

INTER-AGENCY TASK FORCE  
ON FINANCING FOR DEVELOPMENT

*Addis Ababa Action Agenda*

Monitoring commitments  
and actions

*Inaugural Report*

2016



UNITED NATIONS

Addis Ababa Action Agenda

# Monitoring commitments and actions

Inaugural Report 2016

Inter-agency Task Force on Financing for Development



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## Foreword

In 2015, world leaders made ambitious commitments to transform the global economy, bring new opportunities to billions of people, and leave a healthier planet for future generations. Three critical milestones made the year 2015 a global landmark for sustainable development and international cooperation.

First, the Addis Ababa Action Agenda provides a new global financing framework to mobilize and deliver the resources, technology and partnerships needed for sustainable development.

Second, the 2030 Agenda for Sustainable Development presents a universal, integrated and transformative vision for a better world, including 17 Sustainable Development Goals.


Third, the universal Paris Agreement on climate change marks a turning point in our response to one of the leading threats to stability and well-being.

Implementation will be the test of our commitment. Accurate and comprehensive monitoring of actions at all levels will be crucial for success.

The Inter-Agency Task Force on Financing for Development, which I convened at the end of 2015, will strengthen the follow-up process by reporting annually on progress in implementing the financing for development outcomes and the means of implementation of the 2030 Agenda.

This first report of the Task Force describes the comprehensive scope of the Addis Agenda, with high-level cross-cutting initiatives and additional concrete commitments across its seven action areas. It sets out the sources of data and evidence that will allow the Task Force to carry out its important work.

Now is the time to transform our global vision into tangible actions that improve the lives of people everywhere. I urge all partners across the world to embrace the ambition contained in the Addis Agenda and join forces towards its successful implementation.



BAN Ki-moon  
Secretary-General



## Preface

The Addis Ababa Action Agenda encouraged the Secretary-General to convene an Inter-Agency Task Force to report annually on progress in implementing the Financing for Development outcomes and the means of implementation of the 2030 Sustainable Development Agenda. It specified that the Task Force will advise the intergovernmental follow-up on progress, including implementation gaps, and make recommendations for corrective action.

In fulfilment of this mandate, the Secretary-General convened the Inter-Agency Task Force on Financing for Development in December 2015. The Task Force, which I have the great honour to chair, comprises over 50 United Nations agencies, programmes and offices and other relevant international institutions and entities. The major institutional stakeholders of the Financing for Development process, the World Bank Group, the International Monetary Fund, the World Trade Organization, the UN Conference on Trade and Development and the UN Development Programme are taking a central role, jointly with the Financing for Development Office of the UN Department of Economic and Social Affairs, which also serves as the coordinator of the Task Force and substantive editor of the report.

The Task Force's annual report will be analytical in nature, with a focus on monitoring progress in implementing commitments in the Addis Agenda and the means of implementation of the Sustainable Development Goals (SDGs). This first edition of the report maps out these commitments, including the relationship between SDG means of implementation and the Addis Agenda. It also presents the full set of data sources that will allow for annual assessments of progress in implementation and that will provide the basis for evidence-based policy analysis, with a view to providing Member States with policy options and recommendations.

Future editions of the Report will thus complement the statistical focus of the SDG Progress Report, which is mandated in the 2030 Agenda for Sustainable Development to annually assess progress in implementation of the 17 SDGs. We trust that the work of the Task Force will provide the evidence and analysis necessary to inform substantive and fruitful deliberations of Member States on Financing for Development.



Wu Hongbo  
Under-Secretary-General for Economic and Social Affairs  
United Nations  
Chair of the Inter-agency Task Force



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# Inter-agency Task Force Members

## Task Force coordinator and substantive editor



United Nations Department of Economic and Social Affairs (UNDESA)

## FFD Major Institutional Stakeholders



World Bank Group



International Monetary Fund (IMF)



World Trade Organization



United Nations Conference on Trade and Development (UNCTAD)



United Nations Development Programme (UNDP)

## Regional economic commissions



Economic and Social Commission for Asia and the Pacific (ESCAP)



Economic and Social Commission for Western Asia (ESCWA)



Economic Commission for Africa (ECA)



Economic Commission for Europe (ECE)



Economic Commission for Latin America and the Caribbean (ECLAC)

## United Nations System and other agencies and offices

























**FSB** Financial Stability Board (FSB)



Food and Agriculture Organization of the United Nations (FAO)



Global Environment Facility (GEF)

-  International Atomic Energy Agency (IAEA)
-  International Civil Aviation Organization (ICAO)
-  International Fund for Agricultural Development (IFAD)
-  International Labour Organization (ILO)
-  International Organization for Migration (IOM)
-  International Telecommunication Union (ITU)
-  International Trade Centre (INTRACEN)
-  Joint United Nations Programme on HIV/AIDS (UNAIDS)
-  Office of the High Commissioner for Human Rights (OHCHR)
-  Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (OHRLS)
-  Office of the Secretary-General's Envoy on Youth
-  Office of the Special Adviser on Africa (OSAA)
-  Organisation for Economic Co-operation and Development (OECD)
-  Secretariat of the Convention on Biological Diversity (CBD)
-  Sustainable Energy for All (SE4All)
-  The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)
-  The Global Alliance for Vaccines and Immunizations (GAVI)
-  UN Capital Development Fund (UNCDF)
-  United Nations Children's Fund (UNICEF)
-  United Nations Commission on International Trade Law (UNCITRAL)
-  United Nations Convention to Combat Desertification (UNCCD)
-  United Nations Educational, Scientific and Cultural Organization (UNESCO)
-  United Nations Entity for Gender Equality and the Empowerment of Women (UN Women)
-  United Nations Environment Programme (UNEP)
-  United Nations Framework Convention on Climate Change (UNFCCC)



United Nations Global Compact



United Nations High Commissioner for Refugees (UNHCR)



United Nations Human Settlements Programme (UN-HABITAT)



United Nations Industrial Development Organization (UNIDO)



United Nations Office for Project Services (UNOPS)



United Nations Office for South-South Cooperation (UNOSSC)



United Nations Office for the Coordination of Humanitarian Affairs (OCHA)



United Nations Office on Drugs and Crime (UNODC)



United Nations Population Fund (UNFPA)



United Nations Research Institute for Social Development (UNRISD)



United Nations University (UNU)



United Nations World Food Programme (WFP)



World Health Organisation (WHO)



World Intellectual Property Organization (WIPO)

## Abbreviations

<b>AAAA</b>	Addis Ababa Action Agenda	<b>CLOUT</b>	Case law on UNCITRAL texts
<b>ADB (AsDB)</b>	Asian Development Bank	<b>CMAA</b>	Convention on Mutual Administrative Assistance
<b>AEOI</b>	Automatic exchange of financial account information	<b>COP</b>	Communication on Progress
<b>AfDB</b>	African Development Bank	<b>COP 21</b>	21st session of the Conference of the Parties
<b>AFMI</b>	African Financial Market Initiative	<b>CPA</b>	Country programmable aid
<b>ALADI</b>	Latin American Integration Association	<b>CRA</b>	credit rating agency
<b>AML/CFT</b>	Anti-money laundering and combating the financing of terrorism	<b>CREDAF</b>	Centre de rencontres et d'études des dirigeants des administrations fiscales
<b>ASEAN</b>	Association of Southeast Asian Nations	<b>CRS</b>	Creditor reporting system
<b>ASTI</b>	Agricultural science, technology, and innovation	<b>CRTA</b>	Committee on Regional Trade Agreements
<b>ASYCUDA</b>	Automated systems of customs data	<b>CSOs</b>	Civil society organisations
<b>ATI</b>	Addis Tax Initiative	<b>CSPA</b>	Common Statistical Production Architecture
<b>BCBS</b>	Basel Committee on Banking Supervision	<b>CSR</b>	Corporate social responsibility
<b>BEEPS</b>	Business Environment and Enterprise Performance Survey	<b>CSTD</b>	Commission on Science and Technology for Development
<b>BEPS</b>	Base erosion and profit shifting	<b>CTCN</b>	Climate Technology Centre and Network
<b>BIAT</b>	Boosting Intra-African Trade	<b>CTD</b>	Committee on Trade and Development
<b>BIS</b>	Bank for International Settlements	<b>DAC</b>	Development Assistance Committee
<b>CD</b>	Capacity development	<b>DCD</b>	Development Co-operation Directorate
<b>CDIP</b>	Committee on Development and Intellectual Property	<b>DCF</b>	Development Cooperation Forum
<b>CEMLA</b>	Center for Latin American Monetary Studies	<b>DDI</b>	Data Documentation Initiative
<b>CFTA</b>	Continental Free Trade Area	<b>DESA</b>	United Nations Department of Economic and Social Affairs
<b>CGFS</b>	Committee on the Global Financial System	<b>DFQF</b>	Duty-free and quota-free
<b>CGIAR</b>	Consultative Group of International Agricultural Research	<b>DTIS</b>	Diagnostic trade integration study
<b>CIAT</b>	Inter-American Center for Tax Administrations	<b>EBRD</b>	European Bank for Reconstruction and Development
<b>CITES</b>	Convention on International Trade in Endangered Species of Wild Fauna and Flora	<b>ECA</b>	United Nations Economic Commission for Africa
		<b>ECB</b>	European Central Bank

<b>ECF</b>	Extended Credit Facility	<b>GIFT</b>	Global Initiative for Fiscal Transparency
<b>ECOSOC</b>	United Nations Economic and Social Council	<b>GIIN</b>	Global Impact Investing Network
<b>ECOWAS</b>	Economic Community of West African States	<b>GNI</b>	Gross national income
<b>EdStat</b>	Education Statistics Database	<b>GOOS</b>	Global Ocean Observing System
<b>EECIS</b>	Eastern Europe and the Commonwealth of Independent States	<b>GOSR</b>	Global Ocean Science Report
<b>e-GDDS</b>	enhanced General Data Dissemination System	<b>GPE</b>	Global Partnership for Education
<b>EIB</b>	European Investment Bank	<b>GPEDC</b>	Global Partnership for Effective Development Cooperation
<b>EIF</b>	Enhanced Integrated Framework	<b>GRI</b>	Global Reporting Initiative
<b>EITI</b>	Extractive Industries Transparency Initiative	<b>GRWG</b>	Global Remittances Working Group
<b>EMDEs</b>	Emerging markets and developing economies	<b>GSBPM</b>	Generic Statistical Business Process Model
<b>EMPEA</b>	Emerging Markets Private Equity Association	<b>G-SIBs</b>	Global systemically important banks
<b>EOI</b>	Exchange of information	<b>G-SIIs</b>	Global systemically important insurers
<b>ESCAP</b>	Economic and Social Commission for Asia and the Pacific	<b>GVCs</b>	Global value chains
<b>ESCWA</b>	Economic and Social Commission for Western Asia	<b>HDI</b>	Human Development Index
<b>EST</b>	Environmentally sound technologies	<b>HLM</b>	High-Level Meeting
<b>FAO</b>	Food and Agriculture Organization	<b>HSS</b>	Health systems strengthening
<b>FATF</b>	Financial Action Task Force	<b>IAEG-SDGs</b>	Inter-agency and Expert Group on Sustainable Development Goal Indicators
<b>FCSs</b>	fragile and conflict-affected states	<b>IAIS</b>	International Association of Insurance Supervisors
<b>FDI</b>	Foreign Direct Investment	<b>IATF</b>	Inter-Agency Task Force
<b>FfD</b>	Financing for Development	<b>IATI</b>	International Aid Transparency Initiative
<b>FSAP</b>	Financial Sector Assessment Program	<b>IATT</b>	UN Inter-agency Task Team on Science, Technology and Innovation for the SDGs
<b>FSB</b>	Financial Stability Board	<b>IBRD</b>	International Bank for Reconstruction and Development
<b>FSSAs</b>	Financial System Stability Assessments	<b>ICAO</b>	International Civil Aviation Organization
<b>FTEs</b>	Fiscal Transparency Evaluations	<b>ICESDF</b>	Intergovernmental Committee of Experts on Sustainable Development Financing
<b>FTS</b>	Financial Tracking Service	<b>ICPD</b>	International Conference on Population and Development
<b>GA</b>	United Nations General Assembly	<b>ICPs</b>	Insurance Core Principles
<b>GAVI</b>	The Global Alliance for Vaccines and Immunizations	<b>ICSID</b>	International Centre for the Settlement of Investment Disputes
<b>GDP</b>	Gross domestic product	<b>ICT</b>	Information and communications technology
<b>GEF</b>	Global Environment Facility		
<b>GEPE</b>	Guidelines for Effective Philanthropic Engagement		
<b>GFDRR</b>	Global Facility for Disaster Reduction and Recovery		
<b>GFSR</b>	Global Financial Stability Report		
<b>GIF</b>	Global Infrastructure Facility		



<b>IDA</b>	International Development Association	<b>LIC</b>	Low Income Country
<b>IDBG</b>	Inter-American Development Bank Group	<b>LLDCs</b>	Landlocked developing countries
<b>IDFC</b>	International Development Finance Club	<b>M&amp;E</b>	Monitoring and evaluation
<b>IEA</b>	International Energy Agency	<b>MAPS</b>	Methodology for Assessing Procurement Systems
<b>IEP</b>	Institute for Economics and Peace	<b>MCAA</b>	The Common Reporting Standard Multilateral Competent Authority Agreement
<b>IETC</b>	International Environmental Technology Centre	<b>MDB</b>	Multilateral development bank
<b>IFC</b>	International Finance Corporation	<b>MDG</b>	Millennium Development Goal
<b>IFFs</b>	Illicit financial flows	<b>MDIs</b>	Microfinance deposit taking institutions
<b>IFI</b>	International financial institutions	<b>MHT</b>	medium and high-tech
<b>IFPRI</b>	International Food Policy Research Institute	<b>MIGA</b>	Multilateral Investment Guarantee Agency
<b>IGOs</b>	intergovernmental organizations	<b>MNEs</b>	Multinational enterprises
<b>IHP+</b>	International Health Partnership Plus	<b>MoI</b>	Means of Implementation
<b>IAs</b>	International investment agreements	<b>MSMEs</b>	Micro, Small and Medium Enterprises
<b>ILO</b>	International Labour Organization	<b>NDB</b>	National development bank
<b>IMF</b>	International Monetary Fund	<b>NEPAD</b>	The New Partnership for Africa's Development
<b>IMF</b>	International Monetary Fund	<b>NGOs</b>	Non-governmental organizations
<b>IMFC</b>	International Monetary and Financial Committee	<b>NSDP</b>	National Summary Data Page
<b>INTOSAI</b>	The International Organisation of Supreme Audit Institutions	<b>NTMs</b>	non-tariff measures
<b>IOC</b>	Intergovernmental Oceanographic Commission	<b>OCHA</b>	Office for the Coordination of Humanitarian Affairs
<b>IODE</b>	International Oceanographic Data and Information Exchange	<b>ODA</b>	Official development assistance
<b>IOM</b>	International Organization for Migration	<b>ODF</b>	Official development finance
<b>IOSCO</b>	International Organization of Securities Commissions	<b>ODP</b>	Open data platforms
<b>IOTA</b>	Intra-European Organisation of Tax Administrations	<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>IP</b>	Intellectual property	<b>OHCHR</b>	Office of the United Nations High Commissioner for Human Rights
<b>IPPMD</b>	Interrelations between Public Policies, Migration and Development	<b>OHRLLS</b>	United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States
<b>ISDS</b>	investor-state dispute settlement	<b>OOF</b>	Other official flows
<b>ITC</b>	International Trade Centre	<b>OPEC</b>	Organization of the Petroleum Exporting Countries
<b>ITU</b>	International Telecommunication Union	<b>OPIC</b>	Overseas Private Investment Corporation of the United States
<b>IUU</b>	illegal unreported and unregulated	<b>PAHO</b>	Pan-American Health Organisation
<b>LAC</b>	Latin America and Caribbean	<b>PARIS21</b>	Partnership in Statistics for Development in the 21st Century
<b>LCR</b>	liquidity coverage ratio	<b>PBF</b>	Peacebuilding Fund
<b>LDCs</b>	Least Developed Countries		

<b>PEFA</b>	Public expenditure and financial accountability	<b>STEM</b>	Science, technology, engineering and math
<b>PICMD</b>	Policy and institutional coherence for migration and development	<b>STI</b>	Science technology and innovation
<b>PIDA</b>	Programme for Infrastructure Development in Africa	<b>SWIFT</b>	Society for Worldwide Interbank Financial Telecommunication
<b>PISA</b>	Programme for International Student Assessment	<b>TADAT</b>	Tax Administration Diagnostic Assessment Tool
<b>PPF</b>	Project Preparation Facilities	<b>TFM</b>	Technology Facilitation Mechanism
<b>PPI</b>	Private Participation in Infrastructure	<b>TIWB</b>	Tax Inspectors Without Borders initiative
<b>PPP</b>	Public-private partnership	<b>TMT</b>	Transfer of marine technology
<b>PRESS</b>	Partner Report on Support to Statistics	<b>TOSSD</b>	Total Official Support for Sustainable Development
<b>PSGs</b>	Peacebuilding and State-building Goals	<b>TPP</b>	Trans-Pacific Partnership Agreement
<b>QCPR</b>	Quadrennial Comprehensive Policy Review	<b>TRAINS</b>	Trade Analysis and Information System
<b>R&amp;D</b>	Research and development	<b>TRIPS</b>	Trade-related Aspects of Intellectual Property Rights
<b>RA-FIT</b>	Revenue Administration's Fiscal Information Tool	<b>TTIP</b>	Transatlantic Trade and Investment Partnership
<b>RCAP</b>	Regulatory Consistency Assessment Program	<b>TWG</b>	Thematic working group
<b>RTAs</b>	Regional preferential trade agreements	<b>U4E</b>	United for Efficiency
<b>SABER</b>	Systems Approach for Better Education Results	<b>UHC</b>	Universal health coverage
<b>SCP</b>	Sustainable consumption and production	<b>UNCAC</b>	United Nations Convention against Corruption
<b>SDG</b>	Sustainable Development Goals	<b>UNCDF</b>	United Nations Capital Development Fund
<b>SDMX</b>	Statistical Data and Metadata eXchange	<b>UNCITRAL</b>	United Nations Commission on International Trade Law
<b>SDR</b>	Special drawing right	<b>UNCLOS</b>	United Nations Convention on the Law of the Sea
<b>SDSN</b>	Sustainable Development Solutions Network	<b>UNCTAD</b>	United Nations Conference on Trade and Development
<b>SE4All</b>	Sustainable Energy for All	<b>UNDP</b>	United Nations Development Programme
<b>SE4All GTF</b>	Sustainable Energy for All Global Tracking Framework	<b>UNECA</b>	United Nations Economic Commission for Africa
<b>SECURE</b>	Stand-by Emergency Credit for Urgent Recovery	<b>UNECE</b>	United Nations Economic Commission for Europe
<b>SIDS</b>	Small island developing States	<b>UNEP</b>	United Nations Environment Programme
<b>SIFI</b>	Systemically important financial institution	<b>UNESCO</b>	United Nations Educational, Scientific and Cultural Organization
<b>SIFs</b>	Sustainable investment forums	<b>UNFCCC</b>	UN Framework Convention on Climate Change
<b>SmaRT</b>	Smart remitter target	<b>UNICEF</b>	The United Nations Children's Fund
<b>SMEs</b>	Small and middle-sized enterprises		
<b>SSC</b>	South-South cooperation		
<b>StAR</b>	Stolen Asset Recovery		

<b>UNIDO</b>	United Nations Industrial Development Organization
<b>UNITAID</b>	International Drug Purchasing Facility
<b>UNMM</b>	United Nations Monitoring Mechanism
<b>UNODC</b>	United Nations Office on Drugs and Crime
<b>UNSC</b>	United Nations Security Council
<b>UNSD</b>	United Nations Statistical Division
<b>USOAP</b>	Universal Safety Oversight and Audit Program
<b>WEO</b>	World Economic Outlook
<b>WFP</b>	World Food Programme
<b>WGI</b>	Worldwide Governance Indicators
<b>WHO</b>	World Health Organization
<b>WIPO</b>	World Intellectual Property Organization
<b>WITS</b>	World Integrated Trade Solution
<b>WoRLD</b>	World Revenue Longitudinal Data
<b>WTI</b>	World Telecommunication/ICT Indicators
<b>WTO</b>	World Trade Organization

# 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).<sup>1</sup> 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.<sup>2</sup>

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 (paras 131–132). 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. Accord-

ing 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 (para 133). The Task Force's primary official audiences will be the Forum on FfD Follow-up and the High-Level Political Forum on Sustainable Development (HLPF).<sup>3</sup> 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

<sup>1</sup> Endorsed by the General Assembly in resolution 69/313.

<sup>2</sup> General Assembly resolution 70/1, para. 40.

<sup>3</sup> 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).

(MDG 8).<sup>4</sup> 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

<sup>4</sup> See [http://www.un.org/en/development/desa/policy/mdg\\_gap/](http://www.un.org/en/development/desa/policy/mdg_gap/) for the 2015 report and links to the earlier reports.

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.<sup>5</sup> The Monterrey Consensus recognized not only that all sources of financing—pub-

lic 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 reaffirms 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.

<sup>5</sup> Report of the International Conference on Financing for Development, Monterrey, Mexico, 18–22 March 2002 (A/CONF.198/11, chapter 1, resolution 1, annex); Report of the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, Doha, Qatar, 29 November–2 December 2008 (A/CONF.212/7/resolution 1, annex).



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.

Table 1

#### Action areas of the Addis Agenda

- |    |   |
|----|---|
| A. | Domestic public resources                               |
| B. | Domestic and international private business and finance |
| c. | International development cooperation                   |
| D. | International trade as an engine for development        |
| E. | Debt and debt sustainability                            |
| F. | Addressing systemic issues                              |
| G. | Science, technology, innovation and capacity building   |

### 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).

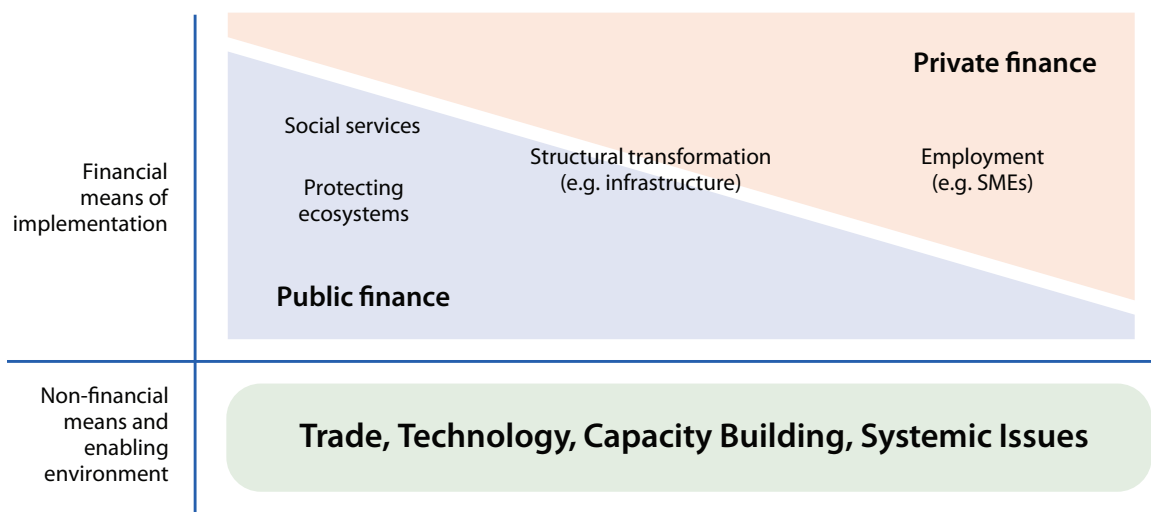
As noted in the Addis and 2030 Sustainable Development Agendas, the full set of action areas in the Addis Agenda, together, thus form a strong basis for implementation of the SDGs and support for the global partnership for sustainable development.

### 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

Figure 1

### The continuum of public and private financing and the non-financial means for achieving sustainable development



\* The figure is for illustrative purposes only and size of boxes is not representative of magnitudes of flows

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.<sup>6</sup> 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

6 United Nations (2015). Taking Stock of the Global Partnership for Development. 2015 MDG Gap Task Force Report. New York.

agreements.<sup>7</sup> 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.

<sup>7</sup> Miller-Dawkins, May (2014). Global Goals and International Agreements. Lessons for the Design of the SDGs. ODI Working Paper 402.



# Chapter I

## Cross-cutting issues

### 1. Introduction

The Addis Ababa Action Agenda contains several key cross-cutting initiatives that build on the synergies of the sustainable development goals (SDGs) and address critical gaps in their delivery. Cross-cutting issues and commitments in the Addis Agenda, as contained in chapter I, include: (i) the delivery of social protection and essential public services for all; (ii) scaling up efforts to end hunger and malnutrition; (iii) closing the infrastructure gap including establishing the Global Infrastructure Forum; (iv) promoting inclusive and sustainable industrialization; (v) generating full and productive employment and decent work for all; (vi) protecting ecosystems; (vii) promoting peaceful and inclusive societies. It also addresses such issues as gender equality and the empowerment of women and girls; children and youth; countries in special situations; and the global partnership for sustainable development. Each of these initiatives can contribute to progress across a large number of SDGs.

Because of the close links to the 2030 Agenda for Sustainable Development, monitoring by the Inter-agency Task Force in this chapter will be able to draw on a large number of relevant SDG indicators, in particular for commitments and action items focused on achieving specific outcomes. The Task Force will add to those as necessary, and also provide greater specificity and detail to the monitoring of financial and non-financial means of implementation (MoI).

### 2. Delivering social protection and essential public services

The Addis Agenda presents a new social compact. This compact contains two components: a commitment to deliver social protection systems and measures for all, including floors; and a package of

essential social services. While social protection generally refers to cash transfers and social insurance, such as adequate pensions for older persons, essential public services include the provision of basic social services, such as health and education. Countries are encouraged to set national spending targets for quality investments in these areas. As part of the social compact, the international community commits to provide support to country efforts and to explore funding modalities. Specifically, countries:

- *commit to provide fiscally sustainable and nationally appropriate social protection systems and measures for all, including floors, with a focus on those furthest below the poverty line and the vulnerable, persons with disabilities, indigenous persons, children, youth and older persons (12, SDG 1.3, MoI 8.b)*
- *are encouraged to consider setting nationally appropriate spending targets for quality investments in essential public services for all, including health, education, energy, water and sanitation, consistent with national sustainable development strategies (12)*
- *commit strong international support for these efforts, and [to] explore coherent funding modalities to mobilize additional resources, building on country-led experiences (12)*

Elements of this compact are included in the SDGs focused on poverty, health, education, water and sanitation, energy, decent work and cities. Indeed, the social compact addresses the full set of social indicators in the SDGs, while building on three targets (1.3: *implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable*; 1.4: *ensure that all men and women, in particular the poor and the vulnerable,*

*have... access to basic services and 1.a: ensure significant mobilization of resources from a variety of sources, including through enhanced development cooperation, in order to provide adequate and predictable means for developing countries, in particular least developed countries, to implement programmes and policies to end poverty in all its dimensions).* The Task Force can thus draw on SDG indicator 1.3.1 (*proportion of population covered by social protection floors/systems, disaggregated by sex, and distinguishing children, the unemployed, old-age persons, persons with disabilities, pregnant women/newborns, work injury victims, the poor and the vulnerable*), SDG indicator 1.4.1 (*proportion of population living in households with access to basic services*) and SDG indicator 1.a.2 (*proportion of total government spending on essential services (education, health and social protection)*). Additional sources of data that can complement these indicators include the World Bank's ADePT database, which contains information on coverage and benefit incidence of social protection programmes across quintiles, deciles or other population groups.

The means to implement this social compact will come in large part from domestic public sources, supported by international public finance. Examining financing from national budgets as well as from international aid can thus help in monitoring implementation of the social compact.

National data is collected and classified by function in the framework of the System of National Accounts. The International Monetary Fund's (IMF) Government Finance Statistics (GFS) database can be used to ascertain domestic spending levels for general government spending on an annual basis, though data points can be missing and/or reported on a different basis across different years. SDG indicator 16.6.1 (*primary government expenditures as a proportion of original approved budget, disaggregated by sector (or by budget codes or similar)*) should provide additional data. SDG MoI indicator 8.b.1 (*total government spending in social protection and employment programmes as a proportion of the national budgets and GDP*) and other data sources, such as Government Spending Watch, which tracks government spending in 74 low- and middle-income countries in agriculture, education, environment, gender, health, social protection, and water, sanitation and hygiene and the International Labour Organization's (ILO)

Social Protection database (which includes social protection coverage and expenditures in 190 countries) can also be useful. In as much as possible, this effort should track spending that explicitly addresses geographic disparities of services (both quality and access) and inequities among different population groups in service provision.

