorporate financing into planning processes. In April 2021, in the margins of the ECOSOC Financing for Development Forum, UN DESA launched a dedicated website on INFF. The website contains published guidance notes on the INFF inception phase, assessment and diagnostics, financing strategy, governance and coordination, and monitoring and review building blocks. The Department, in collaboration with

the Regional Economic Commissions, is also supporting INFF development in 10 countries (Belarus, Burkina Faso, Colombia, Costa Rica, Egypt, Indonesia, Jordan, Kyrgyzstan, Pakistan, Zambia). INFFs lay 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 achieve sustainable development priorities, as identified in a country’s national sustainable development strategy.

Mobilizing finance and private sector investment for sustainable development

UN DESA continued its coordination of the work of the Global Investors for Sustainable Development (GISD), an Alliance of 30 global business leaders from the financial and non-financial sectors who collectively manage assets worth US\$16 trillion. Among the achievements of the GISD Alliance’s first year was the report Renewed, Recharged,

and Reinforced: Urgent actions to harmonize and scale sustainable finance, which was submitted as an input to the European Commission’s consultation on its Renewed Sustainable Financing Strategy. The report made more than 60 recommendations for global action to scale-up investment in sustainable development to help advance the SDGs. The Alliance also developed a unified definition of Sustainable Development Investing (SDI) and released the first of its kind Call to Action for COVID-19 bonds, which was endorsed by the International Capital Markets Association.



DRIVING INNOVATION

Sustainable Development Goals Investment Fair

The 2021 SDG Investment Fair focused on how to build forward from COVID-19 by scaling up long-term investment for sustainable development. Convened by UN DESA, the Fair brought together ministers and senior government officials, the private sector, including CEO Members of the GISD Alliance, representatives from development finance institutions, multilateral institutions, academia and think tanks to discuss concrete actions on how to address the decline in foreign direct investment during the pandemic and

the continuous need to mobilize additional investments for the implementation of the SDGs. Ministers of Finance and Foreign Affairs pointed out the need to shift incentives towards the long term for all actors across the investment chain. In addition, participants discussed the need for sector-specific SDG-related metrics to strengthen the reporting on the sustainability impact of companies and to strengthen the alignment of private investment with sustainable development.