Nationally appropriate spending targets for quality investments in essential public services for all can also draw on existing benchmarks such as the benchmark to allocate at least 4–6 per cent of gross domestic product (GDP) to education and/or at least 15–20 per cent of public expenditure to education, which was adopted at the World Education Forum 2015 and included in the Incheon Declaration, or the African Union's Abuja Declaration to allocate at least 15 per cent of annual budgets to improve the health sector. Monitoring of the effective use of such resources is further elaborated in the context of chapter II.A on domestic public resources.

Monitoring for the commitment to support domestic efforts with development aid can draw on the Organization for Economic Cooperation and Development (OECD) Development Assistance Committee's (DAC) Creditor Reporting System (CRS) codes, selecting those appropriate within codes 110 (Education), 120 (Health), 13020 (Reproductive health care and HIV/AIDS), 16010 (Social/Welfare services), 140 (Water and sanitation), 16030 (Housing and slum upgrading) and 15160 (Human Rights). Case studies can be used to help explore coherent funding modalities to mobilize additional resources, building on country-led experiences.

Finally, it has been suggested that the United Nations Economic and Social Council (ECOSOC) Forum on Financing for Development (FfD) Follow-up and subsequent FfD conferences could serve as an institutional home for further exploration of coherent funding modalities for different areas included in the social compact, in terms of nationally appropriate spending targets and international support, including official development assistance (ODA) allocations, as well as complementary new innovative sources of finance for education, health, housing, social protection and water.

### 3. Ending hunger and malnutrition

Governments also commit to prioritise the fight against hunger and malnutrition and to adequately support sustainable agriculture. These commitments are largely consistent with the SDGs (SDG 2 to end hunger, achieve food security, improve nutrition and promote sustainable agriculture; SDG target 12.3 on halving food losses and waste). Monitoring by the Task Force can thus rely on the SDG indicators to a great extent. However, the Addis Agenda includes several additional aspects. First, it underscores that combatting hunger is multifaceted, and emphasizes the importance of rural development and addressing urban poverty in fighting hunger. Second, it puts a greater focus on implementation and financing. One key area that the Addis Agenda emphasizes is the need to increase both public and private investment and to align financing with sustainable development. Third, in addition to focusing on smallholders and women farmers, the Addis Agenda addresses mechanisms, such as agricultural cooperatives and farmers' networks, as potentially playing a greater role in rural development and poverty reduction. Specifically, the Addis Agenda:

- *Commits to take action to fight malnutrition and hunger (SDG 2.1 and 2.2), including among the urban poor; and to strengthen efforts to enhance food security and nutrition, focused on smallholders, women farmers (SDG 2.3), and agricultural cooperatives and farmers' networks (13)*
- *Commits to support sustainable agriculture, including forestry, fisheries and pastoralism (13, SDG 2.4, MoI 2.a)*
- *Encourages increased private investment and commits to increasing public investment, particularly for financing research, infrastructure and pro-poor initiatives (13)*
- *Commits to significantly reduce post-harvest food loss and waste (13, SDG 12.3)*
- *Calls on WTO members to correct and prevent trade restrictions and distortions in world agricultural markets, including through the parallel elimination of all forms of agricultural export subsidies and disciplines on all export*

*measures with equivalent effect (83, MoI 2.b, see chapter II.D)*

- *Commits to ensure the proper functioning of food commodity markets and their derivatives (108, MoI 2.c); Commits to facilitate timely, accurate and transparent access to market information in an effort to ensure that commodity markets appropriately reflect underlying demand and supply changes and help limit excess volatility (108, MOI 2.c)*

In the area of hunger and food security, there are two relevant indicators—2.1.1, *prevalence of undernourishment* (the established Millennium Development Goal hunger indicator), and 2.1.2, the new *Food Insecurity Experience Scale* (FIES). Whereas the prevalence of undernourishment has until now been applied only at the national level, the FIES will be able to address the effective ability to access food at the individual or household level, directly.

On malnutrition, available indicators (2.2.1 and 2.2.2) are the *prevalence of stunting, wasting and overweight among children under five*. The Task Force could further monitor three additional World Health Assembly indicators (breastfeeding, anaemia and low birth weight). Moreover, it is possible to monitor not just nutritional outcomes, which may result from health problems or water and sanitation access, but also the quality of diets. This can be done through the Women Dietary Diversity Score, which is supported by the United Nations Standing Committee on Nutrition, and which connects food systems, including agricultural production, with diversified and healthy diets. Additional supporting data can be found in the percentage of national budgets allocated to nutrition.

Monitoring of commitments and actions should also recognize the broader multidimensional nature of interventions in the area of malnutrition and hunger, including, but not limited to, agriculture, education, food systems, health, social protection and water and sanitation. To this extent, this section is closely linked to monitoring under the social compact and infrastructure sections in this chapter of the Report.

In the area of smallholder productivity and sustainable agriculture, SDG indicators include 2.3.1 (*volume of production per labour unit by classes of farming/pastoral/forestry enterprise size*), and 2.3.2



(*average income of small-scale food producers, by sex and indigenous status*). This could be supplemented by case studies, particularly on the role of agricultural cooperatives and farmers' networks.

In terms of increasing investment, the Food and Agriculture Organization (FAO), the International Fund for Agricultural Development and the World Food Programme have calculated that to end hunger and poverty by 2030, additional resources of an average of US\$265 billion will be required annually. This includes public investments in social protection as well as additional targeted public and private pro-poor investments in productive activities, including agriculture. As discussed under the social compact, much of this investment will be through public finance. However, many low-income countries lack the necessary public resources, and lack of investment in agriculture over decades has meant continuing low productivity and stagnant production in many countries. The Task Force will be able to draw on indicator 2.a.1 (*Agriculture Orientation Index (AOI) for Government Expenditures*), which is defined as the agriculture share of government expenditures, divided by the agriculture share of GDP. Examining the numerator and denominator separately can give further insight into the growth of government expenditures in agriculture. International support can be monitored through 2.a.2 (*total official flows (official development assistance plus other official flows) to the agriculture sector*), which is provided by the OECD and also available through the FAO Statistics Division (FAOSTAT, disaggregated into flows to agriculture, rural development, basic nutrition, food aid, food security, and others). For a complete picture of international support, it would also be helpful to capture South-South cooperation in this area, however data is currently limited (see chapter II.C).

In terms of private flows, the Task Force can track foreign direct investment (FDI) flows to developing countries going to the agricultural sector, as reported by the United Nations Conference on Trade and Development (UNCTAD) and the OECD. Both the level and share of these flows would need to be reported on a country basis, given that recent trends show an increase in FDI with a diminishing share going to agriculture, as well a high concentration in very few countries, predominantly middle income countries (MICs). However, some FDI in

agriculture is not reported. For example, long-term land concessions have not been reported as FDI. UNCTAD and FAO are working on improving the capture and coverage of relevant data on FDI in agriculture.

Measuring domestic private flows is particularly challenging. It is possible to measure credit to agriculture, which represents credit provided by domestic financial institutions to agricultural producers. The metric is available in FAOSTAT, using data compiled from central bank websites. Another possible metric, which focuses on equity investment, is gross fixed capital formation (GFCF), which is the year-over-year change in gross capital stock. The metric is expected to be available on FAOSTAT as of March 2016.

With respect to trade in agricultural markets, the Ministerial Decision taken at the WTO's Nairobi Conference in December 2015 reaffirms the commitment for developed Members to immediately eliminate their remaining scheduled export subsidy entitlements and for developing Members to do so by 2018. The Task Force can draw on SDG MoI indicator 2.b.2 (*Agricultural Export Subsidies*) and this can be supplemented by import and export tariffs on agricultural products. The Task Force may also draw on the *Producer Support Estimate* (PSE, SDG indicator 2.b.1), which captures various transfers from taxpayers and consumers to agriculture, including for instance the market price differential induced by import tariffs that is borne by consumers. The PSE is designed to show what share of support to agriculture can be considered to be highly production and trade distorting (as opposed to only minimally influencing markets through more decoupled measures of support), and is thus closely aligned to the target aspirations as defined in the Addis Agenda commitments under paragraph 83.

Lastly, the Addis commitment for ensuring properly functioning commodity markets and limiting excess price volatility is closely matched to MoI target 2.c., with indicator 2.c.1 on *food price anomalies*, which measures the number of "price anomalies" that occur on a given food commodity price series over a given period of time. This measure can be applied to any relevant series of food prices to reveal conditions of market instability. This can be supplemented by both actual and implied volatility of

food commodity prices. Excess volatility, which is included in the Addis Agenda, is a financial metric that assesses the difference between the actual volatility of the market price and the predicted volatility based on asset pricing models, which is calculated by financial market firms. Data on commodity markets, prices and other related factors are regularly monitored in a biannual UNCTAD publication on World commodity trends and prospects. The publication covers volatility in markets, which could proxy for a measure of whether prices appropriately reflect underlying demand and supply changes.

#### 4. Closing the infrastructure gap

Investing in sustainable and resilient infrastructure, including transport, energy, water and sanitation for all, is a key priority of the Addis Agenda. Infrastructure is critical for economic development, reducing poverty and inequality, and ensuring environmental sustainability, and is a core element of SDG 9, with additional targets on sector specific infrastructure included in many other SDGs. While the SDGs focus primarily on infrastructure outcomes, the emphasis in the Addis Agenda is on overcoming obstacles and bottlenecks to investment, including both finance and capacity.

The Addis Agenda delineates impediments to investment in infrastructure on both the supply and demand side. It emphasizes that in many countries, insufficient investment is due in part to inadequate infrastructure plans and an insufficient number of well-prepared investable projects, which underscores the need for government policies along with capacity development. At the same time, financing is insufficient. Public funds are limited, while the existing incentive structures of many private investors are not necessarily aligned with the long-term investment horizon necessary for many infrastructure projects. The Agenda points out, though, that given the large financing gap in infrastructure, all financing sources—public, private, domestic and international—will be needed. Infrastructure is thus included across the chapters of the Addis Agenda.

Specifically, the Addis Agenda includes the following subpoints:

##### 4.1. Bridging the global infrastructure gap, including the US \$1-1.5 trillion gap in developing countries

- *Identify and address infrastructure and capacity gaps across countries and sectors, in particular in LDCs, LLDCs, SIDS and African countries (14)*

Estimates of investment requirements for infrastructure vary widely, depending on assumptions about economic growth, policies and scope. Nonetheless, such estimates can shed light on the magnitude of investment needs, as well as where those needs are greatest. Estimates are made periodically by both public and private entities.<sup>1</sup> The World Bank Group will publish global estimates on infrastructure needs, which will likely be updated every three to five years. Identifying the infrastructure gap by countries and sectors is particularly challenging, but sectorial data could be a basis for understanding trends.

To date, there is no universal database on infrastructure investment. Rather, different databases cover different aspects of infrastructure investment. The table below lists several sources of infrastructure data, including World Bank Group and OECD databases on global infrastructure investments, UNCTAD's FDI database, commercial subscription-based databases on infrastructure projects and funding, some regularly updated third-party infrastructure reports, and several national official databases on domestic infrastructure investments. The table also shows the details of the sources, in terms of how they break down infrastructure investment (i.e., by country, by sector and public-private partnership (PPP) investments), the number of countries covered and the frequency of updates. The Global Infrastructure Hub of the G20 may also compile data on infrastructure deals. These can serve as a basis for tracking trends in different types of investment across countries and sectors.

<sup>1</sup> See for example Bhattacharya, Romani and Stern, 2012, Infrastructure for development: meeting the challenge, CCCEP Policy Paper; and McKinsey Global Institute, 2013, Infrastructure productivity: How to save US\$1 trillion a year.



## 4.2. As a key pillar to meet the sustainable development goals, establish a global infrastructure forum, led by the multilateral development banks, aiming to:

- *Improve alignment and coordination among infrastructure initiatives (14)*
- *Encourage a greater range of voices to be heard, particularly from developing countries (14)*
- *Work to ensure investments are environmentally, socially and economically sustainable (14)*

The inaugural Global Infrastructure Forum will be hosted by the multilateral development banks (MDBs) during the IMF and World Bank Spring meetings in April 2016. The Task Force will report annually on the outcome of the Global Infrastructure Forum, which will also be an input to the Forum on FfD Follow-up. The future modalities of the Global Infrastructure Forum are yet to be decided, including the frequency of meetings, timing, participation, and the role of different development banks. Depending on the timing, analysis in the Task Force Report could also be an input to the upcoming Global Infrastructure Forum.

Table 2  
Infrastructure Investment Data Sources

Name	Breakdown			Number of Countries Covered	Latest Update and Frequency
	Investment Data by Sector	Investment Data by Country	PPP Investments in Infrastructure		
World Bank World Development Indicators Database	Yes	Yes	Yes	82	Annually
PPI Project Database by the World Bank	Yes	Yes	Yes	139	Annually
OECD Statistics Database	Yes	Yes	No	34	Annually (Latest in 2013)
UNCTAD FDI Database	Yes	Yes	No	200	Annually
IHS Global Insight Construction Database*	Yes	Yes	Not Disclosed	74	Quarterly
Project Finance International*	Yes	Yes	Not Disclosed	Not Disclosed	Not Disclosed
Preqin Database*	Yes	Not Disclosed	Yes	Not Disclosed	Not Disclosed
Dealogic Platform Database*	Not Disclosed	No	Not Disclosed	Not Disclosed	Not Disclosed
Oxford Economics*	Not Disclosed	No	Not Disclosed	Not Disclosed	Not Disclosed
Moody's Global Infrastructure Focus Newsletter*	Not Disclosed	Not Disclosed	Not Disclosed	Not Disclosed	Monthly
GRESB*	Yes	Not Disclosed	Not Disclosed	Not Disclosed	Not Disclosed
European PPP Expertise Center (EPEC) Market Updates Report	Yes	Yes	Yes	35	Semi-annually (Latest in 2015)
U. S. Census Bureau	Yes	No	No	1	Monthly (Latest in Dec, 2015)
UK HM Treasury Database	Yes	No	No	1	Annually
Canadian PPP Project Database	Yes	No	Yes	1	Not Disclosed
Africa Infrastructure Knowledge Program	Yes	Yes	No	25	Not Disclosed
Infrastructure India Project Database	Yes	No	Yes	1	Not Disclosed

Starred (\*) data sources do not allow free access.

**Note 1:** European Investment Bank (EIB) and other RDBs may have additional data but not released to the public.

**Note 2:** Only UK Treasury database explicitly presents pure private and public financing data.

**Note 3:** "Not Disclosed" because access is based on subscription, or unknown at time of publication.

**Note 4:** Breakdown information of the data sources requiring subscriptions is given in their marketing materials.

### 4.3. Domestic actions and international cooperation for infrastructure financing

- *Governments commit to embed resilient and quality infrastructure investment plans in national sustainable development strategies, and to improve domestic enabling environments (47)*
- *Commit enhanced financial and technical support to facilitate development of sustainable, accessible and resilient quality infrastructure in developing countries (MoI 9.a), including to translate plans into concrete project pipelines, as well as for individual implementable projects, including for feasibility studies, negotiation of complex contracts, and project management (47)*

Case studies can help to better understand developments in infrastructure plans. Country reporting within the context of reporting on national sustainable development strategies would be particularly useful here. Several tools that can be used to assess the domestic enabling environment are discussed in chapter II.B on private business and finance. Infrascopie, developed by the Economist Intelligence Unit in conjunction with several MDBs, in particular, looks at the policy and regulatory framework for infrastructure, particularly PPPs, including experience in projects. The MDBs are also undertaking work to measure specific aspects of the enabling environment, for example through the Benchmarking PPP Procurement survey. The IMF's Public Investment Management Assessment (PIMA) framework, which helps countries evaluate the strength of their public investment management practices in planning, allocation and implementation, could be used to assess countries' institutions related to domestic public investment.

The Addis Agenda calls for support for countries in translating plans into concrete project pipelines, as well as in project preparation, which can perhaps be best monitored through case studies. There are several initiatives aimed at capacity development, including through the MDBs. For example, the MDB infrastructure working group is building harmonized approaches to project preparation, procurement, supervision, monitoring and reporting. In

addition, this Task Force can serve as a vehicle for United Nations agencies to report jointly on their capacity development efforts.

In terms of financing and official support more broadly, the proposed SDG MoI 9.a. on infrastructure (*total official international support—official development assistance plus other official flows to infrastructure*), can be used to measure the level of international public support. This can be based on data from the OECD. In addition, South-South cooperation is particularly important in the area of infrastructure. (See the discussion in II.C on South-South cooperation.) The Task Force can also follow up on infrastructure funds, such as the Association of Southeast Asian Nations Infrastructure Fund established by the Asian Development Bank (ADB), the Silk Road Fund, the Programme for Infrastructure Development in Africa, the Africa50 Fund, along with new funds from development banks and the private sector.

One of the biggest challenges in this section will be to measure the 'quality' of infrastructure. There is no clear-cut set of criteria for what constitutes 'quality' infrastructure investment. It could comprise the condition and attributes of the final infrastructure, the nature of the financing, the terms of the contract, and/or the impact on sustainable development, including issues of labour and the environment, as well as resilience. The World Economic Forum's Executive Opinion Survey, which is conducted in collaboration with some 150 partner institutes, could be used as an estimate of the business sector's perception of the quality of overall infrastructure in a country. However, it does not include issues associated with economic/financial, social or environmental sustainability. Bloomberg collects some data on 'sustainable deals' and there is good data on clean energy sources (See chapter II.B). Again, case studies can be useful here.

### 4.4. Development banks and infrastructure financing

- *Calls on national and regional development banks to expand contributions in sustainable infrastructure (33)*
- *Emphasizes the role of MDBs in infrastructure investment, including sub-sovereign loans (75)*

*and encourages MDBs to address regional infrastructure gaps (87)*

- *Encourages MDBs to help channel resources of long-term investors towards sustainable development, including through long-term infrastructure and green bonds (75)*

The Addis Agenda recognizes the enormous potential of development banks with regards to infrastructure investment and development. Indeed, the MDBs have recently put in place several mechanisms to facilitate support for infrastructure investments. The Global Infrastructure Facility (GIF) housed in the World Bank Group facilitates the preparation and structuring of infrastructure PPPs, and provides a platform for MDBs to collaborate. Other MDBs are developing their own project preparation facilities aimed at strengthening the infrastructure pipeline, including the Islamic Development Bank's (IDBG) InfraFund, the African Development Bank's (AfDB) New Partnership for Africa's Development Infrastructure PPF, European Investment Bank-hosted initiatives such as the Arab Financing Facility Technical Assistance Fund (co-managed by the IDBG and the International Finance Corporation, IFC); the European Bank for Reconstruction and Development's Infrastructure Project Preparation Facility (PPF); the ADB's Asia Pacific PPF, as well as AfDB's Africa50 Initiative, which will focus on both project preparation and project finance. The MDBs can report on progress in implementation of these facilities and other activities, such as the level of support provided to projects, broken down by region, the level of development and other categories, for example projects taken to the market and funds mobilized by them.

To date, however, there is no consistent data on MDB investment in infrastructure across development banks. The new Global Infrastructure Forum can provide a platform for MDBs to work together to develop (i) a common approach to measuring MDB financial support to infrastructure so that this can be aggregated across the MDBs; and (ii) a task force to establish a joint framework and methodology to measure catalyzing capacity as intermediaries. This data could also aim to delineate specific investments, such as on sub-sovereign lending, in line with commitments in the Addis Agenda. The

MDBs will report on these issues once they have been agreed upon.

Tracking infrastructure and green bond issuance is complicated by the fact there is currently no agreement on the definition of what constitutes a green bond. Nonetheless, there is a general understanding that green bonds usually refer to projects to fund climate change adaptation or mitigation. Currently, green bonds are primarily issued by MDBs, though they are also issued by governments, municipalities and the private sector.

The Addis Agenda also encourages development banks to go further to channel the resources of long-term investors to infrastructure and green bonds for investment in sustainable and resilient infrastructure more broadly. There are several potential mechanisms for this, including: (i) direct issuance; (ii) enhancing the credit quality of green bonds issued by governments, national development banks, agencies and the private sector; and (iii) supporting green securitization and market development, such as standardization of loan contracts for green assets and warehousing.

MDB annual green bonds issuance can be tracked using 2015 as a base line year. The Task Force can also monitor overall growth of the green bond market. Data on climate bonds are available at [www.climatebonds.net](http://www.climatebonds.net). Bloomberg also collects data on green bond issuance more broadly.

The MDBs can also report on efforts to enhance the credit quality of green bonds by other issuers, and to support green securitization. Specifically, the MDBs could share the amount and value of green bonds to which they have provided credit enhancement, as well as a list of green securitization and market development projects they have supported.

#### 4.5. Private investment in infrastructure

Bank lending to infrastructure has fallen since the financial crisis. At the same time, institutional investors currently invest less than 1 per cent of their portfolios directly in infrastructure and less than 3 per cent in broader investments, such as in companies that invest in infrastructure, in both developed and developing countries. In addition to strengthening the enabling environment and pipeline of feasible projects (see 4.3 above), the Addis Agenda encourages actions to overcome impediments to long-term

investment in infrastructure on the part of investors. Specifically, Addis:

- *encourages long-term institutional investors, such as pension funds and sovereign wealth funds, which manage large pools of capital, to allocate a greater percentage to infrastructure, particularly in developing countries (47)*

The World Bank's Private Participation in Infrastructure (PPI) Database can be used to track private investment in infrastructure. The database provides information on the overall deal flow of private infrastructure projects in emerging markets. In addition, the GIF, as part of its results framework, will monitor the share of long term financing from institutional investors over the medium term. This will look at infrastructure projects post financial closing and draw on commercial data sources as well as the PPI Database. Several private sector databases also provide data on institutional investor asset allocation, including the percentage of funds invested in infrastructure, as well as bank lending to infrastructure (see table 2). Chapter II.B on private business and finance also addresses some of the impediments to private sector investment in infrastructure. In particular, chapter II.B calls for investors to take measures to incentivize long-term investment, as well as for standards-setting bodies to identify adjustments to encourage longer-term investment.

#### 4.6. Public and private blended finance for infrastructure financing

The Addis Agenda notes that both public and private investment have key roles to play in infrastructure financing, including through PPPs and blended finance that share risks and rewards fairly. Efforts to monitor blended finance are complicated by the fact that there is no agreed definition. The Addis Agenda defines blended finance as combining concessional public finance with non-concessional private finance and expertise from the public and private sector, special-purpose vehicles, non-recourse project financing, risk mitigation instruments and pooled funding structures, which is consistent with that provided by the United Nations Intergovernmental Committee

of Experts on Sustainable Development Financing (ICESDF). Specifically, Addis:

- *Calls for projects involving blended finance, including PPPs, to share risks and rewards fairly, include clear accountability mechanisms and meet social and environmental standards (48)*
- *Calls for careful consideration on the structure and use of blended finance instruments (48)*
- *Commits to capacity development for PPPs and to build a knowledge base and share lessons learned through regional and global forums (48)*
- *Commits to hold inclusive, open and transparent discussion when developing and adopting guidelines and documentation for the use of PPPs (48)*

These commitments are partly covered by SDG target 17.17: *Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships.* The corresponding indicator focuses on the *Amount of United States dollars committed to public-private and civil society partnerships.* While it is unclear how this will be measured, the World Bank's databases (including the PPI project database and World Development Indicators database) are useful sources of information on investment in PPPs. Existing data can also be used as a starting point to assess the impact of PPPs beyond US dollars committed. As one example, the PPI project database would allow assessing the share of PPP projects cancelled or under distress.

These quantitative measures would need to be complemented by qualitative analysis. The information required to track the record of blended finance initiatives in sharing risks and rewards efficiently, incorporating accountability mechanisms and meeting social and environmental standards would be qualitative in nature and likely to vary widely across projects.<sup>2</sup> Obtaining this would involve accessing a wide range of case studies and reviews by National Audit Offices, by bilateral and multilateral donors and by civil society organizations.

<sup>2</sup> Social and environmental standards would include the IFC's Performance Standards to take into account associated environmental, social and governance risks.

The PPP Fiscal Risk Assessment Model (P-FRAM), which was developed by the IMF and the World Bank to assess fiscal costs and risks from PPP projects, can provide additional information. The P-FRAM is designed to help efforts to increase capacity development for PPPs, as well as the application of international standards in accounting for PPPs, and to ensure transparent reporting. In addition, the tool will allow monitoring of risk allocation (different types of risks) between the public and private parties for each PPP contract.

In addition, the Infrascopes index provides quantitative and qualitative indicators pertaining to the governance, institutional framework and capacity to undertake PPPs for countries across four regions.<sup>3</sup> The indicators are divided into six categories: the legal and regulatory framework supporting PPPs (e.g., consistency and quality of PPP regulations, effective PPP selection and decision-making); the institutional framework (e.g., quality of institutional design, PPP contract, hold-up and expropriation risk); operational capacity (e.g., public capacity to plan and oversee PPPs, methods and criteria for awarding projects, regulator's risk-allocation award); supporting investment climate; and financial facilities. The main sources used in the index are drawn from the Economist Intelligence Unit, the World Bank Group, Transparency International and the World Economic Forum. The Task Force can use the pertinent elements of this index to enhance tracking of PPPs in the relevant regions.

Over the past decade, efforts towards the development of more general sets of guidelines for PPP contracts have been made at different fora and at different levels. At the national level, some countries with well-developed programmes such as the United Kingdom, South Africa, Australia and Chile, have made efforts to introduce more transparent accounting and reporting practices for PPPs. International and regional organizations, such as the OECD, the European Commission, the IMF, the World Bank Group and Regional Commissions of the United Nations, have issued guidelines and recommendations on the introduction of more transparent accounting and reporting practices for PPPs.

These initiatives, along with efforts to further capacity development for PPPs and to build a knowledge base and share lessons through regional and global forums, can be monitored by the Task Force and reported at the annual ECOSOC Forum on Financing for Development as well as at associated regional and international meetings.

## 5. Promoting inclusive and sustainable industrialization

The Addis Agenda commits to promoting inclusive and sustainable industrialization for developing countries as a critical source of growth, economic diversification and value addition. These commitments are related to SDG 9. While the indicators for the SDG focus on monitoring by outcome, that is, by assessing progress in industrialization and diversification, the Task Force will also look to assess inputs, such as investment flows and policies to promote industrial development. Specifically, the Addis Agenda:

- *Commits to invest in promoting inclusive and sustainable industrial development to effectively address major challenges such as growth and jobs, resources and energy efficiency, pollution and climate change, knowledge-sharing, innovation and social inclusion (15, SDG 9.2, 9.4)*
- *Commits to craft policies that incentivize the creation of new technologies, research and innovation in developing countries, recognizing the importance of ... industrial diversification and value added to commodities (116, MoI 9.b)*
- *Calls on national and regional development banks to expand contributions in industrialization (33)*

The Task Force will draw on the indicators for SDG 9 on building resilient infrastructure, promoting inclusive and sustainable industrialization and fostering innovation to monitor outcomes. These are *manufacturing value added as a percentage of GDP and per capita* (9.2.1), *manufacturing employment as a proportion of total employment* (9.2.2), *CO<sub>2</sub> emission per unit of value added* (9.4.1) and the *proportion of*

<sup>3</sup> There are four regional reports publically available online, covering Africa (2015), Asia-Pacific (2014), Latin America and the Caribbean (2014), as well as Eastern Europe and the Commonwealth of Independent States (2012).



*medium and high-tech industry value added in total value added* (9.b.1). In addition, the United Nations Industrial Development Organization (UNIDO) maintains an international industrial statistical database, which contains detailed statistics on mining and quarrying, manufacturing and utility sectors within the scope of industrial statistics as defined by International Recommendations for Industrial Statistics. The database is regularly updated with the recent annual industrial survey data received from the OECD for OECD countries and directly from national statistical offices for non-OECD countries.

To follow up on the commitment to invest in industrial development, the Task Force could monitor public and private investments in infrastructure, both domestic and international (see section 4 in this chapter on infrastructure), as well as FDI in manufacturing sectors, based, for example, on the UNCTAD FDI database which contains data at the country and industry level. UNCTAD also reports on investment in green/low-carbon sectors, which could be made more regular as part of the monitoring process. This report's sections on infrastructure and on development banks will provide a useful complement and further information in this regard. ODA toward economic infrastructure and services, which covers assistance for networks, utilities and services that facilitate economic activity, and which is collected by OECD DAC, provides data on concessional international finance supporting industrial development. This could be supplemented by information on South-South cooperation (see II.C).

In terms of advancing linkages between infrastructure development, inclusive and sustainable industrialization and innovation, UNIDO can provide qualitative monitoring through its background analysis on policy frameworks for science, technology and innovation and national development strategies, which exists for many countries. UNIDO collects qualitative information as part of its projects to establish knowledge-sharing platforms. UNIDO could also provide data on the number of regional and international knowledge-sharing platforms and processes in which countries participate. The United Nations Educational, Scientific and Cultural Organization (UNESCO) is also building a global database on science, technology and innovation policy instruments, legislation and institutional frameworks, in

the framework of its GO->SPIN Programme, which, along with the UNESCO Science Report, can also provide qualitative monitoring in this area (see also chapter II.G).

## 6. Generating full and productive employment for all

In the Addis Agenda, governments commit to generate full and productive employment and decent work for all and promote micro, small and medium-sized enterprises (MSMEs) to enable all people to benefit from growth. Specifically, the Addis Agenda:

- *Commits to include full and productive employment and decent work for all (SDG 8) as a central objective in national development strategies (16)*
- *Calls for full and equal participation of women and men, including persons with disabilities, in the formal labour market (16, SDG 8.5)*
- *Will work ... to integrate the informal sector into the formal economy in line with country circumstances (22, SDG 8.3)*
- *Commits to developing and operationalizing, by 2020, a global strategy for youth employment and to implement the ILO Global Jobs Pact by 2020 (16, SDG 8.6 and 8.b)*
- *Commits to promote national youth strategies as a key instrument for meeting the needs and aspirations of young people (16)*
- *Commits to promoting appropriate, affordable and stable access to credit to MSMEs (SDG 8.3), as well as adequate skills development training for all (16)*

These commitments are in large part covered in targets under SDG 8 to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. The SDG indicators can be used to inform monitoring by the Task Force. These include indicators 8.3.1 (*proportion of informal employment in non-agriculture employment, by sex*), 8.5.2 (*unemployment rate, by sex, age group and persons with disabilities*), and 8.5.1 (*average hourly earnings of female and male employees, by occupation, age and persons with disabilities*). Unemployment rates are defined according to the recently adopted international statistical standard by

the 19th International Conference of Labour Statisticians, which was developed to address the universal nature of the new development agenda, and which is meant to be more meaningful for both developing and developed countries. The targets on youth employment can be monitored by including age group in some of the above indicators, as well as by indicator 8.6.1 (*proportion of youth not in education, employment or training*), the so-called NEET (see also section 10 on Investing in Children and Youth).

The ILO will follow up on its programme, the Global Jobs Pact. The official indicator for this is 8.b.1, *total government spending in social protection and employment programmes as a proportion of the national budgets and GDP*. Many of these employment programmes are a means of operationalizing the ILO Global Jobs Pact. The rights at work dimension of decent work, one of the pillars of the Global Job Pact, will be captured by indicators referring to occupational injuries (8.8.1) and an indicator dealing with the compliance of various labour rights derived from ILO labour conventions (8.8.2). Other dimensions also to be monitored can include the elimination of the worst forms of child labour and forced labour, including through indicator 8.7.1 (*proportion and number of children aged 5–17 years engaged in child labour, by sex and age*). The Addis Agenda commitment on the global strategy on youth employment and monitoring thereof can build on efforts by the ILO in the context of its 2012 call for action on youth employment and the United Nations Chief Executives Board Global Initiative on Decent Jobs for Youth.

The Addis Agenda and the SDGs recognize the important role that MSMEs play in generating employment. Access to finance, particularly credit, for MSMEs, will be monitored in the context of chapter II. B. With regard to multinational enterprises (MNEs), the ILO is developing a methodology that will allow national statistical offices to better measure the impact of FDI and MNEs on decent work.

The multidimensional nature of full and productive employment and decent work underscores the need to combine the SDG indicators with a wider range of additional data, as well as linkages with the other chapters of this report. Global monitoring could be combined with regional and

national reporting, which could delve deeper into national circumstances and priorities. Domestic sources of data include household and establishment surveys, administrative registries and other non-official sources. International compilations such as the ILO's central statistics database, ILOSTAT, and others will have to increasingly provide internationally comparable data based on agreed statistical standards. However, there are important gaps in data availability, especially in developing countries, as well as for informal and rural sectors. As discussed in Section III of this Report on “Data, monitoring, and follow-up”, the need for strengthening of national statistical systems in their coordination and for producing regular quality basic data is seen as a priority when defining how to monitor and set benchmarks to measure progress.

## 7. Protecting ecosystems

The Addis Agenda contains a range of commitments to protect ecosystems, many of which are also included in the SDGs and their MoI targets. Monitoring of these commitments will therefore often draw on indicators monitored in that context. However, the Addis Agenda also includes a strong emphasis on changing business behaviour, including policies aimed at changing incentives (see chapter II.B.) Indeed, the commitments to protect ecosystems are spread throughout the seven action areas of the Addis Agenda. Nonetheless, because of their wide range and very diverse implications for monitoring, these are also included as a cross-cutting issue in chapter I of the Addis Agenda. In particular, Addis:

- *Commits to coherent policy, financing, trade and technology frameworks to protect, manage and restore our ecosystems, including marine and terrestrial ecosystems, and to promote their sustainable use, build resilience, reduce pollution and combat climate change, desertification and land degradation (17)*

This commitment supports the implementation of a range of SDG targets under goals 2, 12, 13, 14 and 15. The Task Force can draw on the respective SDG indicators for monitoring purposes, including for example indicators for targets 14.2, 14.4 and 14.6 on fisheries and indicator 15.1.1 (*forest area as a pro-*

*portion of total land area*) on forestry. The Task Force can also monitor the coverage of protected areas broken down by ecosystem type, as well as forests, wetlands and drylands as percentages of total land area. The latter data builds on the SDG indicator, and FAO, Ramsar, the Convention on Biological Diversity (CBD) and the Convention to Combat Desertification (UNCCD), as well as UNESCO's Man and the Biosphere Programme and its World Heritage Centre, which already maintain relevant databases in this respect.

- *Welcomes implementation of the global Strategic Plan for Biodiversity and its Aichi Biodiversity Targets; commits to mobilize resources, support country efforts to conserve and sustainably use biodiversity and ecosystems (63, MoI 15.a)*

The CBD, at its 12th Conference of Parties in 2014, reaffirmed its commitment to an overall substantial increase in total biodiversity-related funding, from a variety of sources. It adopted a number of targets for resource mobilization, including: the doubling of total biodiversity-related international financial resource flows to developing countries; for 100 per cent, but at least 75 per cent, of Parties to have included biodiversity in their national priorities or development plans by 2015, and to have therefore made appropriate domestic financial provisions; to mobilize domestic financial resources from all sources to reduce the gap between identified needs and available resources at the domestic level; and others. Resources for biodiversity provided to the Global Environment Facility, as the financial mechanism for the CBD, also serves as another measure of available resources. These targets will be reviewed at the CBD meeting in Cancun, Mexico in December 2016, and findings can inform monitoring by the Task Force.

The indicator for SDG MoI target 15.b (*ODA and public expenditure on conservation and sustainable use of biodiversity and ecosystems*) can provide additional data, sourced from the OECD on international public finance. The United Nations Development Programme could assist through its biodiversity finance initiative (BIOFIN) and CBD through its financial reporting framework by providing information on domestic resource mobilization.

- *Commits to combat desertification (63, SDG 15.3)*

The Task Force can monitor this commitment through the indicator for SDG target 15.3 (*proportion of land that is degraded over total land area*). In addition, the Task Force can draw on monitoring efforts in the context of the UNCCD ten-year strategy adopted in 2008, which includes objectives relevant to financing. In particular, strategic objective 4 is to mobilize resources to support the implementation of the Convention to Combat Desertification through the building of effective partnerships between national and international actors, and operational objective 5 is to mobilize and improve the targeting and coordination of national, bilateral and multilateral financial and technological resources in order to increase their impact and effectiveness. The UNCCD Committee for the Review of the Implementation of the Convention has been monitoring implementation of the ten-year strategy, including operational objective 5. The Global Mechanism of the UNCCD, which focuses on financing sustainable land management, could also provide data to this end.

- *Encourages the mobilization of financial resources from all sources at all levels to conserve and sustainably use biodiversity and ecosystems, including promoting sustainable forest management (63, MoI 15.b)*

Mobilization of resources to conserve and sustainably use ecosystems is discussed above. The commitment to financing of sustainable forest management is also contained in the fourth Global Objective on Forests of the United Nations Forest Instrument, which aims to reverse the decline in ODA for sustainable forest management and mobilize significantly increased new and additional financial resources from all sources for the implementation of sustainable forest management.

For monitoring purposes, SDG indicator 15.b.1 addresses forest finance (*official development assistance and public expenditure on conservation and sustainable use of biodiversity and ecosystems*), with data sourced from the OECD. The Task Force will also be able to access and analyse data on domestic resource mobilization for forests, provided by



the World Bank Group and FAO through the Government Expenditure on Agriculture initiative and the Forest Resources Assessment. In order to track relative trends, the percentage increase in forest-relevant finance tracked through ODA and climate finance channels could also be useful. The Voluntary REDD+ Database and Climate Funds Update both monitor REDD+ financing, however it has to be noted that REDD+ financing is not necessarily in addition to forestry ODA. The World Bank Group could also provide data on domestic resource mobilization for sustainable forest management through its analytical, advisory and lending instruments.

- *Stresses importance of the conservation and sustainable use of the oceans and the seas, recognizes that international law, as reflected in UNCLOS, provides the legal framework for the conservation and the sustainable use of the oceans and their resources (64, MoI 14.c) and commits to protect/restore oceans and ecosystems, and maintain their biodiversity (64, SDG 14)*

This commitment mirrors SDG MoI target 14.c, with the indicator *number of countries making progress in ratifying, accepting and implementing through legal, policy and institutional frameworks, ocean-related instruments that implement international law, as reflected in UNCLOS, for the conservation and sustainable use of the oceans and their resources*. The Task Force will rely on the contribution of United Nations agencies working on ocean-related matters, including UNESCO's Intergovernmental Oceanographic Commission (IOC) and FAO, to support the compilation of national data reporting in this regard.

- *Commits to support the most vulnerable in addressing and adapting to climate change (65, SDG 1.5, 13.1, MoI 13.b)*

This commitment will be monitored in Section II.C, 8.1 on climate finance.

- *Commits to provide access for small-scale artisanal fishers to marine resources and markets, consistent with sustainable management practices as well as initiatives that add value to outputs from small-scale fishers (108, MoI 14.b)*

The monitoring of this commitment can draw on SDG MoI indicator 14. b. 1 (*progress by countries in the degree of application of a legal/regulatory/policy/institutional framework which recognizes and protects access rights for small-scale fisheries*). FAO can monitor the legal, regulatory, policy and institutional aspects of this commitment through its Code of Conduct for Sustainable Fisheries biennial survey (including in particular its questions on small-scale fisheries issues) and its legislative and policy database, FAOLEX. In addition, the implementation of the Voluntary Guidelines for Securing Sustainable Small-Scale Fisheries in the Context of Food Security and Poverty Eradication is expected to be endorsed by the FAO Committee on Fisheries in 2014. This will provide further elements for monitoring over the coming years.

- *Will increase scientific knowledge, develop research capacity and transfer marine technology, taking into account the Criteria and Guidelines on the Transfer of Marine Technology adopted by the Intergovernmental Oceanographic Commission, in order to improve ocean health and to enhance the contribution of marine biodiversity to the development of developing countries, in particular small island developing States and least developed countries (121, MoI 14.a)*

The UNESCO IOC is mandated to promote scientific research, capacity development and facilitate the transfer of marine technology. IOC's capacity development strategy, adopted in 2015, will provide a framework for guiding the development of research capacities and transfer of marine technology in regions.

Monitoring by the Task Force will draw on the IOC's Global Ocean Science Report, to be published in 2017. The Report will assess national and regional investment in marine research, and will depict the status of ocean research, investment in research infrastructure and human capacity in countries. Data will be derived from national surveys, as well as existing IOC programmes on ocean observation and ocean data exchange, the UNESCO World Science Report, the Institute for Statistics and the OECD. In addition, the indicator for SDG MoI target 14.a. (*budget allocation to research in the field of*

*marine technology as a percentage of total budget for research*) will provide relevant data.

Finally, Addis also

- *Commits to promote corporate sustainability (17, SDG 12.6)*

Monitoring of corporate sustainability is discussed in detail in chapter II.B.

## 8. Promoting peaceful and inclusive societies

The Addis Agenda commits to promote peaceful and inclusive societies and to build effective, accountable and inclusive institutions at all levels to enable the effective, efficient and transparent mobilization and use of resources. These Addis commitments are broadly consistent with SDG 16, and are also covered by other goals, such as SDG 5 on gender equality, or integrated across the Agenda, as in the case of human rights.

Specifically, the Addis Agenda:

- *Reaffirms the importance of peaceful and inclusive societies (5, 18, 67, SDG 16)*
- *Stresses the need to build effective, accountable and inclusive institutions at all levels (5, 18, 20, 30, 112, SDG 16.6, MoI 16.a)*
- *Recognizes that good governance, rule of law (SDG 16.3), human rights, fundamental freedoms, equal access to fair justice systems are integral to efforts (5, 18, 20, 36, 37, 112)*
- *Recognizes measures to combat corruption and curb illicit financial flows as integral (5, 18, 20, 23, 24, 25, 27, 112, SDG 16.4, 16.5) See chapter II.A on Domestic public resources*
- *Commits to promoting and enforcing non-discriminatory laws (21, MoI 16.b)*

### 8.1. Peaceful and inclusive societies

Monitoring the commitment on peaceful, secure and inclusive societies can draw on a number of existing data sources and surveys, such as the United Nations Crime Trends Survey, (collected by the UN Office on Drugs and Crimes, UNODC), household surveys such as Multiple Indicator Cluster Surveys and Demographic and Health Surveys, International Crime Victimization Surveys, as well as administra-

tive data, such as judicial records and public health/civil registration (World Health Organization). According to a recent review conducted by UNODC's and the National Statistics and Geography Institute of Mexico's (INEGI) Centre of Excellence on crime statistics, 72 countries have implemented at least one national victimization survey after 2009. In addition, nine African countries have already implemented or are in the process of implementing a victimization survey module as part of the Strategy for Harmonisation of Statistics for Africa. A focus by the Task Force on conflict and violence is of particular significance: countries that experienced major violence during the period 1981–2005 had poverty rates that were on average 21 percentage points higher than in countries without violence.

These sources also inform a number of SDG indicators, which the Task Force will be able to draw on, including 16.1.1. *number of victims of intentional homicide per 100,000 population, by sex and age*; 16.1.2. *conflict-related deaths per 100,000 population, by sex, age and cause*; 16.1.3. *proportion of population subjected to physical, psychological or sexual violence in the previous 12 months*; and 16.2.1 *proportion of children aged 1–17 years who experienced any physical punishment and/or psychological aggression by caregivers in the past month*.

The chapter on systemic issues, and its subsection on combating transnational crime, presents additional data sources and options for monitoring, in particular with regard to organized crime, terrorism, and transnational crime.

### 8.2. Effective, accountable, transparent and inclusive institutions

The commitment to build effective, accountable, transparent and inclusive institutions can be monitored by analysing existing data on institutional performance, accountability and inclusiveness, and of the public perception thereof. The Task Force can draw on surveys of public financial management systems and performance, data collected on national human rights institutions, national refugee commissions and women's representation in the public sector, parliaments and other relevant institutions. Attention can also be paid to the activities of parliament in scrutiny and oversight of the SDGs, including measures such as numbers of hearings, and fol-

low up on committee recommendations. The World Bank Group’s “Worldwide Governance Indicators” dataset, which measures the perceived quality of institutions and traditions that governments use, can also provide input, particularly on government effectiveness and regulatory quality. Perception surveys of institutional performance such as the World Value Survey, Gallup, or Afrobarometer will further complement this exercise.

Specific dimensions of institutional performance are covered by other sections of the Task Force Report and by indicators for the SDGs. The cross-cutting section on gender will provide inputs for assessing the inclusiveness of institutions. The chapter on domestic public resources includes combatting corruption, in particular in the context of illicit financial flows and the return of stolen assets, and contains a subsection on national control and oversight mechanisms, transparency and non-discrimination in budgeting and expenditure decisions.

The indicator 16.6.1 (*primary government expenditures as a proportion of original approved budget, by sector (or by budget codes or similar)*) can be based on Indicator PI-2 of the Public Expenditure and Financial Accountability (PEFA) dataset: composition of expenditure outturn compared to original approved budget. PEFA was started in 2001 to develop a country-led agenda on public financial management reform. Indicator 16.a.1 (*existence of independent National Human Rights Institutions (NHRIs) in compliance with the Paris Principles*) measures the proportion of countries that have internationally recognized independent NHRIs. Compliance with the Paris Principles vest NHRIs with a broad mandate, competence and power to investigate, report on the national human rights situation, and publicise human rights through information and education. The main sources of data are administrative records of the Sub-Committee on Accreditation reports of the International Coordinating Committee of National Institutions, and the Office of the United Nations High Commissioner on Human Rights compiles the data into a global directory.

SDG indicators 16.6.2 and 16.7.2 assess proportions of populations satisfied with public services and who believe that decision-making is inclusive. Data in this area comes from perception and house-

hold surveys. Perception surveys are conducted in an increasing number of countries, and often include a number of measures of quality. They include the World Value Survey, Gallup, Afrobarometer and the other Barometers, and surveys conducted by various non-state organizations at the national level. In Africa, the approach has already been applied and reported by several state organizations using the Harmonised Module on Democratic Governance of SHaSA, the Strategy for the Harmonisation of Statistics in Africa.

### 8.3. Good governance

Addis recognizes good governance, rule of law, human rights, equal access to fair justice systems as central to the mobilization and effective use of resources. They comprise the enabling environment necessary for sustainable development. The chapter on domestic and international private business and finance contains a section on the investment climate, which lays out in detail options for monitoring commitments to stable investment climates, contract enforcement and respect for property rights, and transparent and stable rules, among others.

Human rights accountability mechanisms, including the Human Rights Council’s Universal Periodic Review, the periodic reviews and complaint mechanisms of the human rights treaty bodies, the special procedures of the Human Rights Council, regional human rights mechanisms, and national human rights institutions play a role in ensuring that State commitments on economic, social and cultural as well as civil and political rights are met. They can contribute to the monitoring and review of the implementation of the Addis Agenda in a number of areas, including cross-cutting commitments to end hunger and malnutrition, generate full and productive employment for all, promote peaceful and inclusive societies, and focus on children, youth, gender equality and the empowerment of women, among other objectives.

In addition, the Task Force will want to monitor broader measures of civil and administrative justice, including public access to information and protection of fundamental freedoms, and the promotion and enforcement of non-discriminatory laws. A number of SDG indicators will also provide relevant data in this regard. They include indicators for means of

implementation target 16.b (*proportion of population reporting having personally felt discriminated against or harassed in the previous 12 months on the basis of a grounds of discrimination prohibited under international human rights law*), target 16.10 to ensure public access to information and protect fundamental freedoms, and indicator 16.3.1 (*proportion of victims of violence in the previous 12 months who reported their victimization to competent authorities or other officially recognized conflict resolution mechanisms*). UNODC also collects data on crime reporting rates through the long-standing annual data collection mandated by the United Nations General Assembly. UNESCO has developed a comprehensive set of Media Development Indicators aimed at enabling the assessment of media landscapes at the national level. These indicators cover all aspects of media development and can inform monitoring by the Task Force.

International human rights law outlaws discrimination against population groups on the basis of specific characteristics or ‘grounds’. One option to assess the promotion and enforcement of non-discriminatory law is to measure how well non-discriminatory laws and policies are applied in practice, from the perspective of the population. Relevant data is collected through surveys in an increasing number of countries. At the regional level, the European Union Fundamental Rights Agency has collected the data for 27 European Union Member States. Relevant data is also collected in Eurobarometer and Afrobarometer surveys. These data sources will also inform monitoring of SDG MoI indicator 16.b.

#### 8.4. Combatting corruption

The commitment to combat corruption and curb illicit financial flows will be followed up in the chapter on domestic public resources, and its section on illicit financial flows and return of stolen assets. In addition, SDG indicator 16.5.1 (*proportion of persons (alternative: businesses 16.5.2) who had at least one contact with a public official and who paid a bribe to a public official, or were asked for a bribe by these public officials, during the previous 12 months*) will provide data, which will be based on household corruption surveys and victimization surveys. UNODC also collects prevalence data on bribery from surveys (since 2009) through the annual data collection in the United Nations Crime Trends Surveys.

## 9. Gender equality

In the Addis Agenda, Member States have committed to promoting and ensuring gender equality. Addis’ strong focus on gender is anchored in its first paragraph, which commits to ensure gender equality and women’s and girls’ empowerment, and is reflected in gender-specific commitments and actions throughout the seven Action Areas of the Addis Agenda. In particular, Addis:

- *Commits to ensuring gender equality and women’s and girls’ empowerment (1, SDG MoI 1.b, 5.c)*
- *Commits to adopt and strengthen policies, enforceable legislation and transformative actions for the promotion of gender equality and women’s and girls’ empowerment at all levels, to ensure women’s equal rights, access and opportunities for participation and leadership in the economy and to eliminate gender-based violence and discrimination in all its forms (6, SDG 5.1, 5.2, 5.3 SDG MoI 1.b, 5.c)*
- *Commits to promoting and enforcing non-discriminatory laws, social infrastructure and policies for sustainable development as well as enabling women’s full and equal participation in the economy and equal access to decision-making processes and leadership (21, SDG 5.1, 5.5, SDG MoI 1.b)*
- *Commits to increase transparency and equal participation in the budgeting process, and promote gender responsive budgeting and tracking (30, SDG MoI 5.c)*
- *Commits to women’s and girls’ equal rights and opportunities in political and economic decision-making and resource allocation and to removing barriers for women’s full participation in the economy (41, SDG 5.5)*
- *Commits to improve access and opportunities for economic advancement for women; Resolves to undertake legislation and administrative reforms to give women equal rights with men to economic resources, including access to ownership and control over land and other forms of property, credit, inheritance, natural resources and appropriate new technology (41, SDG 5.1, SDG MoI 5.a)*



- *Supports Women's Empowerment Principles by UN Women and the Global Compact; Encourages the private sector to ensure women's full and productive employment and decent work, equal pay for equal work or work of equal value, and equal opportunities, and to protect them from discrimination and abuse in the workplace; Encourages increased investments in female-owned companies (41, SDG 5.1, 8.8)*
- *Urges countries to track and report resource allocations of international public finance for gender equality and women's empowerment (53, SDG MoI 5.c)*
- *Commits to address challenges to women's equal and active participation in domestic, regional and international trade (90)*
- *Commits to scaling up investments in science, technology, engineering and mathematics education, and enhance technical, vocational and tertiary education and training, ensuring equal access for women and girls and encouraging their participation therein, (including through international cooperation) (119, SDG 4.5, 17.6)*

In addition to the commitments and action items listed, a significant number of additional commitments across the Action Areas of the Addis Agenda contain gender-specific provisions. They include commitments on smallholder and women farmers (13), women's participation in the labour market (16), addressing gender equality in principles for responsible business and investing (37), access to financial services (39, 40, 43), social and environmental safeguard systems for development banks (75), upgrading education facilities (78), gender-balanced and merit-based selection of the heads of international financial institutions and diversity of their staff (106), human rights and fundamental freedoms of migrants (111), strengthen institutions to prevent violence, end human trafficking and exploitation of persons (112), access to technology and science (114), capacity building for social and gender-responsive budgeting (115), and increased use of disaggregated data (126).

Monitoring of these commitments and action items will be covered, in part, by the outcome and MoI indicators under SDG 5 to *achieve gender equality and empowerment of women and girls*, and addi-

tional targets under SDGs 1, 4, 8, 10, 12, 16 and 17. However, it is important to recognize the limitations of the SDG indicator framework in capturing the full complexity of the gender equality commitments in the Addis Agenda. To adequately measure progress, several of these will require multiple sources of data which currently fall outside the scope of the proposed gender equality indicators. There are a number of existing data resources that could support and complement monitoring of these commitments. They include:

The World Bank Group's Women, Business and the Law (WBL) project, which has a dataset on laws and regulations that constrain women's economic choices and restrict their ability to engage in entrepreneurial and employment activities. A recent edition reveals the magnitude of the challenge: of the 173 countries covered, 155 have at least one law that differentiates between women and men. The WBL may be useful for monitoring Addis commitments on discriminatory laws in particular. Data on the proportion of seats held by women in national parliaments is included in the World Development Indicators, and data on the percentage of firms with a female top manager is included in the World Bank Group's Enterprise Surveys. These can be used to monitor women's equal access to decision making processes and leadership. Additionally, the WBL dataset also includes a question measuring industry and job specific restrictions on women which can be used to measure women's equal participation in the economy.

The World Bank Group's Global Financial Inclusion Index (Global Findex) regularly reports sex-disaggregated data on access to financial services (see chapter II. B). One relevant indicator in Findex is the percentage of women with an account at a bank or other financial institution or with a mobile money service provider. The latest report reveals that there are big opportunities to expand financial inclusion, particularly among women and the poor. The gender gap is not significantly narrowing: some 58 per cent of women have an account, compared to 65 per cent of men. It would be useful to consider using the Global Findex as a tracking indicator for the commitments on women's financial inclusion.

The OECD's Social Institutions and Gender Index (SIGI) is a cross-country measure of discrimi-

nation against women in social institutions (formal and informal laws, social norms and practices) across 160 countries. SIGI measures the level of discrimination at the national level based on variables, combining qualitative and quantitative data, which quantify discriminatory social institutions such as unequal inheritance rights, early marriage, violence against women, and unequal land and property rights. Since the SIGI measures discriminatory laws and policies, it can be used alongside the two data sources discussed above for Addis commitments related to legislative and structural discrimination.

UN Women captures data on Gender Responsive Budgeting annually. Since 2001, UN Women and the United Nations Development Fund for Women (UNIFEM) have supported countries in integrating gender perspectives into national development strategies and sectorial plans and budgets as well as increasing women's participation in budget processes. This data is used for SDG MoI indicators 5.c.1 (*proportion of countries with systems to track and make public allocations for gender equality and women's empowerment*). The IMF is currently compiling data on significant gender budgeting—analysing practices and impacts in all regions. Once completed (by end-2016), the dataset will provide detailed information for approximately 50 countries on the origin and legal basis of the gender budgeting effort, the roles of government and civil society, and the extent to which gender budgeting is incorporated into the fiscal process. In addition, the IMF summarizes, in narrative form, more than 75 gender budgeting initiatives, and the work includes extensive as well as nascent gender budgeting efforts. These data sources will complement UN Women's data collection and allow for monitoring the Addis commitments on gender responsive budgeting.

ILOSTAT may be useful for monitoring Addis commitments related to women's labour market participation. United Nations Guiding Principles on Business and Human Rights and Women's Empowerment Principles (WEPs) set expectations for business to promote gender equality and empowerment of women in the workplace, market and community. Framed around seven principles, the WEPs encourage the private sector to promote human rights as well as women's economic empowerment in all its operations. The number of companies signing up

to these Principles measures the commitment of the private sector to promote women's economic empowerment (see also the ILOSTAT information mentioned above).

The OECD DAC Gender Equality Policy Marker tracks bilateral ODA in support of gender equality. As part of the annual reporting of their aid activities to the DAC, DAC members are required to indicate whether each aid activity targets gender equality as a policy objective according to a three-point scoring system. The data generated by the marker provides a global estimate of DAC members' aid in support of gender equality annually and a breakdown by each DAC member. In addition, the OECD DAC has two Creditor Reporting System purpose codes that contribute to tracking ODA in support of gender equality: on aid to women's equality organizations and institutions and aid to eliminate violence against women and girls. The OECD DAC Gender Marker combined with the purpose codes may be the most apt source for monitoring the commitment on international public finance allocations for gender equality and women's empowerment.

UNESCO's Institute of Statistics contains all available data and indicators for education, literacy, science, technology and innovation, culture, communication and information (see also chapter II.G). It provides data on science, technology, engineering and mathematics (STEM), including human resources in science, technology and innovation. This data may be useful for monitoring gender-related aspects of Addis commitments on education, training, technology and science.

In addition to the above data sources, the Minimum Set of Gender Indicators, endorsed by the United Nations Statistical Commission, serves as a guide for the national and international compilation of gender statistics. The level of their integration into national monitoring systems will be a measurement of the increase and use of high-quality, timely and reliable data as stated in the Addis commitment on disaggregated data by sex. The Evidence and Data for Gender Equality (EDGE) initiative (a partnership between UN Women, the United Nations Statistics Division, the World Bank Group, and the OECD) has already contributed to the strengthening of gender statistics.

## 10. Investing in children and youth

The Addis Agenda commits to investing in children and youth. Specifically, the Agenda:

- *Recognizes that investing in children and youth is critical to achieving inclusive, equitable and sustainable development for present and future generations (7)*
- *Recognizes the need to support countries that face particular challenges to make the requisite investments in children and youth (7)*
- *Reaffirms the vital importance of promoting and protecting the rights of all children, and ensuring that no child is left behind (7)*
- *Commits to promote national youth strategies as a key instrument for meeting the needs and aspirations of young people (16)*

In addition, children and youth are mentioned throughout the document, including in the new social compact (12), with regard to youth employment (16), access to technology and science for youth and children (114), in global partnerships (77) and education (78), with regard to the human rights of girls (78) and migrants (112), and as part of responsible business (37).

Data and other methods for monitoring in these areas are discussed throughout the report, including for example in the sections on international development cooperation for education and the social compact. Often, indicators can be adapted through further disaggregation of domestic spending and interventions to include child- and youth-focused purposes and categories. For example, in the area of social protection, indicator 1.3.1 is meant to distinguish children in the breakdown of the population covered by social protection systems. Another example is in the area of education, where indicators are meant to distinguish the participation rate of youth in formal and non-formal education and training.

In some countries it is also possible to monitor spending that has direct and indirect impacts on children, including on child-focused multi-sectorial SDG priorities that are not well captured by

traditional sectorial budgets, such as nutrition, early childhood development and child protection. Examples of potential public expenditure measurement instruments in this context include child-spending markers and taxonomies developed by countries such as Argentina, Colombia, Dominican Republic, Ecuador, Egypt, El Salvador, Honduras, India, Mexico, Peru, Uganda and Yemen, and established reporting practices on child-focused allocations by signatories of the Convention of the Rights of the Child. While to date no such markers exist for the youth sector, efforts could be undertaken to establish these and offer them to Member States.<sup>4</sup> Case studies could also be used to follow-up on the development and implementation of national youth strategies. However, monitoring the promotion and protection of the rights of all children is challenging given that reporting of spending on children and youth, including geographic disparities of quality services for children, is currently limited. Tools and methods for results-based reporting of spending on children and youth could be developed in the context of wider reforms in the area of results-based budgeting.

International support to countries with particular needs and challenges can be monitored through existing OECD DAC indicators for ODA to child and youth-focused programme areas (e.g., primary and secondary education, basic life skills for youth and adults, early childhood education, health, nutrition, etc.). Monitoring of child and youth-related commitments in other areas of the Addis Agenda can draw on recent international data collection and harmonization efforts, such as under the Global Nutrition Report initiative, the Scaling Up Nutrition (SUN) Movement, new Partnerships on Child Protection and Early Child Development (UNICEF and the World Bank Group), the Lancet Countdown to 2015 Initiative for tracking progress in maternal, newborn and child survival, the H4+ technical partnership for the Secretary General's Every Woman, Every Child initiative, and the new Global Financing Facility for Maternal, Neonatal, Child and Adolescent Health.

<sup>4</sup> See Cummins, M. *Child-focused Public Expenditure Measurement: A Compendium of Country Initiatives*, New York: UNICEF, forthcoming 2016.

It is also challenging to follow-up on the promotion of national youth strategies. Case studies can be useful here, as well as voluntary country reporting, in the context of national sustainable development strategies.

## 11. Addressing the diverse needs and challenges faced by countries in special situations

Addis commits the international community to support countries in special situations. Specifically, Addis:

- *Commits to support the implementation of relevant strategies and programmes of action for least developed countries, landlocked developing countries, and small island developing States (8)*
- *Reaffirms the need to achieve a positive socioeconomic transformation in Africa, and the need to address the diverse and specific development needs of middle-income countries (8)*
- *Recognizes the development challenge posed by conflict and the importance of the Peacebuilding Fund, and takes note of the principles set out in the New Deal by the Group of Seven Plus (8)*

These commitments are mirrored in many concrete commitments across the Action Areas of the Addis Agenda, as well as in SDGs and targets specific to vulnerable countries. Some of these targets build on those agreed in the programmes of action for the least developed countries (LDCs), landlocked developing countries (LLDCs) and small island developing States (SIDS).

The indicators for targets relevant to vulnerable countries either directly monitor commitments toward vulnerable countries, or can be disaggregated to highlight developments in these country groups. They will thus provide input for monitoring commitments toward vulnerable countries throughout the chapters of the Task Force report. This cross-cutting section addresses global commitments to address specific development challenges of countries in special situations. One option for monitoring these commitments is to rely on qualitative assessments of the level of global awareness and debate on the devel-

opment issues of relevance to LDCs, LLDCs, SIDS, Africa and middle-income countries, informed, for example, by language in new resolutions, agreed conclusions, declarations and communiqués emanating from the United Nations and other international processes. United Nations reports, such as UNCTAD's annual LDC Report and its Vulnerability Profiles, which provide economic analysis of those LDCs that have been found eligible for graduation by the Committee for Development Policy, or the annual Report on the state of the LDCs, prepared by the United Nations Office of the High Representative for Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, can also provide input.

The sub-section can also cover the cross-cutting aspects of the set of commitments toward vulnerable countries that will be difficult to address fully or adequately in the subsequent chapters. One example of such dimensions is progress towards socioeconomic transformation. Monitoring by the Task Force could be informed by data on economic structural transformation (the dynamic reallocation of resources from less productive to more productive sectors) and on social transformation (human and social development). In this context, UNCTAD is developing performance measures and quantifiable indicators to measure economy-wide productive capacities, with a view to providing an operational methodology and policy guidelines on how to mainstream productive capacities into national development policies and strategies in LDCs. Monitoring of economic structural transformation could also draw on data collected in the context of section 5 on promoting industrialization, as well as on UNCTAD's Export Diversification Index. Social transformation in vulnerable countries could be captured through two sub-indices of the human development index: life expectancy index and education index. In the area of infrastructure, aerodromes are an integral and essential component of the aviation infrastructure, and are drivers for economic development and trade especially in LLDCs and SIDS. The International Civil Aviation Organization collects data on the quality, reliability, sustainability and reliance of aerodrome infrastructure.

Another dimension that will be worth monitoring will be the level of inequality among countries,



which could be considered the ultimate objective of “addressing the needs of countries in special situations”. This monitoring can draw on those indicators of SDG 10 that focus on reducing inequality among countries. This assessment should be complemented—in the subsequent chapters of the report—by a monitoring of progress to be informed by quantitative indicators measuring the level of fulfilment of global commitments in favour of these groups of countries in the seven action areas of the Addis Agenda.

Commitments made towards Africa’s development are reviewed in the United Nations Monitoring Mechanism, which was established by General Assembly resolution 66/293. The Task Force can draw on the assessment of progress in implementation of commitments by African countries and their development partners contained therein. To monitor the commitment on countries affected by conflict, the Task Force will be able to draw on a New Deal Monitoring framework prepared by the International Dialogue on Peacebuilding and State building. It has reported on progress to monitor financial flows dedicated to peacebuilding and state building every two years (last report issued in 2014, the next is due in 2016) and will be collecting data on progress on implementing aspects taken up in the Addis Agenda (notably on the use of country systems). Nonetheless, it remains challenging to accurately monitor financial flows dedicated to peacebuilding and state building in conflict/post-conflict contexts.<sup>5</sup>

## 12. Global partnership

The Global Partnership enshrined in the Addis Agenda is a vehicle for strengthening international cooperation for implementation of the 2030 Agenda for Sustainable Development. The Addis Agenda in its entirety and the myriad commitments contained within, as well as SDG 17, reflect the reinvigorated global partnership. More specifically, Addis:

- *Commits to reinvigorate the global partnership for sustainable development (9, MoI 17.6)*

- *Recognizes that the enhanced and revitalized global partnership for sustainable development, led by Governments, will be a vehicle for strengthening international cooperation for implementation of the 2030 Agenda; and that multi-stakeholder partnerships and the resources, knowledge and ingenuity of the private sector, civil society, the scientific community, academia, philanthropy and foundations, parliaments, local authorities, volunteers and other stakeholders will be important to mobilize and share knowledge, expertise, technology and financial resources, complement the efforts of Governments, and support the achievement of the sustainable development goals, in particular in developing countries (10, MoI 17.16)*
- *Commits to respect each country’s policy space and leadership to implement policies for poverty eradication and sustainable development, while remaining consistent with relevant international rules and commitments (9, MoI 17.15)*
- *Encourages and promotes partnerships to support country-driven priorities and strategies, building on lessons learned and available expertise (76, MoI 17.17)*

The overarching commitment in this subsection, and perhaps in the Addis Agenda as a whole, is to enhance the global partnership. As noted in the Addis Agenda “The enhanced and revitalized global partnership for sustainable development, led by Governments, will be a vehicle for strengthening international cooperation for implementation of the post-2015 development agenda.” The SDG 17.16 indicator is focused on development cooperation efforts, assessing the *number of countries reporting progress in multi-stakeholder development effectiveness monitoring frameworks that support the achievement of the SDGs*. This will serve to monitor one dimension of the global partnership, which is also discussed in more depth in chapter II.C. A more complete assessment of progress on the global partnership will need to look across the seven Action Areas of the Addis Agenda. Indeed, this entire Task Force Report will

<sup>5</sup> See for example OECD, States of Fragility Report, 2015: <http://www.oecd.org/dac/states-of-fragility-2015-9789264227699-en.htm>

be a report on the progress of the Global Partnership for Sustainable Development.

In terms of the specific commitments, the indicator for SDG 17.15 on policy space is to assess *extent of use of country-owned results frameworks and planning tools by providers of development cooperation*, also focusing on development cooperation. The Addis Agenda addresses country ownership issues with regard to development effectiveness in chapter II.C on international cooperation. The Addis Agenda also addresses the broader issue in the context of policy coherence on the national and international levels, as discussed in chapter II.F on systemic issues.

Finally, the promotion of multi-stakeholder partnerships can be informed by SDG 17.17. The indicator for this is the *amount of US dollars committed to public-private and civil society partnerships*. This will need to be complemented by qualitative analysis and by further disaggregation of available data that distinguishes different types of partnerships. In

part, this effort will be able to draw on the information collected at the Partnerships for SDGs online platform<sup>6</sup> which will support the global review to be undertaken by the High-Level Political Forum starting in 2016. The platform contains partnership initiatives in all areas, including commitments and initiatives stemming from Every Woman, Every Child, Sustainable Energy for All, Global Compact, Partnerships for Small Island Developing States, and the Rio+20 Conference, among others. It will further be informed by progress on the partnership initiatives and voluntary commitments that were launched at the sidelines of the Addis Conference. These initiatives will be reported on in a separate Annex to this Report in future years. The Task Force will also give account of other partnership initiatives and programmes relevant to the implementation of the Addis Agenda.

<sup>6</sup> As of March 2016, more than 1900 initiatives have been registered on the partnerships for SDGs platform, see: <https://sustainabledevelopment.un.org/partnerships>.



## Chapter II.A

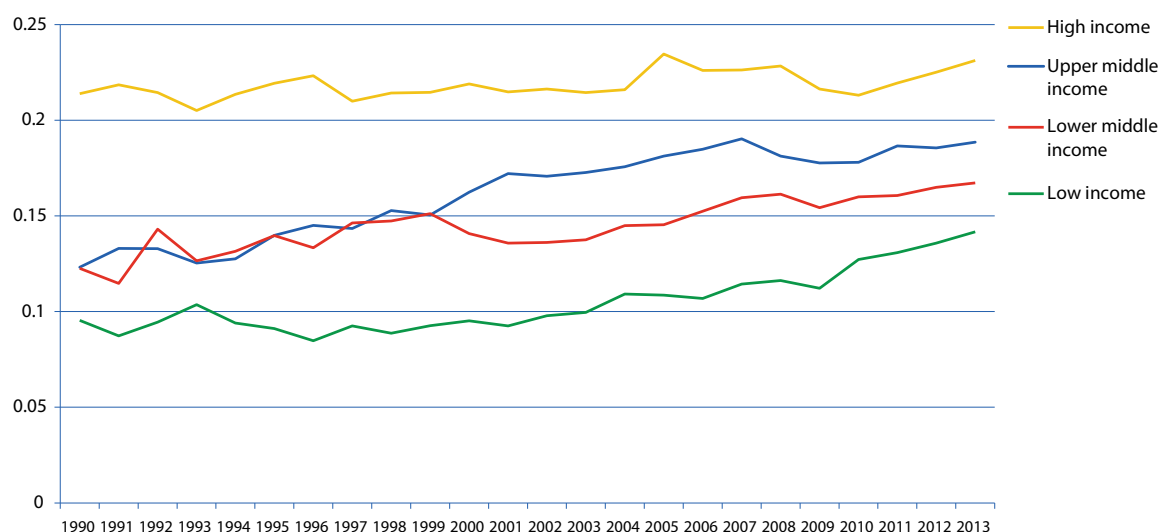
# Domestic public resources

### 1. Introduction

Domestic public finance is essential to providing public goods and services, increasing equity and helping manage macroeconomic stability. It is a central component of financing across the sustainable development goals (SDGs), as well as the social compact of the Addis Agenda (discussed in chapter I on cross-cutting issues). This present chapter focuses on raising resources and expenditures, as well as the quality and alignment of both with sustainable development. Many commitments and actions in this chapter are national in nature, but the Addis Agenda underscores that implementation needs to be supported by international actions and cooperation.

On average, countries have increased their tax revenue over the last 15 years (figure 2), although room remains for further improvement. In many countries domestic resource mobilization remains insufficient to meet sustainable development needs. The Addis Agenda recognizes that the foremost driver of domestic resource mobilization is economic growth, supported by sound policies and an enabling environment at all levels. It also notes the need to strengthen tax administration, implement policies to generate additional resources and combat corruption in all its forms. At the same time it stresses the importance of combatting illicit financial flows. In a globalized world, there are limits as to what countries can do on their own through domestic policies,

Figure 2  
Median tax revenue as a percent of GDP by income grouping, 1990–2013  
(Tax/GDP ratio)



Source: United Nations Department of Economic and Social Affairs calculations, based on International Monetary Fund World Revenue Longitudinal Data (WoRLD), 13 July 2015. Note: Tax revenue as a percent of GDP, country classification according to World Bank Group country income groups 2015.

and the Addis Agenda thus calls for strengthening international tax cooperation.

Commitments in the Addis Agenda aim to address these challenges, underscored by the principle of national ownership. This chapter also describes how the Task Force will examine budget execution and expenditure and follow-up on other topics, such as extractive industries, national development banks and subnational finance.

## 2. Domestic resource mobilization and taxation

Governments recognized in Addis Ababa that the mobilization of domestic public resources is central to the pursuit of sustainable development, including achieving the SDGs.

### 2.1. Resource mobilization and domestic targets

SDG 17 on the global partnership and means of implementation (MoI) target 17.1 (*strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection*) focus on domestic resource mobilization. However, this target does not spell out in detail how this will be achieved. The Addis Agenda builds on this, recognizing the need for significant additional domestic public resources. In particular, Governments:

- *Remain committed to further strengthening the mobilization and effective use of domestic resources (20, MoI 17.1)*
- *Welcome efforts by countries to set nationally defined domestic targets and timelines for domestic revenues as part of their national sustainable development strategies (22)*
- *Commit support to developing countries in need in reaching these targets (22, MoI 17.1)*

Following-up on the Addis Agenda will require more detailed reporting and monitoring than is proposed for the SDG monitoring process. Nonetheless, the indicators for MoI 17.1 (*17.1.1 total government revenue (by source) as a percentage of GDP*; and, *17.1.2 proportion of domestic budget*

*funded by domestic taxes*) can be a useful starting point for measuring government revenues and tax collection. However, generating consistent, comparable revenue data and measuring revenue as a percentage of gross domestic product (GDP) is a complex undertaking. For example, there are changes in and uneven implementation of the system of national accounts, discontinuities in time series, differences between federal and non-federal systems, differences between budgetary and other central government information, and different measures of GDP as reported by different institutions. These challenges create difficulties in aggregation, as well as in measuring trends over time. In addition, the methodology used for aggregation will often depend on the expected use of the data set. For example, the treatment of revenue from natural resource extraction varies across data sets, partially reflecting the different purposes for which they were designed.

As a result, while there are several different data sets available, they are not strictly comparable. The International Monetary Fund's (IMF) World Revenue Longitudinal Data (WoRLD) data set is designed to be as consistent as possible across countries and will be the basis of the Task Force's work. The database compiles comprehensive data on tax and non-tax revenues by country on an annual basis, going back to 1990. The WoRLD database combines data from two IMF publications: the IMF Government Finance Statistics and World Economic Outlook (WEO) and various Organization for Economic Cooperation and Development (OECD) Revenue Statistics publications. This annually updated data set can be helpful in tracking changes in taxes across all major tax types and essentially all countries. Additional databases created by intergovernmental bodies such as the OECD, researchers, the private sector and multi-stakeholder partnerships can be used complementarily.<sup>1</sup>

In addition, countries maintain annual and, in some cases, medium-term forecasts for government revenues as part of the overall fiscal framework, including expenditure, though there is no central database on this. The IMF systematically tracks fore-

1 See for example <http://www.ictd.ac/datasets/the-ictd-government-revenue-dataset>; [http://www.rockinst.org/government\\_finance/revenue\\_data.aspx](http://www.rockinst.org/government_finance/revenue_data.aspx); <https://dits.deloitte.com/>.

casts and medium-term forward looking scenarios on a country-by-country basis.

Tracking the action item on revenue targets is also challenging. One way to track this would be through voluntary country reporting in the context of reporting on national sustainable development strategies, which take account of country circumstances, economic characteristics and initial conditions. This could be done through the annual Forum on Financing for Development (FfD) Follow-up. Case studies can also be helpful. The key issue will be to measure *progress* toward appropriately setting individual goals over the medium and longer term—with evaluations of why and how goals are or are not being reached. Case studies can help assess whether, over time, setting revenue targets actually leads to increased revenue collection. Case studies can also assess drivers of domestic revenues and potential policy trade-offs by considering the overall economic context, including economic growth, external developments and government policies that impact the tax base.

The commitment to support countries in need in these efforts is discussed in section 5.4 on capacity building, and more broadly in chapter II.C on international cooperation.

## 2.2. Tax policy effectiveness, transparency and administration

Increasing domestic resource mobilization will require changes to both tax policies and tax administration. The Addis Agenda includes concrete commitments and action items in this respect. Specifically, Countries commit to:

- *Enhance revenue administration through modernized, progressive tax systems, improved tax policy and more efficient tax collection (22)*
- *Work to improve the fairness, transparency, efficiency and effectiveness of our tax systems, including by broadening the tax base and continuing efforts to integrate the informal sector into the formal economy in line with country circumstances (22)*

World-wide data on revenue administration performance is being tracked in a tool that was originally developed as the IMF's Revenue Administration Fiscal Information Tool (RA-FIT) data-

base. Its criteria include administrative organization, taxpayer identification and registration, filing, revenue controls and post-filing arrangements. These are benchmarked within and across country groups, for example by income and features such as conflict affected or resource dependent. It should be noted that specific country information derived from RA-FIT is not public, though benchmarking across groups of countries can be made available. The tool has now been expanded into a more broadly used international survey on tax administration, as a joint endeavour between The Inter-American Center of Tax Administrations (CIAT), the IMF, the Intra-European Organisation of Tax Administrations (IOTA) and the OECD. It provides a core set of questions and definitions that will form the basis of the data collection system each organization will use to gather data on tax administration. This will allow more efficient data collection and will improve comparability of data between countries and organizations, and establish metrics that tax administrations globally could report against. The new survey will be launched by the four organizations at the Plenary of the OECD's Forum on Tax Administration in Beijing, China in May 2016.

This data can be complemented with tax performance assessment by multi-stakeholder assessments of Public Expenditure and Financial Accountability (PEFA) undertaken in selected countries. The Tax Administration Diagnostic Assessment Tool (TADAT) is a new instrument used to diagnose weaknesses and assess performance in tax administrations on a country-by-country basis. However, TADAT data is not public, nor is it intended as a benchmarking or comparative tool—its purpose is rather to assist country authorities to develop and prioritize an evidence-based assessment of the areas for potential reform and improvement in their tax administrations.

The OECD, under the auspices of the Forum on Tax Administration, biennially provides comparative information and data on tax administration. The series summarizes tax administration systems, practices and performance across 56 advanced and emerging economies (including all OECD, European Union and Group of 20 members). IMF Fiscal Transparency Evaluations (FTEs) can provide additional insights in countries where these are

undertaken, as can findings from multi-stakeholder initiatives including the Global Initiative for Fiscal Transparency (GIFT), the OECD Forum on Tax and Crime, and the Extractive Industries Transparency Initiative (EITI). The assessment of revenue administrations can be further complemented with case studies based on insights from activities by Addis Tax Initiative (ATI) members (including partner and donor countries, and regional tax organizations, and international organizations) and other development partners.

Additional data in addition to tax administration parameters and revenue outturns will be needed to follow-up on the portion of the commitment related to tax policy and progressivity of tax systems. Measurement and monitoring of effectiveness, fairness and efficiency of tax policies in individual countries will need to be done using case studies. Likewise quantitative data on the widening of the tax base and integration of the informal sector can be treated in case studies, rather than cross-country analysis, which can be complemented by reference to the data on informality from the World Bank Group's enterprise survey data.

The IMF and the World Bank Group are jointly developing a framework to be used to provide diagnosis and assessment of individual country tax policy systems, against the background and context of each country. This framework, when it is completed, could provide a publicly available system for assessment of these questions. However, it is not intended that the framework will be—or should be—used for comparing or benchmarking countries against one another.

In addition to improving the effectiveness of tax policy and tax administration, in the Addis Agenda Governments specifically:

- *Recognize that price and tax measures on tobacco can be an effective and important means to reduce tobacco consumption and health-care costs, and represent a revenue stream for financing for development in many countries (32, MoI 3a)*

The indicator for the related MoI 3.a is *3.a.1 age-standardized prevalence of current tobacco use among persons aged 15 years and older*. The Task Force could build on this indicator to include tax measures and tobacco-related finance. Based on the World Health Organization's (WHO) technical manual on taxation of tobacco, important metrics include tax share as a percent of the retail price of tobacco and the revenue realized from tobacco taxation. Information to track progress is available from the WHO, which conducts biannual global surveys of tobacco prices and taxes.<sup>2</sup> The survey will specifically track countries that: increase excise taxes on tobacco; increase revenues from tobacco taxes; and earmark tobacco taxes specifically for health purposes and/or tobacco control. The survey methodology includes near universal coverage for tax information on the most sold brand of tobacco and less information on averages and cheapest brands, but the WHO is moving to collect more data on the market average. The WHO also publishes country profiles linked to cigarette taxation and prices as well as information about exports, imports, production and illicit trade. It also has a simulation tool for countries to use to assess tobacco taxation policies. Additionally, the WHO monitors the countries that increase financial support for activities intended to achieve the objective of the WHO Framework Convention on Tobacco Control (see chapter II.C). Case studies can be presented to show specific country efforts to reduce tobacco consumption and raise related revenues.

### 3. Illicit financial flows

The Addis Agenda also includes commitments on reducing illicit financial flows (IFFs), as a necessary measure to raise domestic resources. It identifies tax evasion and corruption as particular areas that need both domestic and international action. Specifically, in the Addis Agenda, Governments:

- *Commit to redouble efforts to substantially reduce IFFs by 2030, with a view to eventually eliminating them, including by combating tax evasion and corruption through strengthened*

2 The OECD biennially publishes detailed information on rates, tax bases and calculation methods for excise duties and value-added tax on tobacco products in OECD countries.



*national regulation and increased international cooperation (23, MoI 16.4)*

- *Invite other regions to carry out exercises similar to the High Level Panel on Illicit Financial Flows from Africa (24)*
- *Invite appropriate international institutions and regional organizations to publish estimates of the volume and composition of illicit financial flows (24)*
- *Commit to strive to eliminate safe havens that create incentives for transfer abroad of stolen assets and IFFs (25)*

The commitment on reducing IFFs is reflected under SDG 16 in target 16.4. The SDG indicator (16.4.1 *total value of inward and outward illicit financial flows (in current United States dollars)*) could be helpful in following-up on this. However, there is no agreed definition of IFFs or agreed-on methodology for their measurement. There is general agreement that IFFs include cross-border movement of financial assets relating to tax evasion, international trade fraud (including misinvoicing), criminal activity (including smuggling and trafficking in drugs, cultural objects, medicines, persons and natural resources), and corruption. There is disagreement, however, on whether tax avoidance should be considered an illicit flow. For example, the report of the High Level Panel on Illicit Financial Flows from Africa includes “tax abuse” which comprises “evading or aggressively avoiding tax”<sup>3</sup> in its broad interpretation of illicit flows. Other sources and institutions exclude tax avoidance from the definition of IFFs on the grounds that legal exploitation of tax loopholes is not illicit.

Currently no single tool or process can effectively establish a comprehensive measure of IFFs at the global or country level. Indeed, measuring and tracking illicit flows is extremely challenging, since by their very nature illicit flows are not transparently or systematically recorded. Nonetheless, there are a few methods that are currently used to attempt to

estimate IFFs. These tend to concentrate on selected elements of IFFs, and thus do not give a global picture of the size or nature of illicit flows. For example, one methodology starts with errors and omissions in official trade statistics as a proxy for illicit flows. An alternative measure starts from estimates on the proceeds of crime. However, the data sources are generally not robust in measuring changes or determining trends across years.

In one example of a methodology for measuring IFFs, the World Bank Group’s “residual model” subtracts the total of funds actually used by a country from the total entering that country and, if there are more funds coming in than funds being used, the resulting fund shortfall is considered to represent illicit flows. The underlying assumption is that funds that are not officially recorded are ‘illicit’.

Another commonly used methodology measures trade mispricing or misinvoicing as a proxy for illicit flows. This methodology views practices of over- or under-invoicing of trade receipts as a means of transferring funds from one (typically high-tax) jurisdiction to another (typically low-tax) jurisdiction. Researchers aggregate the differences in reported bilateral trade from the exporting and importing sides, accessing data from the IMF’s Direction of Trade Yearbook or the United Nations Comtrade Database to get down to very specific product lines in the estimates. While trade mispricing could arise from multiple motivations—including money laundering—it can also represent capital flight (in countries with exchange controls), tax evasion or tariff evasion. Similarly, while balance of payments data should in principle cover all transactions between residents and non-residents, errors and omissions may be caused by a number of factors, including suspect source data quality.

Global studies using the above methodologies are regularly produced by civil society organizations, such as Global Financial Integrity, which combine the World Bank Group’s residual method and the trade mispricing model, and by academ-

3 The panel’s report “defined IFFs as ‘money illegally earned, transferred or used’”, but went on to state “We also felt that the term ‘illicit’ is a fair description of activities that, while not strictly illegal in all cases, go against established rules and norms, including avoiding legal obligations to pay tax.” Within the commercial component of IFFs the report identifies abusive transfer pricing, trade mispricing, misinvoicing, unequal contracts and tax inversion. See: [http://www.uneca.org/sites/default/files/PublicationFiles/iff\\_main\\_report\\_26feb\\_en.pdf](http://www.uneca.org/sites/default/files/PublicationFiles/iff_main_report_26feb_en.pdf)



ics.<sup>4</sup> The United Nations Economic Commission for Africa produced an estimate for Africa, which was published in the aforementioned High Level Panel report, which could be regularly updated and whose methodology could be adopted in other regions. Some of these estimates can overstate the impact of ‘illicit flows’ on domestic resource mobilization, since they include the nominal value of the errors and omissions, while the loss to public resource mobilization is often the tax or tariff amount that is evaded, which is a smaller number. At the same time, these methods are generally not comprehensive measures of illicit flows, as they yield little to no information on other components of IFFs, such as the proceeds of corruption or criminal activities such as illegal narcotics sales or smuggling of natural resources.

Other approaches seek to estimate the proceeds of specific criminal activities. The United Nations Office on Drugs and Crime (UNODC) estimates the value of the global illicit drugs trade and other crimes (via surveys and questionnaires), but, due to the resource and data intensiveness of this effort, not for all crimes and not within time periods which are robust enough to produce comprehensive trend analysis. In relation to the volume of IFFs related to corruption, various programmes and initiatives have produced data on the experience of corruption by the population. Surveys have been supported by international organizations, including UNODC, the World Bank Group and the United Nations Development Programme (UNDP). Civil society organizations also collect data such as Transparency International’s Global Corruption Barometer, but these usually focus on corruption perceptions rather than the volume of resources.

An additional avenue of exploration is in looking at off-shore un-taxed wealth. This can include both personal wealth and corporate profits that are

parked in favourable jurisdictions due to low taxes, secrecy or other reasons. Methods for estimation look at discrepancies in the balance of payments statistics, for example on portfolio equity holdings, or at disclosures of offshore wealth holding in the aggregate by some jurisdictions. Such studies have been published by academics and civil society sources. Multinational enterprises (MNEs) based in the United States are supposed to provide an estimate of potential tax liability of foreign earnings that are never repatriated with their Securities and Exchange Commission filings, leading journalists and analysts to routinely report these figures.

While transfer mispricing is not necessarily illegal, depending in particular on domestic law, and is not always categorized as an illicit flow, such conduct is widely regarded as being contrary to prevailing rules and norms. Whether or not it fits neatly into a definition of IFFs, it is considered important to measure its impact on countries, and particularly developing countries. Such measurement is usually accomplished by analysing large databases of MNE financial accounts to identify variances between expected taxes paid based on the structure of MNE groups and tax rate differentials and the actual taxes reported as paid in the financial accounts. Such analysis has been conducted by the OECD and a number of independent academics, each with varying coverage and sometimes making use of different databases.<sup>5</sup> As part of the OECD/G20 base erosion and profit shifting (BEPS) project, the OECD presented a number of BEPS indicators, which will be refined and developed further over time. Some research has also explored a related avenue for estimating BEPS using econometric estimations based on macro-differences in statutory corporate income tax rates and effective tax rates of different countries. An alternative, explored by the United Nations Conference on Trade and Devel-

4 See for example: <http://www.gfintegrity.org/report/illicit-financial-flows-from-developing-countries-2004-2013/>; Ndikumana, J. et al, “Capital Flight from Africa”, in *Capital Flight from Africa: Causes, Effects, and Policy Issues*. Eds. Ajayi, S. Ibi, and Léonce Ndikumana: Oxford University Press, 2014.

5 For OECD see <http://www.oecd-ilibrary.org/deliver/2315361e.pdf?itemId=/content/book/9789264241343-en&mimeType=application/pdf>; for some academic work see Clausing, Kimberly A., *The Effect of Profit Shifting on the Corporate Tax Base in the United States and Beyond* (11 January 2016). Available at SSRN: <http://ssrn.com/abstract=2685442> or <http://dx.doi.org/10.2139/ssrn.2685442>; <http://www.ictd.ac/ju-download/2-working-papers/91-measuring-misalignment-the-location-of-us-multinationals-economic-activity-versus-the-location-of-their-profits>.

opment, has used locational data on foreign direct investment (FDI) flows to estimate profit shifting, based on the empirical observation that FDI routed through offshore investment hubs (typically low-tax) is associated with lower reported profitability of the FDI in the destination country.

Monitoring could also focus on measuring the commitment to and effectiveness of normative frameworks. Existing peer review frameworks, for example of the United Nations Convention Against Corruption, the Global Forum on Transparency and Exchange of Information for Tax Purposes, the Financial Action Task Force (FATF), and selected data collected at the international level, could be used for this. The follow-up process could look into whether this type of administrative data is useful to monitor combatting IFFs and the related corruption prevention, anti-money laundering/countering the financing of terrorism (AML/CFT) and asset recovery efforts. For example, efforts to eliminate safe havens for transfer abroad of stolen assets and IFFs can be monitored by looking at the number of countries implementing relevant global standards and the effectiveness of their implementation. Relevant standards include those on AML/CFT, exchange of information for tax purposes, and implementation of global tax norms such as monitoring of beneficial ownership information, as discussed in section 5 of this chapter. The Task Force can monitor the impact of these efforts. However, monitoring their effectiveness in eliminating safe havens for transfer abroad of stolen assets and IFFs is challenging, and case studies could be used.

#### 4. Return of stolen assets

The Addis Agenda also has commitments on the return of stolen assets; it:

- *Encourages the international community to develop good practices on asset return (25)*
- *Supports the Stolen Asset Recovery Initiative of the United Nations and the World Bank, and other international initiatives that support the recovery of stolen assets (25)*

- *Commits Governments to work to strengthen regulatory frameworks to increase transparency and accountability of financial institutions, the corporate sector and public administrations (25)*

Activities and results of the Stolen Asset Recovery (StAR) initiative, jointly supported by the World Bank Group and the UNODC, can also be monitored. In particular, findings can be based on the Asset Recovery Watch Database, which tracks all known asset recovery cases, and provides a “one stop shop” to access the related public case information. This can be complemented by further data from OECD surveys of OECD members about their investigation and repatriation of illicit assets stolen in developing countries and hidden in OECD countries.<sup>6</sup> A progress report on efforts to develop a set of good practices on asset return can be provided annually. Information on programme activities and findings from the United Nations Convention against Corruption (UNCAC) review mechanism in selected countries where reviews take place, can supplement the above information. The second cycle of the UNCAC review mechanism, which focuses in part on asset recovery, is a potential source of information on the actions taken by member states to enhance their legal, institutional and operational capacities to recover stolen assets. Case studies can also be presented.

The OECD has published an assessment of how its members perform in policy areas essential to reducing their attractiveness to illicit funds from developing countries. This assessment puts together, in a comparative manner, publicly available data produced through peer review processes conducted by the OECD and other bodies. The frequency of replication of the exercise will depend on the publication of new rounds of peer reviews covering OECD member states.

Work to strengthen regulatory frameworks to improve accountability will have to be reported on in a qualitative manner. Future cycles of UNCAC review may include information in this regard. The

<sup>6</sup> The survey was conducted twice: *Few and Far: The Hard Facts on Stolen Assets Recovery* and *Tracking anti-corruption and stolen asset recovery commitments*.

FATF assessments mentioned above will also provide information related to this commitment.

## 5. International tax cooperation

The Addis Agenda recognizes that both strengthened national regulation and increased international cooperation are needed to tackle IFFs. It commits to scale up international tax cooperation, which is seen as a necessary complement to domestic efforts to raise resources.

### 5.1. Combatting money laundering/terrorist financing

Transparency is an important theme in the Addis Agenda, including in relation to efforts on combatting crime, which is also covered in chapter II.F. In the Addis Agenda, Governments:

- *Commit to strengthen international cooperation and national institutions to combat money-laundering and financing of terrorism (25)*
- *Commit to identify, assess and act on money-laundering risks, including through effective implementation of the Financial Action Task Force standards on anti-money-laundering/counter-terrorism financing (24)*
- *Encourage information-sharing among financial institutions to mitigate the potential impact of the anti-money-laundering and combating the financing of terrorism standard on reducing access to financial services (24)*

Currently, the FATF and FATF-style regional bodies monitor and publish information on country performance relating to AML/CFT for their members. The IMF and other international organizations also conduct AML/CFT assessments, including for the IMF in the context of regular surveillance and financial stability assessments (see chapter II.F).

The February 2012 FATF (see section 3) recommendations on AMF/CFT will likely have beneficial implications for monitoring due to the emphasis they place on information, along with risk and effectiveness. The FATF peer reviews and assessments can provide a follow-up mechanism. Case studies and best practices publications, such as those from the OECD's multi-stakeholder Forum on Tax and Crime, can be presented, espe-

cially those detailing inter-agency cooperation. The FATF itself also produces a myriad of case studies, reports of expert working groups, and trend and typologies analysis on money laundering and the financing of terrorism.

Evidence gathered by the World Bank Group has indicated that banks might be cutting off money transfer operators' access to banking services because the cost of complying with AML/CFT and other requirements makes the business unprofitable. However, there is no plan for the World Bank Group to regularly monitor this issue. As a result of the evidence gathered in 2015, the Bank for International Settlements' Committee on Payments and Market Infrastructures has elaborated proposals to encourage the use of know-your-customer utilities which would facilitate information sharing. The Task Force can report qualitative information on policy development in this area, as well as any quantitative information that may become available.

### 5.2. International efforts to combat tax avoidance and evasion

In the Addis Agenda, international cooperation to combat tax evasion and tax avoidance are important subjects, forming a significant part of the negotiations. The Addis Agenda specifically:

- *Commits to enhance disclosure practices and transparency in source and destination countries, including through transparency in all financial transactions between Governments and companies to relevant tax authorities (23)*
- *Commits Member States to make sure that all companies, including multinationals, pay taxes to the Governments of countries where economic activity occurs and value is created (23)*
- *Encourages countries to work together to strengthen transparency and adopt policies, including: MNE reporting country-by-country to tax authorities where they operate; access to beneficial ownership information for competent authorities; and progressively advancing towards automatic exchange of tax information among tax authorities as appropriate, with assistance to developing countries, especially LDCs, as needed (27)*

- *Stresses that efforts in international tax cooperation should be universal and should fully take into account the different needs and capacities of all countries (28)*
- *Welcomes on-going efforts, including the work of the Global Forum on Transparency and Exchange of Information for Tax Purposes; takes into account OECD work on BEPS (28)*
- *Decides to further enhance the resources of the Committee of Experts on International Cooperation in Tax Matters to strengthen its effectiveness and operational capacity (29); increase the frequency of its meetings and its engagement with the Economic and Social Council through the Special Meeting on International Cooperation on Tax Matters (29); urges Member States to support the Committee and its subsidiary bodies through the voluntary trust fund (29)*

Overall assessments of the progress of international tax cooperation can be made through many mechanisms, which may include but are not limited to the number of bilateral tax treaties, participation in and support for the forums and committees discussed below, and ratification of multilateral instruments. This includes forums with voluntary participation, such as the follow-up mechanisms for the OECD/G20 agreements, as well as broader discussions in the United Nations system.

The commitment to enhance disclosure practices can also be monitored in a number of different ways. For example the OECD's Action Plan on BEPS included Action 12, which discussed mandatory disclosure regimes that require taxpayers to disclose their tax planning arrangements to the revenue authority. The EITI requires public transparency on payments to governments from all extractive industry companies operating in EITI-adhering countries. IMF Fiscal Transparency Evaluations (FTEs) can also provide insights. Qualitative information can be presented from peer reviews under UNCAC as discussed above.

As discussed above, estimates of tax avoidance and evasion are difficult to make, so that case studies may be used to follow-up on the commitment to ensure that MNEs pay tax where activity occurs. Additional tentative indications could come from looking at effective corporate tax burdens on major

MNEs. Examination of where those MNEs are paying taxes, as revealed in country-by-country reports could contribute to analysis of whether MNE value creation and economic activity is being taxed in the jurisdiction where it is occurring.

There is no global tracking mechanism for country-by-country reporting. The OECD/G20 BEPS Action Plan includes a new standard of information and proposed procedures for implementation. For implementation, countries would need to adopt national legislation, and there needs to be a mechanism to exchange reports with other countries. Some countries have already moved forward legislation on country-by-country reporting. One mechanism for international exchange is the Multilateral Competent Authority Agreement on the Exchange of Country-By-Country Reports, and the Task Force can follow-up on the signatories to this. The OECD's "Inclusive Framework" for BEPS implementation (see below) is planning to monitor progress on jurisdictions' compliance with commitments they have made and effectiveness of the filing and dissemination mechanisms of the country-by-country reports, and on other relevant actions. The BEPS Action 11 final report on Measuring and Monitoring BEPS recommends the production of a new publication named Corporate Tax Statistics that will include aggregate and anonymous tabulations from country-by-country reports, as well as other information to better analyse MNE tax behaviours.

In terms of beneficial ownership information, the highest profile commitment has been from the G20 group of countries, which adopted principles in 2014 but has not monitored their implementation. Civil society organizations have produced studies on implementation of the new principles. Compliance with Global Forum standards on beneficial ownership will be assessed in its second round of peer reviews (discussed below).

The G20 and OECD have launched a new framework for BEPS implementation, which invites interested countries and jurisdictions to work on reviewing and monitoring the implementation of the already agreed OECD/G20 BEPS Action Plan, as well as on developing standards on BEPS Project-related issues. Non-OECD countries and jurisdictions can join this implementation framework with Associate Status, on an equal footing with OECD

members and G20 and other countries that are currently Associates to the BEPS Project. All countries involved would be required to commit to the implementation of the entire BEPS Action Plan. In general, as the BEPS Project sets out 15 actions, many of which cannot be tackled without amending bilateral tax treaties, implementing these changes on a treaty-by-treaty basis would be a very lengthy process. About 95 countries, representing more than 2,000 treaties currently in force, are now working together on the development of a multilateral instrument capable of incorporating the tax treaty-related BEPS measures into the existing network of bilateral treaties. The Task Force will report on the number of countries involved and implementation of the framework.

In 2014, the Global Forum on Transparency and Exchange of Information for Tax Purposes endorsed the new standard on automatic exchange of financial account information (AEOI), the Common Reporting Standard, which 96 jurisdictions have publicly committed to implement.

The Global Forum conducts and publishes peer reviews to monitor compliance of its 132 members and other relevant jurisdictions to its agreed standard of transparency and exchange of information. The Global Forum's annual report provides detailed qualitative analysis of its membership and the progress made in implementing the internationally agreed tax standard on exchange of information on request (EOIR), and in time, the new AEOI standard. The peer review process is one of the main instruments used by the Global Forum to ensure that its members and relevant non-members effectively implement the internationally agreed standards. The outcomes of the peer reviews on EOIR identify gaps in the legislative frameworks or practices against ten essential elements of the standard and provide ratings of each of the essential elements and an overall compliance rating. All peer review reports adopted by the Global Forum are published and are available at the Global Forum EOI Portal. The results of the peer review for each jurisdiction reviewed so far are also available in the summary of compliance ratings. From mid-2016, a second cycle of reviews will commence, which will be a combined examination of both the legal and regulatory framework and the practical implementation

of the standard. Peer reviews will be undertaken on the basis of agreed terms of reference, which now include the updated requirements relating to beneficial ownership information of all legal entities and arrangements. An additional instrument to facilitate international administrative cooperation between countries in the assessment and collection of taxes is the Convention on Mutual Administrative Assistance in Tax Matters.

However, it is important to note that countries do not have equal levels of capacity to produce the vast amount of information needed for peer reviews, as well as to implement the many provisions in the OECD/G20 BEPS Action Plan, such as country-by-country reporting. Most standards have data and record keeping provisions, and many countries are limited in their ability to produce such data, making it difficult for them to participate in the Global Forum. In addition, some countries have chosen not to implement the OECD/G20 BEPS Action Plan. There is currently no mechanism for reporting for these countries.

The Addis Agenda emphasizes the importance of inclusive cooperation and dialogue among national tax authorities on international tax matters. In this respect, it looks to the United Nations Committee of Experts on International Cooperation in Tax Matters (the Committee) as an important forum because of its inclusive nature. The commitment to strengthen the Committee's effectiveness and capacity will be followed-up on in a number of ways. The Committee produces a report after each of its sessions that provides information on its work, which is publicly available on the Committee's website. The United Nations Economic and Social Council (ECOSOC) also holds an annual discussion on the Committee's work and adopts a resolution and decision in this regard. These documents track the work of the Committee, and provide further information about its composition and effectiveness. The information is mostly qualitative in nature, but with quantitative aspects such as the number of publications. These documents will also provide details about the new working arrangements of the Committee, including the transition to having two sessions a year for four days each. More detailed information on progress can be had through subcommittee reports, which are presented at the Committee sessions. Details on



the representation of Committee members can also be presented.

The Addis Agenda urged Member States to support the Committee and its subsidiary bodies through the voluntary trust fund, to enable the Committee to fulfil its mandate; including supporting the increased participation of developing country experts at subcommittee meetings, where the inter-sessional work of the Committee is achieved. An additional area for follow-up is thus the volume of resources contributed to the Committee's trust fund. This financing is critical to strengthen the Committee and to meet the expectations of an expanded set of activities including enhanced liaising with other international organizations and contribution to their work, greater governmental and public interest in the Committee's work, and more active subcommittees.

### 5.3. Tax treaties and voluntary agreements

In relation to bilateral treaties and agreements, in the Addis Agenda, Governments:

- *Commit to reduce opportunities for tax avoidance, and consider inserting anti-abuse clauses in all tax treaties (23)*
- *Note that countries can engage in voluntary discussions on tax incentives in regional and international forums to end harmful tax practices (27)*

Model provisions to prevent treaty abuse, including through treaty shopping, have been developed and are being discussed, including in the context of the multilateral instrument for implementing the BEPS Action Plan mentioned above. These would impede the use of conduit companies in countries with favourable tax treaties to channel investments and obtain reduced rates of taxation. Some of these provisions require additional technical work, which will be finalized in 2016. This could be reported on through the BEPS Action Plan implementation framework mentioned above. Some countries have already proceeded to review individual bilateral tax treaties and incorporate anti-abuse clauses, for which qualitative information can be presented. Though there is no official database of tax treaties that quantifies the presence or absence of certain provisions, case studies can be presented. Academics and civil society have developed a tax treaty database which

may be of assistance if it is expanded (it is not comprehensive, currently covering some 500 treaties that low- and lower-middle income countries in sub-Saharan Africa and Asia have signed since 1970) and regularly updated. In addition, there are private sector databases of bilateral tax treaties. The Task Force can also report on the preparation of toolkits and other materials that have been prepared to assist low-income countries on negotiations and considerations for entering into tax treaties.

The Addis Agenda recognizes that tax incentives can be an appropriate tool, including to attract FDI, but that regional and international cooperation has the potential to reduce or minimize harmful tax competition (e.g., though "races to the bottom" in dispensing tax incentives and exemptions). The IMF, OECD, World Bank Group and United Nations produced, at the request of the G20, a paper and tools on the effective and efficient use of tax incentives for investment in lower income countries, in 2015. Qualitative information on the progress in tax cooperation in various regional groups can be observed and reported over time. Action 5 of the BEPS Action plan also addresses harmful tax practices. The BEPS peer review process will address such practices, including patent boxes, which include harmful features, as well as a commitment to transparency through the mandatory spontaneous exchange of relevant information on taxpayer-specific rulings. The United Nations' regional economic commissions can report on activities they have pursued in this regard, and other efforts within the United Nations system, such as at ECOSOC, will be presented.

### 5.4. Capacity building

The Addis Agenda references the need for assistance to developing countries in regard to domestic resource mobilization. In it Governments specifically:

- *Commit to strengthen international cooperation to support efforts to build capacity in developing countries, including through enhanced ODA (22, MoI 17.1)*
- *Commit international support to developing countries in need in reaching targets for enhancing domestic revenue (22, MoI 17.1)*
- *Support strengthening of regional networks of tax administrators (28)*

International organizations and bilateral donors provide support for domestic resource mobilization. The OECD provides data on official development assistance (ODA, see chapter II.C), but do not yet specifically track aid to tax administrations or domestic revenue mobilization. The OECD Development Assistance Committee has proposed a Creditor Reporting System (CRS) code dedicated to tracking ODA related to domestic resource mobilization in addition to the broader category of public financial management. This is expected to be formalised in 2016, allowing tracking of such ODA from 2015 onwards. Some donors have attempted to report on ODA spending in this category retroactively on their own initiative. Additional monitoring and reporting can draw on multi-stakeholder platforms (in particular the ATI, see below). Some data is already available by provider and recipient grouping, on the financial cost of the support, and effort could be made to link this assistance to impact in terms of improved resource mobilization. Depending on data availability, reporting on support can be broken down by type (e.g., advice, training and capacity building). Broader support for domestic resource mobilization by countries which are not part of the ATI or the OECD Development Assistance Committee can be examined with case studies.

Regional tax organizations such as the African Tax Administration Forum, the Meeting Centre of Tax Administrators and CIAT, can also be queried to assess the support they receive from development partners, the role they play in supporting member countries, and the impact of collaboration between such organizations. Finally, the IMF receives a good deal of external financial support for its technical tax assistance from individual member countries (bilateral donors), and especially through its topical trust funds which pool donor support to revenue capacity building. Similarly, the independent TADAT initiative is supported through a multi-donor trust fund. The financial support provided to those funds can be regularly tracked and reported.

Through the Addis Tax Initiative international assistance providers support partner countries to implement the Addis Agenda in raising domestic public revenue. Signatories commit to step up their efforts to mobilize domestic resources and donors collectively commit to double their support for tech-

nical cooperation in the area of taxation/domestic revenue mobilization by 2020. OECD ODA statistics underpin the annual monitoring of progress against reaching the ATI commitment of doubling ODA to tax system development. Monitoring the evolution of signatories of the ATI could be an additional indicator of progress.

Additionally, the IMF, OECD, United Nations and World Bank Group have been mandated by the G20 to develop practical tools for developing countries to deal with the BEPS Action Plan and other cross-border tax issues not covered by the BEPS Project.

The Tax Inspectors Without Borders (TIWB) initiative, a joint project of the UNDP and OECD, enables the transfer of tax audit knowledge and skills to tax administrations in developing countries through a real time, “learning by doing” approach. Progress can be monitored through annual updates on finalized TIWB projects and their revenue impacts.

The IMF provides technical assistance to approximately 100 countries every year. As in the case of TADAT assessments, the outcomes of such advice are not public and are provided on a confidential basis to member countries. However, the principles for provision of successful capacity building in the revenue area are found in many published IMF papers. The existence of such technical assistance is not confidential, and thus could contribute to a measure of efforts to increase capacity building. The IMF will undertake additional efforts beginning in 2016 to incorporate revenue mobilization advice in its regular surveillance of member countries, including on international taxation issues.

The Global Forum engages in a range of activities to support its member jurisdictions in effectively implementing the international standards on transparency and exchange of information. Work has been completed to build a one-stop-shop for Global Forum technical assistance. The Global Forum Secretariat is working with its developing country members and five pilot projects to implement the AEOI standard have been launched with developing countries (Albania, Colombia, Ghana, Morocco and the Philippines). More projects are in the pipeline and qualitative and quantitative information about project implementation can be reported.

## 6. Expenditure

While much of the Addis Agenda on domestic public resources focuses on revenue, it equally emphasizes that Member States are committed to the effective use of domestic resources. The social compact covered in the cross-cutting issues chapter is a high profile commitment in the Addis Agenda that relates to expenditure, and the gender section of the cross-cutting chapter covers important commitments related to non-discrimination, gender budgeting, and the role of women in the economy and decision making. There are other important commitments related to domestic public resource expenditure covered in the cross-cutting chapter as well.

### 6.1. Fossil fuel subsidies

The Addis Agenda:

- *Reaffirms the commitment to rationalize inefficient fossil-fuel subsidies that encourage wasteful consumption by removing market distortions, in accordance with national circumstances, including by restructuring taxation and phasing out those harmful subsidies, where they exist, to reflect their environmental impacts, taking fully into account the specific needs and conditions of developing countries and minimizing the possible adverse impacts on their development in a manner that protects the poor and the affected communities (31, MoI 12.c)*

There is a relevant indicator for the SDGs related to MoI 12.c (*12.c.1 amount of fossil-fuel subsidies per unit of GDP (production and consumption) and as a proportion of total national expenditure on fossil fuels*). Monitoring fossil fuel subsidies that reflect the environmental impacts of fossil fuel consumption, requires estimates of existing levels of fuel taxes and also estimates of efficient fuel taxes (fuel taxes needed to cover environmental costs). The IMF's Energy Subsidy Database, covering fossil fuel products in over 150 countries, provides estimates for both efficient taxes and existing taxes and can be readily used for measuring fossil fuel subsidies per unit of GDP. The OECD's Taxing Energy Use report and methodology provides an analysis of the structure and level of energy taxes in the OECD and other selected countries. The OECD-Interna-

tional Energy Agency work on fossil fuel support produces regular estimates of subsidies and other forms of support for fossil fuels for a large number of countries.

### 6.2. National control mechanisms, transparency, non-discrimination and procurement

In the Addis Agenda, Governments:

- *Commit to strengthen national control mechanisms, such as supreme audit institutions, along with other independent oversight institutions, as appropriate (30)*
- *Commit to establish transparent public procurement frameworks as a strategic tool to reinforce sustainable development (30)*
- *Commit to increase transparency and equal participation in the budgeting process (30)*

Related commitments in this chapter on promoting and enforcing non-discriminatory laws, gender-responsive budgeting, and enabling women's full and equal participation in the economy are followed up in chapter I on cross-cutting issues, and its subsections 8 (promoting peaceful and inclusive societies) and 9 (gender equality).

Some information on oversight agencies, including supreme audit agencies, is captured in assessments made using the PEFA framework, particularly indicators 30 and 31. PEFA assessments are made for many developing countries with funding from a donor trust fund housed by the World Bank Group, but are not made for developed countries. The International Organisation of Supreme Audit Institutions and the World Bank Group are developing a new benchmarking exercise of supreme audit agencies, which should facilitate better cross-country comparisons.

In a similar way, basic information on the workings of public procurement systems is captured in the revised PEFA exercise at indicator 24. Under the auspices of the joint World Bank Group and OECD Development Assistance Committee Procurement Round Table initiative, bilateral and multilateral donors worked together with some developing countries to develop procurement standards for



ODA recipients known as the OECD Methodology for Assessing Procurement Systems (MAPS). The OECD is leading a set of partners to improve the assessment process with the creation of MAPS II, which should be universally applicable and will be launched in 2017.

A civil society organization, the International Budget Partnership, conducts an Open Budget Survey which measures budget transparency across 100 countries; other sources include IMF Fiscal Transparency Evaluations. Through the Global Initiative on Fiscal Transparency (GIFT), the World Bank Group, IMF, OECD, PEFA and others are collaborating to further strengthen the promotion and monitoring of transparency and participation in budget processes through the High-Level Principles of Fiscal Transparency and a forthcoming set of principles on public participation in budget making. The GIFT principles do not yet have assessment frameworks or data collection associated with them. However, none of the existing tools seek to measure and track the ability of procurement to serve as a strategic tool, instead focusing on transparency and competitive bidding, which tend to relate to shorter-term goals of reducing corruption. Medium-term goals of fostering industrial upgrading, protecting the environment, or boosting social development in relation to procurement have no monitoring framework.

In addition to the International Budget Partnership, there also a number of multi-stakeholder partnerships, such as the Open Contracting Partnership and Government Spending Watch, which focus on transparency, data standards and data collection related to budgeting and public expenditure. Currently the IMF tracks the outturn of government expenditure in the Government Finance Statistics database, but this does not contain information on budgets. Some of the partnerships have sought to match budget and expenditure data including with more up-to-date data, which can be useful to the Task Force, but this is limited in geographical coverage at present. PEFA indicator PI-9 measures access to key fiscal information, and would allow the Task Force to track the percentage of government revenues, procurement and natural resource concessions that are publicly available and easily accessible in open data format.

## 7. Additional topics

The Addis Agenda also identifies other issues that are relevant to domestic public resources which do not fall under the categories presented above.

### 7.1. Extractives and resources sector

The Addis Agenda notes that countries relying significantly on natural resource exports face particular challenges. The Addis Agenda, specifically:

- *Encourages investment in value addition, processing and productive diversification (26)*
- *Commits to addressing excessive tax incentives related to these investments, particularly in extractive industries (26)*
- *Encourages countries to implement measures to ensure transparency, and takes note of voluntary initiatives such as the Extractive Industries Transparency Initiative (26)*
- *Commits Governments to share best practices and promote peer learning and capacity building (26)*

Case studies can be undertaken to assess country efforts to reduce excessive tax incentives in the extractives sector, including whether countries are preparing tax expenditure statements detailing the estimated costs of the incentives. The case studies could be informed by the findings of technical assistance providers, such as the IMF and World Bank Group, in providing support to developing countries on these issues.

Insight on transparency, for those countries that are participating members, can be obtained with findings from both the EITI and IMF FTEs, including pillar IV of the Fiscal Transparency Code for resource-rich countries. EITI member countries are assessed for compliance with the EITI standard, and an annual progress report presents more detail on how transparent EITI members are.

International organization and bilateral donor support to resource-rich countries around contract negotiation and implementation involves sharing of good practices to build capacity and building infrastructure for peer learning. Additional support is also made available on the interaction between extractives industries and taxation. Information on

these initiatives will have to be qualitative. Some of the funding for these activities can be monitored and reported, with data on the provider, recipient country, and financial cost of the support. This can be broken down by type of support (e.g., advice, training and capacity building), and could include participation in regional and global events to share country experiences. Number and breakdown of users of online resources can also be tracked.

## 7.2. National development banks

The Addis Agenda notes the role that well-functioning national and regional development banks can play in financing sustainable development, with a countercyclical role, especially during crises. Specifically, the Addis Agenda:

- *Calls on national and regional development banks to expand their contributions in relevant areas important for sustainable development, and urge relevant international public and private actors to support such banks in developing countries (33)*

To track the contribution of development banks to the agenda, the Task Force will follow trends in national development bank (NDB) investment, building on existing public information from institutions and working with the International Development Finance Club (IDFC), an association of NDBs and regional development banks (RDBs). As many NDBs raise funds in capital markets, their financial documentation often includes key metrics such as capital base, annual commitments and annual disbursements. While some banks publish sectoral breakdowns of their operations, each institution has different categorization and classification systems. Nonetheless, available sectoral data is relevant for following-up on how NDBs are contributing at the national level in their specific contexts. Given the idiosyncratic nature of each NDB and its relation to national sustainable development strategies, case studies and lessons learned from NDB operations can examine how NDBs operate counter-cyclically, and how in certain markets they effectively respond to market failure, investment gaps and inadequate private credit.

Follow-up will also draw on efforts by the IDFC. The association includes 23 financial institutions from all regions and is developing methodologies for more comparable tracking of information across their membership. Amongst other activities, they conduct an annual green finance mapping exercise which seeks to quantify the amount of finance from their members that is directed at climate change mitigation and adaptation, green energy and other environmental objectives. The IDFC green finance mapping report presents aggregate figures for each sector and type of finance. It only disaggregates by institution in terms of those based in OECD countries and in non-OECD countries, so that regional or national analysis is difficult.

In addition, in 2013, a group of 25 national, regional and multilateral development banks agreed to a set of harmonised indicators for measuring the development results of private sector operations. These predominately developed-country-based institutions will now report development impact figures, such as number of jobs created or the gigawatt-hours of energy produced, using the same framework. Such results are currently not brought together in any single location and cannot be aggregated because of the risk of double-counting. Nonetheless, the data provides a basis for additional reporting.

## 7.3. Subnational urban development/ planning, subnational financing

The Addis Agenda acknowledges that in some countries expenditures and investments in sustainable development are being devolved to the subnational level, and that these institutions may lack the capacity to effectively implement the Addis Agenda and, by extension, the 2030 Agenda. As a result, the Addis Agenda:

- *Encourages the participation of local communities in decisions affecting their communities, such as in improving drinking water and sanitation management (34, MoI 6.b)*
- *Commits Governments to support cities and local authorities of developing countries, particularly in LDCs and SIDS, in implementing resilient and environmentally sound infrastructure and sustainable and resilient build-*

ings using local materials (34, MoI 6.a, MoI 9.a, MoI 11.c)

- Commits to increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, and resilience to disasters by 2020 (34, MoI 11.b)
- Commits Members to develop and implement holistic disaster risk management at all levels in line with the Sendai Framework (34, MoI 11.b)
- Commits States to support national and local capacity for prevention, adaptation and mitigation of external shocks and risk management (34)
- Commits States to scaling up international cooperation to strengthen capacities of municipalities and other local authorities (34)
- Commits to strive to support local governments in their efforts, as appropriate, to mobilize revenues, strengthen debt management, and strengthen municipal bond markets (34)
- Commits to promote lending from financial institutions and development banks, along with risk mitigation mechanisms, such as the MIGA, while managing currency risk (34)
- Commits to enhance inclusive and sustainable urbanization and strengthen economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning, within the context of national sustainable development strategies (34, MoI 11a)

These commitments are partly covered in MoI targets under SDG 6 on water and sanitation, SDG 9 on infrastructure, and SDG 11 on sustainable cities and settlements. The related indicators include: *6.a.1 amount of water- and sanitation-related official development assistance that is part of a government coordinated spending plan; 6.b.1 percentage of local administrative units with established and operational policies and procedures for participation of local communities in water and sanitation management; 9.a.1 total official international support (official development assistance plus other official flows) to infrastructure; 11.a.1 proportion of population living in cities*

*that implement urban and regional development plans, integrating population projections and resource needs, by size of city; and 11.c.1 proportion of financial support to the least developed countries that is allocated to the construction and retrofitting of sustainable, resilient and resource-efficient buildings utilizing local materials.*

Measuring international support for subnational development and finance is complex since data on ODA provided to the OECD does not provide locational tags for all its projects. While sectoral data is available, it does not include the level of specificity that would be necessary to track these indicators, particularly around whether the recipient is a subnational entity. Additionally categorization may not be consistent. For example, it is not clear whether investment in a rural hospital would be classified as a local or a health investment.

Project level data related to ODA contained in the OECD CRS allows for multiple sector and activity codes per project. However, it does not allow for more detailed data on how much aid is spent for capacity building at local levels or capacity building geared towards strengthening subnational finance. Growth in municipal bond markets can also be tracked. In addition, South-South cooperation could be important in this area (see chapter II.C). Although data in this area is limited for developing country markets, Bloomberg often tracks new issues, and the International Finance Corporation or aid agencies working on these deals (such as the United States Agency for International Development) can also supply information.

Qualitative information can supplement quantitative data. Case studies and examples of successful instances of donor collaboration to strengthen subnational finance and lessons learned would be useful and desirable. In that context, the United Nations Department of Economic and Social Affairs is collaborating closely with the United Nations Capital Development Fund on a series of regional expert consultations, with the objective to improve and strengthen international cooperation on municipal finance in support of the SDGs. In addition, the Task Force can call on case studies and examples drawing, among others, from the Multilateral Investment Guarantee Agency and national, regional and multilateral development banks.

In terms of the financial health of subnational entities, there is insufficient data available at the global level that would allow for a comprehensive assessment. Efforts are underway to fill some of these data gaps. For example, the United Nations Human Settlement Programme is currently working with the Lincoln Institute of Land Policy to design a Global Municipal Database. The project is facing some major challenges, however, including the lack of access to or availability of city level data in general, standardization problems, limited information on revenue sources and other data irregularities. While there is a lack of global data on financial health at the subnational level, case studies could focus on certain aspects of the financial health of subnational authorities, such as: characteristics of grant finance from the central government to subnational entities, implementation of e-government at the subnational level, effectiveness of public financial management at the subnational level (for example capital plans, tracking of land value, local asset inventories, subnational entity financial statements), and the financial sustainability of subnational entity finance (for example cash flow, fiscal space or other indicators).

In terms of the non-financial policy commitments contained in the Addis Agenda, such as on resilience, risk management and urban planning, many of these commitments relate to agreements made in Sendai as part of the Sendai Framework for Disaster Risk Reduction. An open-ended inter-governmental expert working group on indicators and terminology relating to disaster risk reduction established by the United Nations General Assembly (A/RES/69/284) is developing a set of indicators to measure global progress in the implementation of the Sendai Framework. The indicators under the SDG include: *11.b.1 proportion of local governments that adopt and implement local disaster risk reduction strategies in line with the Sendai Framework for Disaster Risk Reduction 2015-2030* and *11.b.2 number of countries with national and local disaster risk reduction strategies*. While no global mechanisms yet exist to track the sustainability of urban infrastructure, or the pervasiveness of urban planning that incorporates sustainable development dimensions, case studies could highlight best practices in these regards from certain national or subnational contexts.



## Chapter II.B

# Domestic and international private business and finance

## 1. Introduction

The Addis Agenda emphasizes that private business activity, investment and innovation are major drivers of productivity, inclusive economic growth and job creation. Long-term private investment is critical to support growth, employment and structural transformation, and needs to be aligned with social inclusion and environmental sustainability. Nevertheless, finance and investment is not always allocated to where it is needed for sustainable development.

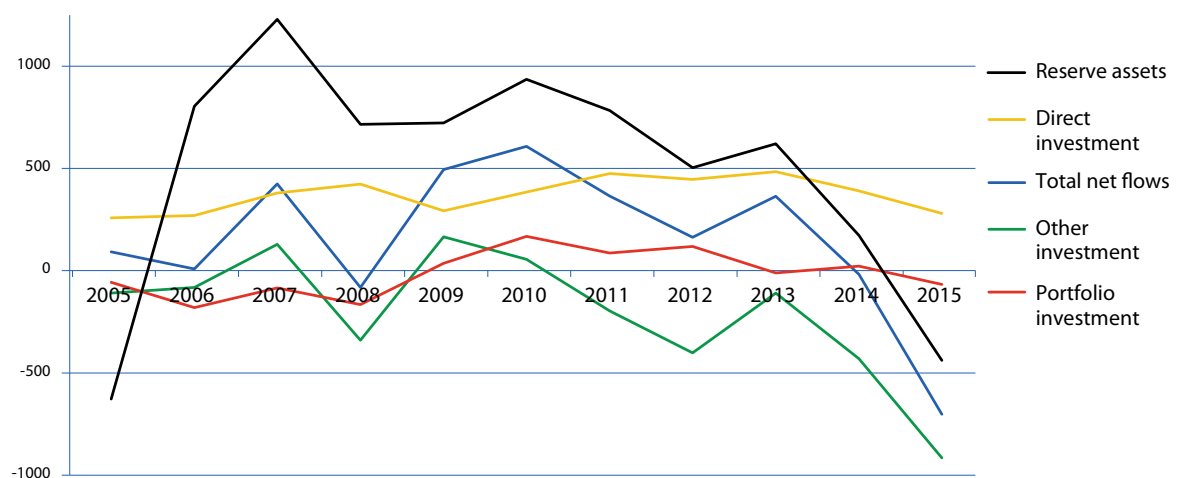
Moreover, the impact of sudden surges or exits of international private capital flows can seriously undermine sustainable development, as was seen in past financial crises. Indeed, in recent years, private capital flows to developing countries have been

highly volatile. (See figure 3) At the same time, the domestic private sector in a number of developing countries also risks becoming a source of financial instability as many emerging market corporates have taken on large amounts of foreign currency debt.

The Addis Agenda thus emphasizes the importance of mobilizing stable longer-term private finance, both domestic and international, in ways that further sustainable development. The Agenda welcomes private sector corporate responsibility initiatives, while also exploring policy and regulatory frameworks to better align business and finance with sustainable development. This necessitates efforts across a range of areas including strengthening the investment climate, developing appropriate regula-

Figure 3

**Net financial flows to developing countries and economies in transition, 2005 – 2015**  
(Billions of United States dollars)



Source: United Nations World Economic Situation and Prospects 2016.

tory and policy frameworks, developing domestic capital markets while managing risks, and encouraging development-enhancing direct investment into underfunded sectors and countries.

The Addis Agenda stresses the role of financial inclusion for achieving sustainable development, as well as the importance of designing regulatory and policy frameworks across all financial intermediation that encourage access to finance and financial market stability in a balanced manner. The Addis Agenda also includes commitments aimed at facilitating the flow of international remittances, emphasizing the relationship between remittances and inclusive finance. Finally, it also incorporates commitments on the potential role of philanthropy in implementation of the Addis Agenda.

A significant number of commitments and actions related to private business are of a crosscutting nature. Where appropriate, these items will be followed up in chapter I on crosscutting issues. This includes, in particular, items related to infrastructure, blended finance and gender equality.

## 2. The investment climate

Public policy is needed to create the enabling environment at all levels necessary to encourage entrepreneurship and a vibrant domestic business sector. Monterrey tasked Member States with building transparent, stable and predictable investment climates, and many countries have made great strides in this area. In the Addis Agenda, countries resolved to continue this work, while aiming for private sector investment that is inclusive and sustainable.

In particular, in the Addis Agenda, Governments commit to:

- *Create transparent, stable and predictable investment climates, with proper contract enforcement and respect for property rights, embedded in sound macroeconomic policies and institutions, transparent and stable rules, and free and fair competition. (36)*

Many dimensions influence the quality of a country's investment climate and overall competi-

tiveness. While the appropriate set of policies are necessarily country specific, a number of global benchmarking initiatives have been developed that can be helpful in understanding the business investment climate in countries. Most of these initiatives are organized around five themes: (i) competitiveness and the investment climate; (ii) perceived constraints by businesses; (iii) business and investment barriers; (iv) risk and policy uncertainty; and (v) cost of operations.

In the area of competitiveness and the investment climate, the World Bank Group's Enterprise Surveys present data from surveys of formal sector firms on perceived constraints by businesses. The World Bank Group's Doing Business indicators measure regulatory challenges for businesses, based on a combination of statistical data, regulatory information and business surveys. The surveys and the indicators are complementary, but have different approaches to benchmarking the quality of the business environment across countries. Whereas the Enterprise Surveys are firm-level polls of a representative sample of the private sector in an economy, Doing Business primarily surveys legal professionals to measure the regulations applying to domestic companies throughout their life cycle.

Another source of information is the World Economic Forum's "Global Competitiveness Index", which combines executive opinion survey results and quantitative data in an attempt to measure the competitiveness of an economy, based on institutions, policies and other factors as delineated in box 1.<sup>1</sup> The United Nations Industrial Development Organization's (UNIDO) Competitive Industrial Performance (CIP) benchmarks more than 100 countries in terms of their industrial competitiveness, and specifically their production and export capacity. The Organization for Economic Cooperation and Development's (OECD) Policy Framework for Investment looks at a range of policy areas affecting investment. The framework has been used in 25 countries and two regional economic communities—the Southern Africa Development Community and the Association of Southeast Asian Nations—to assess

1 The IMD of Lausanne has a more limited country coverage but also provides an assessment of four factors driving overall competitiveness, including economic performance, government efficiency, business efficiency and infrastructure.



their investment policies and enhance their regional investment policy frameworks. Lastly, the World Bank's Regulatory Quality Index captures perceptions of the ability of the government to formulate and implement sound policies and regulations.

With a smaller geographic coverage, the European Bank for Reconstruction and Development is implementing the Business Environment and Enterprise Performance Survey (BEEPS) in partnership with the World Bank Group. BEEPS is a firm-level survey based on face-to-face interviews with managers that examines the quality of the business environment.

Measurements of business and investment barriers focus on foreign and domestic firms' ability to enter markets, set up operations, access finance and exit business operations. Relevant comparative indicators across countries produced by the World Bank Group include the "Cost of registering a business", "New firm registration rate", "Cost of registering property" and "Time to obtain a construction permit". There are also numerous measures of

investment attraction and retention produced by the World Bank (including "Investment Promotion Best Practice Indices" and "Time to start a foreign business") as well as measures of dispute and debt resolution (including "Contract enforcement time").

Relevant surveys to monitor risk and policy uncertainty include the World Bank Group's Worldwide Governance Indicators (which measure the perceived quality of institutions and traditions that governments use) and the Control of Corruption Index (which captures perceptions of public power being used for private gain, including capture of the state by private interests).

With regard to the cost of operations, data is collected on the cost and reliability of electricity connections, the cost of trade (quality of trade and transport-related infrastructure, border and documentary costs associated with importing and exporting goods, etc.), and the effect of tax rates and administration processes on business.

Box 1 identifies some of the key global datasets from which information on the above five dimen-

#### Box 1

#### Overview of Select Global Datasets on Investment Climate and Business Environment Indicators

**Doing Business:** The Doing Business project of the World Bank uses surveys and questionnaires, primarily of legal professionals, to measure business regulations and their enforcement across 189 economies. The Doing Business topics include: starting a business; dealing with construction permits; getting electricity; registering property; getting credit; protecting minority investors; paying taxes; trading across borders; enforcing contracts; and resolving insolvency. The data generally reflect a limited geographic coverage within countries (usually the largest or several of the largest cities).

**Global Competitiveness Index:** This World Economic Forum dataset combines executive opinion survey results and quantitative data to compare the competitiveness of an economy. Global Competitiveness pillars are the pillars under which the components of the Global Competitive Index are grouped to assess institutions, policies and other factors, including: institutions, infrastructure, macroeconomic environment, health and primary education, higher education and training, goods market efficiency, labour market efficiency, financial market development, technological readiness, market size, business sophistication and innovation.

**Enterprise Surveys:** The World Bank Group's Enterprise Surveys provide company-level data in emerging markets and developing economies, including 130,000 firms in 135 countries. For most countries, an Enterprise Survey is conducted every 3-4 years. The surveys cover a broad range of business environment topics including access to finance, tax rates, corruption, labour regulations, informal sector practices, business licensing and permits, courts, infrastructure, crime, competition and performance measures.

**Worldwide Governance Indicators:** The World Bank Group's Worldwide Governance Indicators (WGI) assess 215 economies over the period 1996-2014, in six categories of governance, including: voice and accountability; political stability and absence of violence; government effectiveness; regulatory quality; rule of law; and control of corruption. These indicators are based on over 30 individual data sources produced by a variety of survey institutes, think tanks, non-governmental organizations, international organizations and private sector firms. The WGI present country rankings based largely on perceptions of governance, meaning they may not reflect real changes in governance over time.

sions of the investment climate can be obtained. The data only track some elements of the investment climate, and need to be viewed within the broader country context. Furthermore, these should not be considered in isolation from other concerns and goals, such as social and environmental sustainability. In addition, there are many other regional and country-specific sources of information.

### 3. Private sector efforts and initiatives

Private sector efforts and initiatives are an integral part of the Addis Agenda, and essential to the achievement of the 2030 Agenda. However, the only direct reference is sustainable development goal (SDG) target 12.6 (*encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle*). The Addis Agenda builds on this, and includes additional action items. It welcomes voluntary initiatives and encourages greater accountability by the private sector to embrace business models that have social and environmental impacts, and that operate sustainably. At the same time, it also emphasizes the importance of policies and regulatory frameworks (as discussed in section 4 of this chapter). In terms of private-led voluntary initiatives, the Addis Agenda:

- *Urges businesses to embrace a core business model that takes account of the environmental, social and governance impacts of their activities (37)*
- *Commits to promote sustainable corporate practices, including integrating environmental, social and governance factors into company reporting as appropriate, with countries deciding on the appropriate balance of voluntary and mandatory rules (37)*
- *Encourages adoption of principles for responsible business and investing and supports related work of the Global Compact (37)*
- *Commits to work towards harmonizing the various initiatives on sustainable business and financing, identifying gaps, including in relation to gender equality, and strengthening the mechanisms and incentives for compliance (37)*

- *Encourages investors to take measures to incentivize greater long-term investment such as reviews of compensation structures and performance criteria (47)*
- *Encourages impact investing (37)*

Monitoring business behaviour can be challenging. There are several dimensions that can be measured, such as environmental, social and governance reporting and the number of companies signing on to agreed-upon principles. However, there is less data available to measure how these initiatives ultimately change business behaviour.

The relevant indicator for measuring the SDG target is 12.6.1 *number of companies publishing sustainability reports*, which the Task Force will use as an input. The Global Reporting Initiative (GRI) maintains a database that monitors the progress of environmental, social and governance (ESG) reporting around the world and the number of sustainability reports disclosed in each country by collecting data through a system of data partners (e.g., KPMG, Deloitte, EY, CSR Asia, etc.).

Data from the United Nations Global Compact can also be used to reflect progress. The Global Compact has over 8,500 private sector signatories, which submit an annual Communication on Progress in four areas (human rights, labour, environment and anti-corruption), along with a measurement of outcomes. The Global Compact also publishes an annual business survey that examines how companies implement sustainability practices and provides a sample of global corporate trends and regularly updates and issues documents exemplifying how the initiative relates to other key frameworks, such as the Guiding Principles on Business and Human Rights.

There are a number of additional principle-based, voluntary ESG initiatives, including: the Equator Principles, Principles for Responsible Investment, Principles for Sustainable Insurance (which are also part of the insurance industry criteria of the Dow Jones Sustainability Indices and FTSE4Good), and Sustainable Stock Exchanges (through which stock exchanges promote ESG reporting, introduce sustainable investment education and enable green bonds trading, etc.). There are also national-level Sustainable Investment Forums (SIFs), some of

which have formed larger geographic groupings. The Global Sustainable Investment Alliance groups the largest regional and national SIFs. The Task Force can follow-up on these and other initiatives. There is, however, currently no single database documenting all the platforms. The Addis Agenda thus calls for harmonizing various initiatives on sustainable business and financing. The Task Force could be a starting place for such an initiative.

In the field of investment, many asset owners and asset managers are now members of the United Nations-supported Principles for Responsible Investment. The number of signatories to the Principles could serve as an indicator for improved private sector awareness of these issues. The Addis Agenda also encourages investors to take measures to incentivize longer-term investment time horizons, such as reviews of compensation structures and performance criteria. There is no centralized data source for monitoring progress in the adoption of such measures by investors. Nonetheless, there is progress in this area as well. The GRI database includes data on the investment horizon of investors, including compensation structures and performance criteria. Several private initiatives, such as Morningstar, publish data on incentive fees for the funds they cover, and Bloomberg also carries some compensation data. The Financial Stability Board (FSB) publishes a periodic progress report on “Implementing the FSB Principles for Sound Compensation Practices and their Implementation Standards” on compensation schemes in significant financial institutions in FSB jurisdictions. As discussed in the next section, the Addis Agenda further calls on promoting incentives for sustainable behaviour along the entire investment chain, including investment intermediaries, investment banks, brokers, investment consultants and credit rating agencies.

In terms of impact investing (i.e., investments which aim to generate measurable social, environmental and governance impacts along with financial returns), the Global Impact Investing Network (GIIN) monitors the growth of the impact investing market across asset classes, sectors and regions. This quantitative data can be complemented by case studies. Finally, the Addis Agenda commitment to promote sustainable corporate practices,

and particularly ESG reporting, which states that countries should decide on the appropriate balance of voluntary and mandatory rules, indicates the importance of also tracking government policies in these areas.

#### 4. Policies and regulatory frameworks to better align business and finance with global goals

Policies and regulatory frameworks are an important complement to voluntary actions. There are two sets of issues covered in this section: international standards and agreements on labour rights and environmental and health standards, which are also well-covered in the SDGs, particularly in SDG 8; and regulatory frameworks for the financial sector, which have no direct references in the SDGs.

In terms of labour rights and environmental and health standards, the Addis Agenda:

- *Commits to protect labour rights and environmental and health standards in accordance with relevant international standards and agreements, such as the Guiding Principles on Business and Human Rights and the labour standards of ILO, the Convention on the Rights of the Child and key multilateral environmental agreements, for parties to those agreements (37)*

These commitments are covered by several SDG targets, particularly SDG 8.7 and 8.8. The corresponding indicators are: *proportion and number of children aged 5-17 engaged in child labour, by sex and age group* (8.7.1); *frequency rates of fatal and non-fatal occupational injuries, by sex and migrant status* (8.8.1); and *increase in national compliance of labour rights (freedom of association and collective bargaining) based on International Labour Organization (ILO) textual sources and national legislation, by sex and migrant status*. These can be a basis for the relevant Addis commitments.

The commitment to enforce labour rights and social standards related to children can also draw on existing routine reporting under the Convention on the Rights of the Child (especially Article IV on public spending on enforcing child rights). The pro-

cess can be supported at the country level by relevant stakeholders, such as UNICEF country offices and other technical and child-focused agencies.

In addition, Global Compact reporting, which is derived from internationally agreed standards, including the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption, can be an input here, as well as in section 3 above.

Moreover, assessments can be made regarding the number of investment-related national plans, laws and regulations that are aligned with the United Nations Conference on Trade and Development's (UNCTAD) Investment Policy Framework for Sustainable Development or that encourage adherence by investors to international standards of responsible investment, such as the ILO Tripartite Declaration of Principles concerning Multinational Enterprises (MNEs) and Social Policy and the OECD Guidelines for MNEs.

On the commitments pertaining to financial market regulations, the Addis Agenda is based on the presumption that financial market regulations and policy frameworks should support a stable financial system while promoting access to finance in a balanced manner. The issue of financial market regulation, including its impact on access, is discussed in this section, while broader issues related to inclusive finance are discussed in section 5. Specifically, the Addis Agenda:

- *Acknowledges the importance of regulation to cover all financial intermediation (e.g., shadow banking as well as microfinance) (38)*
- *Commits to work to ensure that policy and regulatory environment supports financial market stability and promotes financial inclusion in a balanced manner (38)*
- *Calls on standard-setting bodies to identify adjustments that could encourage long-term investments within a framework of prudent risk-taking and robust risk control (47)*
- *Endeavour to design policies, including capital market regulations where appropriate, to promote incentives along the investment chain that*

*are aligned with long-term performance and sustainability indicators, and that reduce excess volatility (38)*

While financial market regulation is designed to ensure stability of the financial system, the Addis Agenda underscores the importance of understanding the impacts of regulation on incentives for access to credit and investment in areas important to sustainable development. On the flip side, it also notes that to ensure a stable financial system, all forms of financial intermediation should be incorporated into the regulatory framework. While there is a host of information on financial market regulations, there is very little concrete data on the specific issues put forward above. However, the issues are closely linked to the discussion on international norms for financial market regulation covered in chapter II.F on systemic issues. As discussed in II.F, the FSB prepares an annual report to the G20 on the implementation of financial regulatory reforms (such as Basel III, over-the-counter derivatives and shadow banking) by FSB jurisdictions. The report also summarises evidence on the effects of these reforms, including potential “unintended consequences”, such as the cost and availability of credit, the supply of long-term investment finance, and effects on developing countries. Reporting on these effects, including the unintended consequences, is based on findings from empirical work carried out by FSB members and other stakeholders. The FSB will continue to monitor the effects of internationally agreed reforms, including with respect to overall financial intermediation and financial regulatory factors affecting the supply of long-term investment finance. While the FSB has 24 jurisdictions as members, its outreach through its Regional Consultative Groups includes 65 countries globally.

In addition, the International Monetary Fund's (IMF) surveillance work involves reviewing countries' policy and regulatory environments with a view to supporting financial market stability and promoting financial inclusion in a balanced manner. At the country level, the Financial Sector Assessment Program (FSAP) is a comprehensive and in-depth analysis of a country's financial sector. Assessments under the programme have to be conducted at least every five years in 29 countries with systemically important financial systems, and

are done at a lower frequency in other countries.<sup>2</sup> In developing and emerging market countries, the IMF conducts FSAP assessments jointly with the World Bank Group, combining a financial stability assessment with a financial development assessment. Information from completed FSAPs could serve as the basis for case studies, complemented by additional evidence in this area.

Information on the adjustments made by standard-setting bodies to encourage long-term investments will be qualitative in nature.

Finally, the commitment to endeavour to design policies to ensure that incentives are aligned with long-term performance and sustainability is closely linked to the discussion in section 3 on private sector initiatives. As discussed, the Addis Agenda calls for promoting incentives for sustainable behaviour along the entire investment chain, including investment intermediaries, investment banks, brokers, investment consultants and credit rating agencies. While there is no standardized dataset to track this, the Task Force can look at case studies, on a country basis, to better understand the ways in which policy changes impact investment behaviour.

## 5. Achieving financial inclusion

### 5.1. Financial services for all

- *Commits to work towards full and equal access to formal financial services for all (39)*
- *Commits to adopt or review financial inclusion strategies, in consultation with relevant stakeholders, and to consider including financial inclusion as a policy objective in financial regulation, in accordance with national priorities and legislation (39)*
- *Encourages commercial banking systems to serve all, including women (39)*
- *Supports microfinance institutions, development banks, agricultural banks, mobile network operators, agent networks, cooperatives, postal banks and savings banks as appropriate (39)*

The Addis Agenda strongly commits to strengthening financial inclusion. Financial inclusion is also an important element in the SDGs. SDG targets 1.4, 2.3 and 5a call for equal access to financial services, particularly for women. SDG target 8.10 calls for strengthening the capacity of domestic financial institutions to improve access to banking, insurance and financial services for all. The relevant indicators are *proportion of population living in households with access to basic services* (SDG.1.4.1); *proportion of adults (15 years or older) with an account at a bank or other financial institution or with a mobile money service provider* (SDG 8.10.2); and *number of commercial bank branches and ATMs per 100,000 adults* (SDG 8.10.1).

The Addis Agenda goes beyond the SDGs by committing countries to concrete policies and greater efforts towards capacity building that involve all relevant stakeholders on financial inclusion. Monitoring full and equal access to formal financial services could utilize both demand and supply side datasets. On the demand side, the main dataset is the World Bank Group's 2014 Global Financial Inclusion (Global Findex) database, which has approximately 100 indicators drawn from survey data. This data could be used to disaggregate SDG 8.10 on the percentage of adults owning an account either through a financial institution or mobile money provider, by income level, geographic location, gender, age and education. World Bank Group data can be complemented by the more frequently updated IMF Financial Access Survey (<http://fas.imf.org>), which is a source of provider-side data on access to, and use of, basic consumer financial services by resident households and nonfinancial corporations. The Financial Access Survey contains annual data and metadata for 189 jurisdictions covering the period from 2004 to 2014.

The Alliance for Financial Inclusion could provide data on the "Number of countries with national financial inclusion strategy and monitoring framework". Additional commitments could be monitored through data on the "Percentage of women owning

<sup>2</sup> Assessments outside the 29 countries are voluntary, so their frequency depends on country requests and resources available for the programme. The IMF's 2014 FSAP review indicates that without increased resources, the frequency outside the 29 systemic jurisdictions would be about once every 14–15 years, <http://www.imf.org/external/np/pp/eng/2014/081814.pdf>.



an account through a financial institution or mobile provider” (see Global Findex above).

Commitments pertaining to supporting microfinance, development banks and other relevant institutions may require a more qualitative analysis that highlights examples where different financial intermediaries have helped advance the financial inclusion agenda. The United Nations Development Programme (UNDP) and the United Nations Capital Development Fund (UNCDF) can provide case studies in this regard (see for example the Pacific Financial Inclusion Programme, [www.pfip.org](http://www.pfip.org)).

## 5.2. Promoting lending to micro, small and medium-sized enterprises

Access to credit and financial services is a prerequisite for the functioning of many small and medium-sized enterprises (SMEs), which provide the majority of new jobs in many countries. The Addis Agenda:

- *Commits to promoting affordable and stable access to credit to MSMEs (16)*
- *Encourages international and national development banks to promote finance for SMEs, noting the IFC, including through the creation of credit lines (33, 43)*
- *Recognizes that financial regulations can permit collateral substitutes, create appropriate exceptions to capital requirements, reduce entry and exit costs to increase competition and allow microfinance to mobilize savings by receiving deposits (43)*
- *Commits to strengthen capacity for cost-effective credit evaluation, including through public training programmes, and through establishing credit bureaux where appropriate (43)*
- *Commits to providing adequate skills development training for all, particularly for youth and entrepreneurs (16)*

SDG targets 8.3 and 9.3 call for enhancing the access of SMEs to financial services. The relevant indicator is 9.3.2 (*the proportion of small-scale industries with a loan or line of credit*) and this will be an input to the Task Force. “Promoting lending to micro, small and medium-sized enterprises (MSMEs)” could be tracked through data on the “percentage of (M)SMEs with a loan or line of credit”

from World Bank Enterprise Surveys. Monitoring credit lines and other forms of affordable credit schemes that are both accessible and inclusive (youth and women entrepreneurs) can also be done through OECD reports on Entrepreneurship as well as Country Team reports from the United Nations System Wide Action Plan Employment and Entrepreneurship section.

The issues of collateral substitutes and exceptions to capital requirements are linked to the discussion on balancing access and stability in section 4 above, in that Member States are noting that there are cases where regulations can facilitate greater access to credit. Efforts to reduce entry and exit costs could be tracked through several sources, including “Entry (starting a business) and exit (closing a business) costs” and the “Number of countries without minimum capital requirements” from the World Bank Group, Doing Business data, and “Number of microfinance deposit taking institutions (MDIs) worldwide” from Mix Market. Monitoring capacity for cost-effective credit evaluation would require qualitative work. Case studies could highlight successful examples of countries that have strengthened their capacity for cost-effective credit evaluation through training or the establishment of credit bureaux. Finally, progress on providing adequate skills development training could be assessed through country-level case studies on the effectiveness of national development banks and multilateral development banks (MDBs) in promoting SME finance, as well independent evaluation of International Finance Corporation (IFC) programmes (World Bank Group Independent Evaluation Group).

While numerous initiatives have been launched in recent years to promote financing for MSMEs, it is unclear how well integrated they have been and how they impact access to finance for different types of MSMEs across countries and sectors. UNIDO, UNCDF and the United Nations Department of Economic and Social Affairs are embarking on a joint project aimed at analysing these initiatives (comprising financial instruments and complementary financial and non-financial measures) centred on an assessment of existing initiatives to strengthen entrepreneurial finance; an evaluation and mapping of workable initiatives across different typologies of smaller enterprises, different sectors and different

regions/categories of countries (i.e., least developed, low income, middle income, etc.); and an appraisal of ways to maximize the effectiveness and sustainable development impact of workable initiatives. Studies such as the above could report on both the status and impact of existing initiatives to promote finance for MSMEs.

### 5.3. Increasing and diversifying lending and financial tools for increased access

The Addis Agenda:

- *Encourages the use of innovative tools, including mobile networks, banking, payment platforms and digitalized payments (39)*
- *Recognizes the potential of new investment vehicles, such as development-oriented venture capital funds, blended finance, risk mitigation instruments and innovative funding structures (43)*

Progress in increasing and diversifying lending and financial tools for increased access could be assessed through the “number of live and planned mobile money services for the unbanked” (see GSMA Deployment Tracker), as well as the “percentage of adults owning an account through a mobile money provider” (Global Findex). The tracking of new investment vehicles would require case studies and examples drawing, among others, from the Multilateral Investment Guarantee Agency (MIGA), regional development banks and national development banks. The Emerging Markets Private Equity Association also collects information on private equity and venture capital flows.

The full potential of mobile banking has not yet been achieved, in part because many policy and regulatory environments are not conducive to the launch and scaling up of mobile money services for the unbanked. In this respect, in June 2014, the International Telecommunication Union (ITU) set up a Focus Group on Digital Financial Services (FG DFS) to bridge the gap between telecommunications and financial services regulators, and the private and public sectors. The FG DFS is discussing some of the main policy and regulatory issues currently preventing the roll-out of mobile banking including interoperability, consumer protection, competition, regulation, security, service quality and digital iden-

tity. The Task Force can report on the work of the FG DFS and subsequent follow-up initiatives.

### 5.4. Capacity building on financial literacy and inclusion

The Addis Agenda:

- *Promotes financial literacy (40)*
- *Expands peer learning and experience-sharing among countries and regions, including through the Alliance for Financial Inclusion and regional organizations (39)*
- *Commits to strengthening capacity development, including through the UN development system, and encourage collaboration between initiatives (39, 43)*

The promotion of financial literacy could be assessed through data on the “share of adults worldwide that are financially literate” (Gallup Global Financial Literacy Survey; OECD Programme for International Student Assessment—financial literacy module, the module is only available for select countries but may be expanded). Monitoring progress on peer learning and experience-sharing among countries and regions could draw directly from the experiences of the Alliance for Financial Inclusion and other relevant regional organizations, including regional economic commissions and regional development banks. The implementation of the commitment to strengthen capacity development and encourage collaboration between initiatives should be monitored through a qualitative assessment of capacity-building initiatives within the United Nations system.

## 6. Developing domestic capital markets

Domestic capital markets have an important role to play in mobilizing private capital to finance domestic development. By giving companies the ability to borrow domestically in local currencies, domestic capital markets can also reduce currency mismatches for borrowers, thus reducing systemic risks. At the same time, government bond markets create tools to manage macroeconomic and fiscal risk and provide important pricing benchmarks. However, the Addis Agenda also emphasizes that capital markets can



increase risks in the real economy, for example, due to market herding and boom and bust cycles. The Addis Agenda stresses the importance of regulations aimed at reducing volatility and incentivizing longer term investment. Governments commit to:

- *Work towards developing long-term bond markets (44)*
- *Work towards developing insurance markets, including crop insurance on non-distortive terms (44)*
- *Strengthen supervision, clearing, settlement and risk management (44)*
- *Recognize that regional markets can provide scale and depth (44)*
- *Increase local currency lending from MDBs (44)*
- *Enhance international support in domestic capital markets; strengthen capacity building, including through regional and international forums for knowledge-sharing (44)*
- *Stress the importance of managing volatility associated with foreign inflows (44)*
- *Endeavour to design capital market regulations that promote incentives along the investment chain that are aligned with long-term performance and sustainability, and that reduce excess volatility (38)*

To follow-up on these commitments and action items, the Task Force can monitor market capitalization, market depth, market access by borrowers and investors, and the quality of market operations and infrastructure.

The availability of data in this area is mixed. Data on equity markets is readily available from sources such as the emerging markets databases of Standard & Poor's (S&P) and J.P. Morgan. There is no centralized source of data on developing country bond markets. The data would need to be pieced together from a number of sources including S&P, J.P. Morgan, Bloomberg, Thompson Reuters, Dealogic and national central banks. In addition, the World Bank Group prepares an annual trends note on local currency bond markets for the G20, which would also provide some updated figures. To date, the development of regional bond markets has been fairly limited, with some exceptions, such as the CFA bond market in West Africa. The best sources of

information on development of these markets would be case studies by regional commissions and regional development banks (RDBs). Since 2008, the African Development Bank has been managing the African Financial Market Initiative (AFMI), which contains up-to-date, country specific financial data and information on domestic bond markets in Africa and recently launched two indices, the African Fundamental Bond Index and the AFMI Bloomberg Africa Bond Index.

In addition, assessing the ultimate impact of bond market development includes evaluating the extent of new and outstanding fundraising in nominal terms and relative to gross domestic product (GDP), the number and type of issuers to see if access has expanded in targeted sectors, and the percent of investment portfolios invested in different types of capital market products. Liquidity indicators can be used, such as bid-ask spreads and turnover ratios. Certain databases provide aspects of this information such as the Bank for International Settlements database, which has figures on the size and issuance of bonds by sovereign, non-sovereign and financial institution issuers. This data has the limitation that it includes all securities above one year, whereas the maturity of concern is closer to 3 to 5 years plus. There are also various investment bank and other reports on investor asset sizes, such as those by J.P. Morgan.

In the short and medium term, monitoring the development of domestic capital markets should focus on steps taken to put the legal, regulatory and operational enabling environment in place, build capacity, and improve quality of oversight, clearing, settlement and risk management. Information on progress in these areas typically needs to be obtained on a country basis, and tends to be available from national central banks. Information on local currency lending by MDBs and on international efforts in the form of technical assistance and capacity building to support domestic capital market development tend to be more readily available. Data on local currency lending by MDBs and RDBs are publicly available in their annual reports, which outline their portfolios. Details of international support and capacity building can be obtained from the World Bank, IFC and other MDBs and RDBs as well as from the International Organization of Securities

Commissions, and from various private financial institutions.

An important caveat, however, is that the data on domestic capital market development can be misleading, and the specific country context is very important. Large issuances can occur in countries with underdeveloped markets; stock market capitalization can be large when no economic transactions occur; turnover ratios can be high but highly concentrated in a small number of securities. Capital market data therefore needs to be disaggregated to the country level and the country context must be understood in order to get a more accurate picture of the situation. Hence, a quantitative analysis of market volumes needs to be complemented by qualitative country and case studies in order to formulate an accurate idea of progress at the national level.

Price volatility of key issues can be used to assess market volatility. In countries without well-functioning options markets, implied volatility can also be an input. Data on foreign investment in domestic markets varies by country and type of instrument. For example, there tends to be limited data on foreign investment in domestic bond markets. Capital account data, which is broken down by portfolio flows, can be used to supplement domestic capital market data, to better understand the impact of foreign inflows on domestic markets.

The Task Force can also monitor the development of insurance markets, including crop insurance on non-distortive terms. To follow up on the commitment to develop insurance markets, monitoring needs to be done on a quantitative basis, looking at the size and composition of insurance markets. In addition, qualitative evaluation is needed to make sure that good quality insurance is being provided to more people and insurance regulation and supervision is carried out in a manner that reduces risk to consumers and builds trust. In terms of quantitative sources of information, Axco is the main source of international insurance market data. However, this has limitations. Size in terms of premiums can be measured, but this says little about the number of people covered. The development of such measures of underlying coverage is needed. International databases are also poor when it comes to providing information on some developing markets. In terms of quality of

insurance, measurements of regulation and supervision of insurance markets do exist—for example through assessments of the International Association of Insurance Supervisors Insurance Core Principles. However, more work needs to be done to standardize the assessment of quality of insurance markets and products, and better and longer-term plans for supervisory capacity building need to be implemented to establish a more measurable benchmark.

Crop insurance is in many instances subsidized, and issues around distortions in crop insurance can be linked to the structure and level of subsidies. Monitoring the development of crop insurance in non-distortive terms could include monitoring the application of subsidies offered by governments, which can be found usually as part of the budget. Recently, there has been considerable discussion around the use and structure of smart subsidies in agriculture and crop insurance. There are also some subsidy structures that could promote/incentivize improve risk management and adaptation to climate change rather than inhibit it. Hence, both the volume and the structure of subsidies for crop insurance need to be assessed.

Finally, the Addis Agenda calls for the design of capital market regulations that promote incentives along the investment chain that are aligned with both long-term performance and sustainability. This calls for changing incentives for all market actors, including investors, brokers, advisors and rating agencies, among others, and is closely linked with the discussion in sections 3 and 4 on private sector initiatives and regulatory frameworks. As discussed there, there is no centralized database on this. The Task Force will look to follow up on voluntary initiatives as well as through case studies.

## 7. Facilitating the flow of remittances

The Addis Agenda pledges to facilitate the flow of remittances and commits to:

- *Reduce the average transaction cost of migrant remittances by 2030 to less than 3 per cent of the amount transferred; and to ensure that no remittance corridor charges higher than 5 per*

cent by 2030, (MoI 10.c) while maintaining service coverage (40)

- Work to ensure that affordable financial services are available to migrants in home and host countries; to reverse the trend of banks withdrawing services; to increase coordination among national regulatory authorities to remove obstacles for non-bank remittance providers; to promote competitive and transparent market conditions (40)
- Exploit new technologies and improve data collection (40)

These commitments are partly covered by the following means of implementation (MoI) target under SDG 10c: *By 2030, reduce to less than 3 per cent the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5 per cent.* The MoI indicator measures *remittance costs as a proportion of the amount remitted* (10.c.1).

Currently, the most complete data set available on remittance transfer costs is collected and maintained by the World Bank Group, via the Remittance Prices Worldwide (RPW) database. RPW covers 300 “country corridors”, including 35 major remittance sending countries and 99 receiving countries. This monitoring activity has supported the efforts of the G8 and the G20 to reduce the cost of remittances from 10 per cent to 5 per cent of the average amount of US\$200 sent by migrants worldwide (the 5x5 objective).

In addition, the smart remitter target (SmaRT) currently being developed by the World Bank Group, in consultation with countries and international experts, may complement existing measures in monitoring progress towards price reduction for remittance transactions at a more granular level. The aim is to ensure that in each country corridor there are at least three remittance service-providers who charge 3 per cent or less to send money. To be included in the SmaRT Index, remittance services will need to be accessible on both the sending and receiving ends, and the money will need to be available to recipients within five days. The SmaRT methodology will be finalized via the World Bank Group’s Global Remittances Working Group in mid-April 2016. It will be calculated using a simple average of the three cheapest services for sending the equivalent of US\$200 in

each corridor and be expressed as a percentage of the total amount sent.

New technology and data collection tools can play an important role in enhancing this target. To guide and/or complement their national efforts to collect demand-side data, policymakers can draw on certain global or international demand-side surveying efforts, including notably the Global Findex database.

Supply-side data relies mostly on collection efforts conducted by financial regulators as part of the discharge of their regulatory, supervisory and oversight responsibilities. Supply-side data collected through financial regulators provide insights into the quality of the enabling environment, the legal/supervisory framework and the underlying payments and information and communications technology infrastructure. The World Bank Group, for example, regularly compiles the Global Payment Systems Survey, through which it is possible to monitor market trends and evolution (e.g., most used payment instruments to send/receive remittances, most used remittance service providers), and the enabling environment to facilitate the provision of new services (e.g., regulatory and supervisory requirements, transparency and competition). These existing data sources can already be used to develop initial benchmarks.

With regard to the availability of affordable financial services for migrants, the World Bank Group has provided assistance to the G20 and the FSB in measuring the impact of the de-risking activities that commercial banks are implementing at the global level. In coordination with the different technical areas, the World Bank Group has published two surveys on the phenomenon of de-risking in the area of remittances and corresponding banking relationships. Additional efforts in this area will require appropriate collaboration of the national supervisors and regulators, who would need to regularly monitor the market and identify the impact of the phenomenon across their financial sector. The World Bank Group will continue monitoring the issue, in collaboration with standard setting bodies and international fora. The collection of financial inclusion data from financial service providers would also be useful in measuring the volume, coverage and costs of remittances as well as the availability of affordable

financial services in home countries. However, this data is currently limited.

More generally, the FSB has noted that the loss of correspondent banking services can create financial exclusion, particularly where it affects flows such as remittances. The FSB initiated and coordinated work among standard setting bodies and international financial institutions to examine the extent and causes of banks' withdrawal from correspondent banking and the implications for affected jurisdictions, including through the World Bank Group survey mentioned above. The resulting Report to the G20 on actions taken to assess and address the decline in correspondent banking presents a four point action plan that is being implemented in partnership with other organizations through a coordination group to: examine the decline and implications for financial inclusion and financial stability; clarify regulatory expectations, including through more guidance by the Financial Action Task Force; support domestic capacity-building in jurisdictions that are home to affected respondent banks; and strengthen tools for due diligence by correspondent banks.

An additional source of information for monitoring is the joint OECD-European Commission project to improve data collection on remittance patterns and financial inclusion, as well as to strengthen policies related to investment and financial services. In January 2013, the OECD and European Commission launched a project on the Interrelations between Public Policies, Migration and Development (IPPM). The project is carried out in ten low- and middle-income partner countries across the globe with significant migration experience, including both South-North and South-South migration flows. The IPPM project has, through household and community data surveys, gathered data on remittance patterns, financial inclusion and policies related to investment and financial services. The data provide an overview of remittance patterns and availability and use of financial services in partner countries, and contribute to a better understanding of the linkages between financial services and remittances.

In addition, the Multilateral Investment Fund, member of the IDB Group, in partnership with the Center for Latin American Monetary Studies, is

currently implementing a four-year project which will work with other international organizations and relevant authorities in Latin America and the Caribbean in order to: identify and address regulatory obstacles that hinder the financial inclusion of remittance recipients, and to increase the availability of disaggregated, accurate, up-to-date remittances data in order to have a better understanding of the market and offering of products required by remittance recipients.

The KNOMAD Thematic Working Group (TWG) on Policy and Institutional Coherence—co-chaired by the OECD Development Centre and the UNDP—has developed a dashboard of indicators for measuring policy and institutional coherence for migration and development (PICMD). The dashboard aims to measure the extent to which public policies and institutional arrangements are coherent with international best practices to minimize the risks and maximize the development gains of migration. The dashboard includes indicators pertaining to enhancing the development impact of diaspora engagement, skills and migrants' finances which, in turn, relate to improving data collection on remittances, money transfer options, restrictions/taxes on remittances, and financial literacy training for immigrants. The TWG is currently operationalizing the dashboard in 11 pilot countries: Bosnia and Herzegovina, Cabo Verde, Jamaica, Moldova, the Netherlands, the Philippines, Portugal, Sri Lanka, Sweden, Switzerland and Trinidad and Tobago.

Finally, it is also important to monitor the conditions under which remittances are earned, sent and used. Reducing remittance transaction costs alone will not be sufficient to improve the benefits of remittances if those funds are earned in the context of dangerous or exploitative working conditions, or where the lack of social safety nets in the destination country breeds dependency on remittance transfers. With regard to how remittances are earned, for example, implementation of and adherence to fair recruitment practices and decent work conditions, in accordance with international standards, and promoting the full participation of migrants and their families in their home and host societies, are critical metrics. Such conditions can be monitored through analysis of international labour standards relating

to recruitment, national laws and their enforcement and other conditions relating to migrant workers' rights. Information regarding developments in these issues can be obtained from the International Organization for Migration.

## 8. Encouraging quality direct investment/foreign direct investment, particularly in underfunded sectors and countries

The Addis Agenda commits to incentivizing the expansion of direct investment/foreign direct investment (FDI) to underfunded countries and priority sectors, while ensuring the maximum contribution to sustainable development and other national and regional goals. Specifically, the Addis Agenda:

- *Strengthens efforts to incentivize FDI and address financing gaps and low levels of FDI in developing countries, particularly least developed countries, landlocked developing countries, small island developing States and countries in conflict and post conflict situations (45, 46, MoI 10.b)*
- *Acknowledges that foreign direct investment is concentrated in a few sectors in many developing countries and often bypasses countries most in need, and international capital flows are often short-term oriented (35)*
- *Commits to adopt and implement investment promotion regimes for LDCs (MoI 17.5)*
- *Encourages the alignment of FDI with national and regional sustainable development strategies; promotes policies to strengthen spillovers as well as integration into value chains (45)*
- *Encourages project preparation and prioritizing projects with employment and decent work, sustainability, industrialization, diversification and agriculture; financial and technical support; collaboration between home and host country agencies (45)*
- *Encourages consideration of insurance, investment guarantees, including through MIGA, and new financial instruments. Encourages innovative mechanisms and partnerships (45)*

- *Commits financial and technical support for project preparation and contract negotiation, investment-related dispute resolution, access to information on investment facilities and risk insurance and guarantees such as through the MIGA, as requested by LDCs (46)*

These commitments and action items are partly covered by SDG MoI targets 10b and 17.5. The corresponding indicators are 10.b.1 (*total resource flows for development, disaggregated by recipient and donor countries and type of flow*) (e.g., official development assistance, FDI and other flows) and 17.5.1 (*number of countries that adopt and implement investment promotion regimes for least developed countries*).

Currently, the most complete set of data on FDI stocks and flows to various categories of countries is contained in UNCTAD's World Investment Report database, with data on 200 economies and other variables related with FDI (including sectors/industries). Associated databases maintain information on MNEs. Data and analysis from UNCTAD's World Investment Report also shed light on the concentration of FDIs among developing countries.

In addition, the OECD's database of FDI statistics includes aggregate statistics for 34 OECD Member countries, including detailed FDI statistics by partner country and by industry, available from 2014. The OECD's Benchmark Definition of Foreign Direct Investment, 4th edition (BMD4), sets guidelines for the compilation of FDI statistics, which can serve as a point of reference for issues surrounding FDI measurement.

Qualitative information relating to trends in policies to incentivize FDI and the implementation of investment promotion regimes for least developed countries (LDCs) is available from UNCTAD's Investment Trends and Policies Monitor, its Investment Policies Reviews and its Investment Promotion Agency Observer Series, covering all United Nations Member countries. In addition, the OECD produces regular Investment Policy Reviews and its FDI Regulatory Restrictiveness Index (FDI Index) measures statutory restrictions on FDI in 58 countries, including all OECD and G20 countries, and covers 22 sectors.

Information pertaining to the contribution of FDI to regional and national sustainable develop-



ment strategies, its role in global value chains and on policies to strengthen spill-overs and linkages of FDI into the national economy is less easy to obtain, though organizations like UNCTAD, the OECD and UNIDO have embarked on work programmes to generate clearer information in these areas. A number of World Investment Reports have recently focused on these issues, generating data and information in the process. In the context of G20 requests, UNCTAD has embarked on the process of constructing indicators to assess the contribution of FDI to sustainable development, taking account of its effect on capital formation, exports, taxes, job creation and social impact. In a similar vein, the OECD is undertaking exploratory work to develop a set of indicators on 'quality FDI' to strengthen the monitoring and assessment of the benefits of FDI. These indicators would provide more information on the productivity, inclusiveness, and social responsibility of FDI. They would also open new avenues to generate evidence on the socio-economic effects of FDI. The OECD is also conducting research on the integration of its FDI statistics into the Trade in Value Added framework; this research should provide a better understanding of the role of FDI in global value chains and its impacts on host economies.<sup>3</sup>

UNIDO has also developed work streams in the area of 'quality FDI' through its standardized Investor Surveys and a dedicated evidence-based policy research programme. The data collected from representative firm-level surveys features detailed information on the characteristics, operations and perceptions of domestic and foreign investors, in both the manufacturing and services sectors, across a larger number of countries in sub-Saharan Africa. This line of micro-level inquiry may be complementary to the ongoing efforts by UNCTAD and the OECD and has the potential to offer insights into the role FDI plays in stimulating economic development of host countries.

Trends relating to the sustainable development impact of FDI could also be gauged using information from organizations such as UNCTAD, the OECD, the ILO and the World Bank Group,

which have put into place frameworks for assessing the sustainable development component of national plans and laws. For instance, as noted in section 4, assessments can be made regarding the number of investment-related national plans, laws and regulations that are aligned with UNCTAD's Investment Policy Framework for Sustainable Development, or that encourage adherence by investors to international standards of responsible investment such as the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy and the OECD Guidelines for MNEs. UNCTAD maintains two relevant databases on national policy laws and regulations (Investment Policy Database) and International Investment Agreements (IIA Database), which include information on provisions related to sustainable development. Moreover, as part of the promotional strategy on the MNE Declaration, the ILO is developing a methodology that will allow national statistical offices to better measure the impact of MNEs and FDI on decent work in their country and provide evidence-based policy advice to investment policy makers to enhance policy coherence between investment attraction and the creation of more and better jobs in the host country.

Finally, information on tools, instruments and other mechanisms to better mitigate the risks facing foreign direct investors in key development sectors can be obtained from a range of sources. Agencies that have been at the forefront of the development of risk mitigation and risk sharing tools, as well as capacity building, include MIGA, the IFC, regional development banks and bilateral agencies like the Overseas Private Investment Corporation of the United States. An ideal metric would be total financing—equity and debt—that is mobilized with the help of insurance, investment guarantees and new financial instruments. While this may be challenging to aggregate, it is possible to observe trends using more limited indicators such as the total amount of equity and debt financing that is mobilized with the help of MIGA products. Likewise, assistance to LDCs to access information on the above facilities and the provision of project preparation support

3 Furthermore, UNCTAD, OECD and the World Bank Group are collaborating on a set of G20 initiatives including taking stock of policy developments relating to domestic and international investment regimes.



can also be accessed from multilateral agencies like MIGA and bilateral donors (as well as information from the OECD DAC database).

With regard to assistance to LDCs on investment-related disputes, the International Centre for the Settlement of Investment Disputes (ICSID), which is a member of the World Bank Group, and UNCTAD would be important sources of information. In general, a complementary way of monitoring and following up on the commitments relating to LDCs would be to rely on new developments in inter-governmental negotiations. These developments can be gauged through a review of new resolutions, agreed conclusions, declarations and communiqués emanating from the United Nations and other international processes.

## 9. Incentivizing investment in underfunded areas, including clean and affordable energy

The Addis Agenda:

- *Aims to ensure universal access to affordable, reliable, modern and sustainable energy services for all by 2030; to substantially increase the share of renewable energy; and to double the global rate of energy efficiency and conservation (49, SDG 7.1, 7.2, 7.3)*
- *Promotes public and private investment in energy infrastructure and clean technologies including carbon capture and storage; commits to enhance international cooperation to provide adequate support and facilitate access to clean energy research development (49, MoI 7.a)*
- *Commits to enhance international cooperation to expand infrastructure and upgrade technology for modern and sustainable energy services to all developing countries, in particular LDCs and SIDS (49, MoI 7.b)*
- *Calls for action on SE4All recommendations to raise over US\$100 billion in annual investments by 2020, through market-based initiatives, partnerships and leveraging development banks (49)*

The related SDG indicators are: *percentage of population with access to electricity (7.1.1); percentage of population with primary reliance on clean fuels*

*and technology (7.1.2); renewable energy share in the total final energy consumption (7.2.1); energy intensity measured in terms of primary energy and gross domestic product (GDP) (7.3.1); mobilized amount of United States dollars per year starting in 2020 accountable towards the US\$100 billion commitment (7.a.1); and investments in energy efficiency as a percentage of GDP and the amount of foreign direct investment in financial transfer for infrastructure and technology to sustainable development services (7.b.1).*

Monitoring will also need to focus on the modalities of access, in particular generation capacity and cost of access to energy. In this regard, reference could be made on electricity production (kwh) per capita, and the tariff per kilowatt hour (constant terms or PPP).

The Addis Agenda welcomes Sustainable Energy for All (SE4All) as a useful framework. The SE4All Global Tracking Framework (SE4All-GTF), a consortium of more than 20 agencies coordinated by the SE4All Knowledge Hub at the World Bank Group and the International Energy Agency (IEA) with a consortium of more than 20 agencies, tracks financial and technology development needs and progress, energy access, renewable energy and energy efficiency (energy conservation is discussed in relation to energy efficiency). At the next SE4All-GTF, planned for 2017, the intention is to further align monitoring efforts to SDG indicators and to begin to provide an overview of finance and investment including those related to the SE4All recommendations to raise over US\$100 billion in annual investments by 2020, through market-based initiatives, partnerships and leveraging development banks.

Additional data sources include the Energy Development Index by the IEA, which includes a multi-dimensional indicator that tracks energy development country-by-country and distinguishes between developments at the household and community levels. Furthermore, the IEA/International Renewable Energy Agency Joint Policies and Measures Database for Global Renewable Energy contains country-validated renewable energy policy data and country-specific policy profiles from 116 countries.

## 10. Encouraging philanthropic engagement that is transparent and accountable

The Addis Agenda welcomes the rapid growth of philanthropic giving and the significant financial and non-financial contribution philanthropists have made towards achieving our common goals. It encourages philanthropists to partner with Governments, as well as increased transparency and accountability in philanthropy. Specifically, the Addis Agenda:

- *Encourages growth of philanthropy and efforts to increase cooperation between philanthropic actors, Governments and other development stakeholders (42)*
- *Calls for increased transparency and accountability in philanthropy (42)*
- *Encourages philanthropic donors to apply due consideration to local circumstances and align with national policies and priorities (42)*
- *Encourages philanthropic donors to consider managing their endowments through impact investing (42)*

These commitments are not covered in the SDGs or the MoI targets. Data collection for these items is challenging as systems for monitoring philanthropic investments are rudimentary in many places in the world.

There is ongoing collaboration among foundation networks to strengthen data collection on the ground, including through the establishment of the SDG Philanthropy Platform (set up jointly by the Foundation Center, UNDP and Rockefeller Philanthropy Advisers), which aims to monitor and strengthen philanthropic contributions to the SDGs. However, at present, most sources of data on philanthropy cover mostly United States foundations and efforts are being made to collect data from other countries on a voluntary basis.

Until this is achieved, it will be necessary to monitor the annual reports of the larger philanthropic entities to obtain a sense of the alignment of their activities with the SDGs. For example, the Bill and Melinda Gates Foundation has been reporting directly to the OECD since 2011. Though there is no standard methodology, this would entail assess-

ing among other things the incorporation of the SDGs in strategies and programmes, the number of SDG-related impactful interventions and collaborative initiatives and cross-sectoral partnerships. Self-reporting on these and other metrics by the philanthropic sector would be helpful.

One way to track progress on transparency and accountability would be by looking at the number of foundations that provide data on their grants and report on them through initiatives like the International Aid Transparency Initiative (IATI). However, the IATI model is currently very difficult for small foundations to adopt.

There are no agreed principles or monitoring frameworks for collaboration between foundations and Governments, and no easily available data on alignment and ownership for most countries. Although evidence on effective collaboration between philanthropic actors, Governments and other development actors is still limited, ongoing case studies from various foundation networks, including the OECD Global Network of Foundations Working for Development (netFWD), can provide guidance. These pilots will generate country-level data gathered through questionnaires and a multi-stakeholder dialogue process. They are premised upon the Guidelines for Effective Philanthropic Engagement (GEPE), a voluntary and non-binding tool developed by netFWD, which aims to help improve development outcomes by establishing a framework for collaboration between foundations and Governments. The netFWD will also contribute by elaborating a methodology assessing the impact of multi-stakeholder partnerships with foundations.

The United Nations Development Cooperation Forum (DCF), which brings philanthropic foundations together with other development cooperation actors, provides another source of data and information. Philanthropic foundations are also included in the scope of the Secretary General's report on trends and progress in international development cooperation for the biennial High-level meeting of the DCF and the 2015-2016 Fourth DCF Global Accountability Survey.

Data is also limited with regard to philanthropic actors investing their portfolios in line with impact investing. One possibility would be to utilize the Global Social Impact Investment Steering

Group, first launched as the Social Impact Investment Taskforce in 2013, which brings together government officials and senior figures from the worlds of finance, business and philanthropy. The current phase of work focuses on social impact investment in developing countries and includes the role of foun-

dations investing through their endowments in addition to the key role they often play as catalytic grant funders. In addition, philanthropic actors could voluntarily self-report on this item and case studies can be explored.

## Chapter II.C

# International development cooperation

## 1. Introduction

The 2030 Agenda for Sustainable Development will place significant demands on public budgets and capacities, which require scaled up and more effective international support, including both concessional and non-concessional financing. To mobilize this support, the Addis Agenda contains a range of commitments and actions on official development assistance (ODA). It also contains commitments and actions on South-South cooperation, lending by multilateral development banks (MDBs) and other international development cooperation efforts.

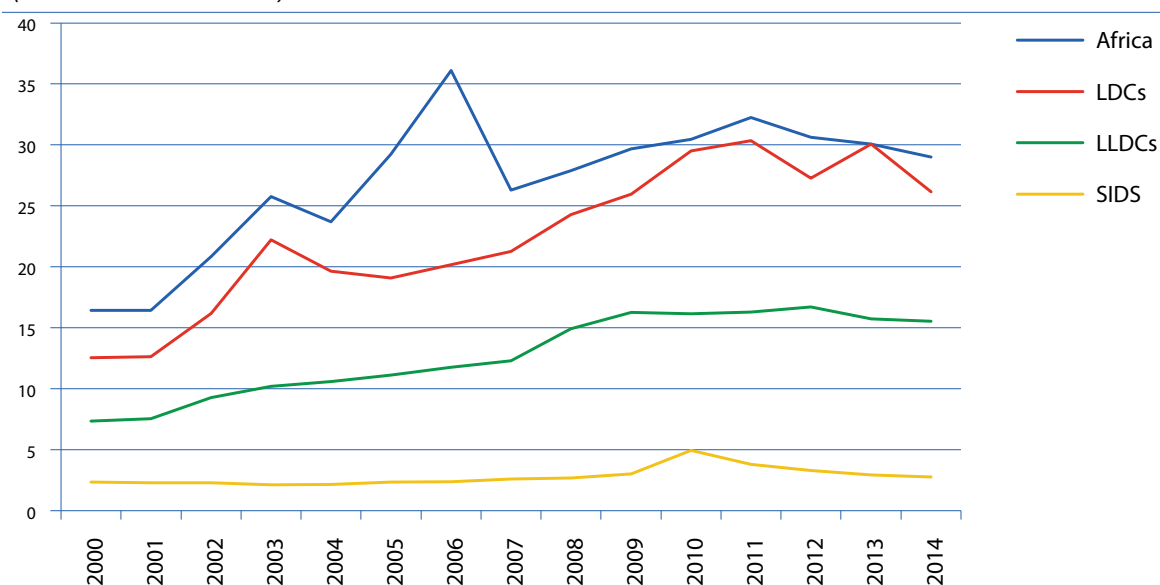
ODA reached an all time high in 2014, at US\$137.2 billion, and has increased by nearly 70 per cent since the adoption of the Millennium Decla-

ration in 2000. However, at 0.3 per cent of donor gross national income (GNI), it falls short of the commitment by many donors to achieve the target of 0.7 per cent of ODA/GNI. In the Addis Agenda, developed countries reaffirm their respective ODA commitments, and urge all those that have not met their targets to make additional concrete efforts. ODA providers further commit to reverse the declining trend of ODA to the least developed countries (LDCs) and other countries most in need, many of whom will continue to rely on concessional finance to meet sustainable development needs. Yet, in 2014, ODA to LDCs decreased by 9.3 per cent in real terms compared to 2013, and aid to other priority groups fell as well (see Figure 4). Given increasing

Figure 2C

### Net ODA received by priority groups of countries from Development Assistance Committee donors, 2000–2014

(Billions of 2013 dollars)



Source: OECD/DAC data.

demands on ODA, for example from in-country refugee costs, there is a risk that ODA to LDCs will continue to fall.

The Addis Agenda also encourages developing countries to strengthen South-South cooperation. South-South cooperation has been increasing in recent years according to various estimates, along with growing South-South trade, investment and regional integration. Different approaches and modalities of South-South development cooperation render reporting on broad global trends challenging, but the availability of information about South-South cooperation is increasing and efforts are under way, including within the United Nations System, to further improve estimates.

Beyond increasing the magnitude of concessional finance, all providers also commit to increasing the quality, impact and effectiveness of their development cooperation, including the adherence to agreed development cooperation effectiveness principles. They further commit to take into account the three dimensions of sustainable development in all international public finance, and to share knowledge about their respective efforts.

In recognition of their significant potential to finance sustainable development, MDBs are encouraged to adapt and be fully responsive to the sustainable development agenda. In response, MDBs announced their intention to extend financing for sustainable development at the sidelines of the Third International Conference on Financing for Development, held in Addis Ababa, by making better use of their balance sheets, among other measures. New development finance institutions, recently set up and welcomed in the Addis Agenda, will provide an additional source of international public finance for sustainable development investments, in particular in sustainable infrastructure.

Additional sources of international public finance—including climate finance, humanitarian finance, and innovative sources of finance—further add to the international public financing landscape for sustainable development. The Addis Agenda emphasizes both the importance of meeting all existing commitments and of achieving greater coherence in all development financing. The Addis Agenda also acknowledges the role played by multi-stakeholder partnerships in financing certain sectors and encour-

ages them to support country-driven priorities and strategies.

## 2. Official development assistance

The Addis Agenda reaffirms ODA commitments. It further commits to prioritizing the allocation of concessional international public finance to those with the greatest needs and least ability to mobilize other resources. The Addis Agenda goes beyond earlier international agreements to include a commitment to reverse the recent decline in ODA to LDCs, to encourage ODA of 0.2 per cent of GNI to LDCs, and to recognize those countries that allocate at least 50 per cent of ODA to LDCs. It also highlights the importance of ODA for the poorest and most vulnerable countries. Specifically, the Addis Agenda:

- *Reaffirms existing ODA commitments (0.7 per cent of GNI to developing countries and 0.15–0.20 per cent of GNI to LDCs) (51, MoI 17. 2)*
- *Commits to reverse decline in ODA to the LDCs (52); Encourages ODA of 0.2 per cent of GNI to LDCs (51); is encouraged by countries that allocate at least 50 per cent of ODA to LDCs (51)*
- *Commits to open, inclusive and transparent discussions on the modernization of ODA measurement (55)*

The data to track these commitments can be drawn from Organization for Economic Cooperation and Development (OECD) ODA data, which covers bilateral flows from the 29 OECD Development Assistance Committee (DAC) members, disaggregated by recipient and donor countries on both a commitments and disbursements basis. Progress made by members to these commitments is tracked and presented on the OECD website. This data will be used for sustainable development goal (SDG) indicator 17. 2. 1 (*net official development assistance, total and to least developed countries, as a percentage of OECD/Development Assistance Committee donors' gross national income*), which will also support the work of the Inter-agency Task Force.

Reporting on ODA commitments by the Millennium Development Goals (MDG) Gap Task Force aggregated this data for LDCs and other groups of countries most in need and deserving

special attention, and this Task Force will continue this practice. In particular, it will follow trends in ODA to LDCs to assess whether the decline in ODA to LDCs is reversed. The Task Force, building on analysis by the OECD, will also monitor additional concrete measures by DAC members to target support to countries most in need, as foreseen by the December 2014 DAC High-Level Meeting (HLM) and reaffirmed by the February 2016 HLM. This information will be regularly updated on the HLM follow-up site and will be reported by the Task Force.

In paragraph 50, the Addis Agenda highlights that international public finance is important in particular in the poorest and most vulnerable countries. As such, the Task Force should also report ODA flows to other groups of countries, such as landlocked developing countries (LLDCs), small island developing States and African countries (SIDS), alongside LDCs. In addition, the OECD monitors country programmable aid (CPA) from 46 providers of development assistance through the Survey on Donors' Forward Spending Plans. CPA is considered to be a good proxy for aid recorded at the country level and effectively received by recipient countries from different country groups.

With regard to the modernization of ODA,<sup>1</sup> OECD DAC members agreed at the December 2014 DAC HLM to introduce a grant equivalent system for the reporting of ODA loans to more accurately compare the effort involved in providing ODA loans with that of providing grants. Reporting and publishing of the current headline figure of ODA loans on a cash-flow basis will continue alongside the new grant equivalent based reporting system for transparency purposes, and the grant-equivalent system will become the standard of reporting of data from 2018. Consultation and outreach on ODA modernization included discussions with a wide range of relevant stakeholders, including partner countries and providers beyond the DAC.

### 3. South-South and triangular cooperation

In the Addis Agenda, governments express their determination to increase all forms of international public finance and recognize South-South coopera-

tion as an increasingly important element thereof. The Addis Agenda welcomes the increased contribution of South-South cooperation and specifically:

- *Encourages developing countries to voluntarily step up their efforts to strengthen South-South cooperation (57)*
- *Commits to strengthening triangular cooperation (57)*

South-South cooperation is also an important element of SDG 17 on the global partnership and means of implementation (MoI), but commitments in SDG 17 are focused specifically on science, technology and innovation (17.6) and capacity building (17.9). Two indicators to monitor these MoI targets can support the work of the Task Force: 17.6.1 (*number of science and/or technology cooperation agreements and programmes between countries, by type of cooperation*) and 17.9.1 (*dollar value of financial and technical assistance (including through North-South, South-South and triangular cooperation) committed to developing countries*). However, calculating dollar values is subject to methodological challenges, in part due to the way technical assistance is carried out in the context of South-South cooperation. Southern experts are usually dispatched by their governments to provide technical assistance and their service is rarely procured in an open market. Moreover, reporting currently is only partial. Nonetheless, these indicators could, in future years, serve to capture commitments contained in this subsection.

The Task Force will also go further to assess trends in South-South cooperation more broadly. Southern partners embrace different approaches and modalities in South-South cooperation and do not document their cooperation in a comparable way, which will render reporting on broad global trends challenging. However, the availability of information about South-South cooperation has improved in recent years. Some southern partners already have a reporting system in place at the country level, which allows for systematic reporting on a regular basis. For example, India, Mexico, Qatar and Turkey report on their development cooperation on a yearly basis. Other countries choose to publish their development cooperation through other channels

<sup>1</sup> Total official support for sustainable development is a separate process, and is discussed later in this chapter.



rather than annual reporting. For example, China has published two White Papers on its foreign aid.

There have also been efforts to document bilateral South-South cooperation at the regional level. Ibero-American countries publish an annual report on South-South cooperation since 2007. The report has developed a comprehensive framework to document the quantity and quality of Ibero-American and bilateral South-South cooperation. In addition, southern multilateral institutions provide detailed and disaggregated information about their operations in their corporate reporting. For example, the India, Brazil and South Africa (IBSA) Fund Secretariat prepares an annual report, which includes both financial and qualitative information. The Islamic Development Bank and the Organization of Petroleum Exporting Countries (OPEC) Fund for International Development report on their operations in their annual reports.

At the global level, and in response to the mandate of the Development Cooperation Forum (DCF) to review trends and progress in international development cooperation, the United Nations Department of Economic and Social Affairs (DESA) submits a biennial report to the DCF that provides an estimate of the scale of global South-South and triangular cooperation, its geographical and sectorial distribution, and its effectiveness and impact. More elaborated analysis is contained in DESA's International Development Cooperation Report. In quantitative terms, DESA estimated total South-South cooperation at between US\$16.1 billion and US\$19 billion in 2011, accounting for some 10 per cent of total development cooperation, based on aggregating official concessional resources (concessional loans and grants as well as debt relief and technical cooperation) that are provided within the South for development purposes.<sup>2</sup> Estimates based on partial data available show that such South-South development cooperation may have reached US\$20 billion in 2013 as a result of a major increase in contributions from some Arab countries.

In response to General Assembly resolution 50/119 of 20 December 1995, the United Nations Office for South-South Cooperation also prepares an annual report on “the State of South-South Cooperation”, which focuses on the United Nations system's support for South-South cooperation.

The OECD collects data from 20 countries and territories beyond the DAC on their development cooperation programmes, and estimates development cooperation for another ten countries, covering the main southern providers of development cooperation. Although the OECD does not usually refer to these countries as South-South cooperation partners, several of them describe themselves as such. A report covering 2013 figures was published<sup>3</sup> and 2014 figures are available online. These are regularly updated.<sup>4</sup> Southern partners also engage in voluntary reporting on their aid-for-trade support at the World Trade Organization's (WTO) biennial Global Reviews of Aid for Trade.

There are also efforts under way to further improve estimates of South-South cooperation at the global level. The ultimate goal of a global review of South-South cooperation should be to help those engaged in South-South cooperation better learn from each other, better match the support and the needs as well as better support sustainable development. Under the auspices of the DCF, a group of Southern partners undertake dialogues on issues of common interest on South-South cooperation. They have initiated discussions on how to better reflect the contribution of South-South cooperation at the global level. Some think tanks are also working to propose frameworks to capture South-South cooperation at the global level. For example, the United Nations Conference on Trade and Development (UNCTAD) is working with the Network of Southern Think-Tanks to try and harmonize definitions and approaches to the measurement of South-South cooperation.

To monitor the commitment to strengthen triangular cooperation, the Task Force will be able to

2 UN, 2014, Trends and progress in international development cooperation, Report of the Secretary-General E/2014/77.

3 Development cooperation by countries beyond the DAC, available from <http://www.oecd.org/dac/dac-global-relations/Development%20Co-operation%20by%20Countries%20beyond%20the%20DAC.pdf>.

4 Regular updates are available from <http://www.oecd.org/dac/stats/non-dac-reporting.htm>.

draw on OECD efforts, which will monitor triangular cooperation in two ways. First, it has conducted two surveys on triangular cooperation which include information on the number of projects, duration and (for some of the projects) amounts. A total of 67 governments and international organizations responded to the 2015 survey, which will be published in 2016, and provided detailed information on over 300 projects and activities. Initial findings, based on the responses received, show that the most active countries in triangular cooperation were Brazil, Chile, Colombia, Germany, Guatemala, Japan, Mexico and Norway. The Pan-American Health Organization (PAHO), the International Labour Organization (ILO) and the World Food Programme (WFP) were the most involved international organizations. Second, the OECD has also developed a methodology for tracking triangular cooperation activities through DAC statistics, which was approved in 2015. Information is collected on an annual basis on the size, sectors and instruments related to each triangular cooperation project. Concrete examples and case studies of triangular cooperation projects can further complement this section.

#### 4. Multilateral development banks

The Addis Agenda recognizes the significant potential of MDBs and other international development banks, including in countercyclical lending and providing both concessional and non-concessional stable, long-term development finance. In this context, the Addis Agenda:

- *Invites multilateral development banks to provide concessional and non-concessional stable long-term finance (70)*
- *Encourages MDBs to make optimal use of their resources and balance sheets, consistent with maintaining their financial integrity; (70) encourages MDBs to make use of all risk management tools, including through diversification (44)*
- *Encourages MDBs to update and develop policies in support of 2030 agenda and SDGs (70)*
- *Encourages multilateral development finance institutions to establish a process to examine their own role, scale and functioning to enable*

*them to adapt and be fully responsive to the sustainable development agenda (70)*

- *Welcomes efforts by new development banks to develop safeguard systems in open consultation with stakeholders on the basis of established international standards, and encourages all development banks to establish or maintain social and environmental safeguard systems that are transparent, effective, efficient and time-sensitive (75)*
- *Encourages multilateral development banks to further develop instruments to channel the resources of long-term investors towards sustainable development, including through long-term infrastructure and green bonds (75)*

To assess the provision of long-term stable financing by MDBs, the Task Force will monitor the amount and purpose of concessional and non-concessional financing provided by MDBs to developing countries annually. Such data could be monitored in aggregate or broken down by regions or by category of countries. The MDBs define country categories as low-income, middle-income and high-income, and do not generally categorize countries as LDCs, a category of particular importance in the Addis Agenda and 2030 Agenda. Nonetheless, it will be possible for the Task Force to aggregate data for the LDC group and other relevant groups, based on MDB reporting on a country basis. OECD statistical data for the MDBs are standardised, and categorized on the same basis as the data for bilateral donors, which can provide a good starting point for such efforts.

The Addis Agenda also encourages MDBs to make optimal use of their resources and balance sheets. Following Addis, the G20 put forth a similar call in their Antalya Summit Leaders' Communiqué in November 2015. In this context, the MDBs will report to the G20 on progress in this area in July 2016, and the Task Force will provide an update in its 2017 report. In addition, in an effort to better manage risks across the World Bank Group, the African Development Bank, the Inter-American Development Bank and the World Bank Group's International Bank for Reconstruction and Development approved a framework agreement for an exchange of sovereign exposures in December 2015, and approved the first three bilateral exposure

exchange agreements within this new framework for a total of about US \$6.5 billion.

In addition, the World Bank Group expects to increase its lending in areas that support the 2030 Agenda for Sustainable Development and the SDGs. In particular, it will expect to increase its commitments to 30 to 50 per cent of total lending in infrastructure, including energy, information and communications technology, transport and water and sanitation, with an additional 5 to 10 per cent in social infrastructure of health and education. Subject to market conditions, the World Bank Group also expects mobilization across the International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA) to at least double the current private financing totals, over the next three years, among other measures. Many of the MDBs are working on deepening their ability to mobilize additional sources of finance, in line with commitments made in the lead up to the Addis Ababa conference highlighted in the Joint MDB and International Monetary Fund “Billions to Trillions: Transforming Development Finance” April 2015 Development Committee paper. The Task Force will report on these efforts.

With regard to the development and/or maintaining of social and environmental safeguard systems, the World Bank Group is carrying out extensive stakeholder consultations to update its safeguards policies. The World Bank’s new Environmental and Social Standards Framework is envisaged to be finalised in 2016. The Task Force will report on this and related efforts by existing and new MDBs, including on the effectiveness, efficiency, transparency and time-sensitivity of the measures.

## 5. Other official flows and catalysing additional resources

Other official flows generally refer to international public finance that does not qualify as concessional lending. It thus includes non-concessional loans, which are particularly important for countries that have graduated to middle income status, but still have difficulties accessing affordable financing from private markets. It also includes instruments that can leverage private finance, such as guarantees. In this regard, there has been an increasing focus on using public funds to leverage additional public and

private resources to meet the large financing needs associated with sustainable development. The Addis Agenda recognizes the potential of using international public finance to catalyse additional public and private investment, while also recognizing the importance of sharing risks and returns fairly and including clear accountability (48; see the section on public private partnerships in chapter I on cross-cutting issues). The Addis Agenda also commits to inclusive and transparent discussions on the measurement of a broader set of financing flows for sustainable development. Specifically, the Addis Agenda:

- *Recognizes the important use of international public finance, including ODA, to catalyse additional resource mobilization from other sources, public and private ... [including through] unlocking additional finance through blended or pooled financing and risk mitigation (54)*
- *Commits to open, inclusive and transparent discussions on the ... proposed measure of “total official support for sustainable development;” reaffirms that the measure will not dilute commitments already made (55)*

To quantify other official flows, the Task Force will be able to draw on OECD DAC data on Other Official Flows (OOF) and Official Development Finance (ODF). OOF is defined as official sector transactions with ODA-eligible countries that do not meet ODA criteria. It includes grants to developing countries for representational or commercial purposes; official bilateral transactions that do not meet the concessionality grant element threshold; and official bilateral transactions that are primarily export-facilitating in purpose. ODF is a composite measure, which includes concessional and non-concessional resources from bilateral and multilateral development partners. It includes OOF, as defined above, as well as bilateral ODA, grants, guarantees and concessional and non-concessional development lending by multilateral financial institutions.

Measuring the contribution of development partners to catalysing private investment is challenging. There is no agreed on methodology, in part because there is no clear-cut definition of what catalysing private investment means. In this regard, there are two different approaches currently being

explored. The first focuses on resources mobilized from the private sector through specific projects or mechanisms such as guarantees (direct mobilization). The second takes a much broader view, and attempts to measure the effect of aid on catalysing resources through indirect measures (indirect mobilization). This method attempts to estimate investment mobilized through assistance that aims to strengthen the domestic enabling environment, build essential public services or support tax collection. As noted in the Addis Agenda, many forms of aid help to catalyse other resources in this way. Indeed, institutions like MDBs have their main catalytic impact by making economic activities more attractive to investors. Nonetheless, this type of definition can help inform discussions about the impact of official interventions.

To address the question of how to measure mobilization of other resources, the MDBs set up a Joint MDB task force earlier this year. The MDBs are developing measures using both of the approaches described above. As one example, the World Bank Group assesses private capital mobilized and private investment catalysed in its corporate scorecards. Private capital mobilized is defined as financing from private entities other than the World Bank that becomes available to a client as a result of the World Bank Group's direct involvement in raising resources. A complementary measure—private investment catalysed—is defined more broadly as private sector investment resulting from World Bank Group's involvement, regardless of whether the entity was directly involved in raising financing or soliciting investors. This definition attempts to capture the impact from helping the public sector improve the underlying conditions for private sector activity and investment. It thus includes both private capital mobilized directly and investments made as a result of an operation after it is completed.

Private investment related to a specific transaction can be monitored directly, for example by estimating the amount of co-financing in a project. The “after-project” impact (private investment resulting from the development impact of an operation, such as through an improved investment climate, better infrastructure, improved business environment, or similar social changes) is much more difficult to measure. For example, improvements in the investment climate are generally due to a full policy pack-

age and the broader policy environment, making it difficult to imply a causal relationship to any particular international assistance. Country case studies can provide further insights. The World Bank Group is also currently investigating the potential to use multipliers to estimate private investment catalysed, and the Task Force will report on these efforts.

The OECD has taken a narrower approach. It has been working on methodologies to measure the amounts mobilized directly from the private sector through three leveraging mechanisms: guarantees, syndicated loans and shares in collective investment vehicles. In 2015, the OECD carried out a data survey aimed at piloting the proposed methodologies and collecting comprehensive data on amounts mobilized through these mechanisms over the period from 2012 to 2014. The OECD statistical system is being amended to include this information in its regular reporting from 2017. Work is underway to elaborate methodologies for other instruments, including project finance and direct investment in companies, with a view to collecting data in 2016. One challenge in this exercise is that it is sometimes difficult to identify whether private finance would have been invested without public support, and, for example, whether the full value of an investment should be included, or only the portion guaranteed directly by a public entity. As a member of this Task Force, the OECD will continue to report on progress in work carried out in this area.

### Total Official Support for Sustainable Development

In addition to the OECD DAC discussions on the modernization of ODA referred to above, OECD DAC Members also agreed at the 2014 DAC High-Level Meeting to develop a new measurement framework, Total Official Support for Sustainable Development (TOSSD). The new measure is meant to capture both official and officially supported sustainable development activities above and beyond ODA and concessional finance, including from providers beyond the DAC—that is, all available financial and non-financial instruments. This includes all development cooperation modalities and multilateral arrangements, including instruments measured in ODF, as defined above. The extent of the scope that will be covered is, however, still being explored.

In particular, work is ongoing to determine whether TOSSD should only capture official resources in the comprehensive monitoring framework, or whether it should also include private flows mobilized by official interventions.

The TOSSD framework is foreseen to include both a provider and a recipient perspective. The recipient perspective, which would monitor cross-border flows to developing countries, is expected to enhance visibility of financing packages mobilized for developing countries, as well as the interplay of concessional and non-concessional finance.

The OECD proposes to work with the Task Force to conduct consultations to develop TOSSD and address outstanding questions. The OECD is also reaching out to external stakeholders, including developing countries, providers beyond the OECD DAC, multilateral organizations such as the United Nations, regional commissions, and the World Bank Group, as well as civil society, academic institutions and the private sector. Discussions on the scope of TOSSD will contribute to shaping the definition of TOSSD, which is to be developed by the end of 2016, in order to initiate data collection in 2017. The working definition, building blocks and principles will be compiled into a TOSSD compendium. All stakeholders will be able to provide comments through a web-based platform available as of April 2016. The technical and outreach work to develop TOSSD will continue through 2016, including through expert workshops, pilot case studies in both provider and recipient countries, and existing dialogue platforms such as the United Nations Regional Commission, the United Nations Development Cooperation Forum and the Global Partnership for Effective Development Cooperation, and could also be discussed in the Financing for Development Forum.

## 6. Country allocation, levels of concessionality and graduation issues

The Addis Agenda recognizes that the allocation of concessional public finance should take into account a recipient country's needs and ability to mobilize resources. The Addis Agenda focuses on the special needs of different country groups, particularly LDCs

and other vulnerable countries. In addition, the Addis Agenda recognizes the importance of addressing the financing gap that many countries experience when they graduate to middle income country (MICs) status. Specifically, the Addis Agenda:

- *Recognizes the importance of focusing the most concessional resources on those with greatest needs and the least ability to mobilize other resources (52, MoI 10.b)*
- *Commits to take into account level of development of recipients, including income level and vulnerability, as well as the nature of the project being funded, (when determining the level of concessionality (73)*
- *Commits to consider appropriately the specific development needs of MICs; Acknowledges that ODA and other concessional finance remain important for MICs (71)*
- *Encourages shareholders in multilateral development banks to develop graduation policies that are sequenced, phased and gradual (72); Commits to couple graduation process of least developed countries with appropriate measures to not jeopardize development progress (73)*

As discussed above, OECD DAC data can be used to monitor ODA and OOF flows to countries with the greatest needs, including LDCs in particular, as well as other groups of vulnerable countries such as LLDCs, SIDS and African countries. The Task Force can also monitor ODA flows to MICs. SDG means of implementation indicator 10.b.1 (*total resource flows for development, by recipient and donor countries and type of flow (e.g. ODA, FDI and other flows)*) can also be used as an input to assess a broader set of financing flows to countries in need. The Task Force will also report on trends in the level of concessionality of ODA and OOF to these countries.

In addition to monitoring trends for groups of vulnerable countries, the Task Force could also use other measures—such as the Human Development Index (HDI), the multidimensional poverty index, the United Nations Human Asset Index (HAI) and the Environmental Vulnerability Index—to report on the extent to which bilateral and multilateral donors are providing finance to countries ‘with greatest needs’, as well as the level of concessional-



ity. The Task Force will further track criteria that both bilateral and multilateral donors use in their allocation decisions. For example, the World Bank Group's International Development Association (IDA), the largest multilateral source of concessional financing, recently revised its resource allocation framework to more effectively respond to the specific challenges facing fragile and conflict-affected states and small states.

To evaluate the impact of graduation from low to middle income status on country borrowing, the Task Force can track changes in total public finance, including as a proportion to national income. This could be done by tracking changes in ODA and OOF, in conjunction with trends in sovereign debt and domestic resource mobilization, particularly tax revenues. The average cost of financing should also be monitored to give a full picture of the impact of graduation on country borrowing. The OECD will contribute to this analysis by unpacking the practices of bilateral providers in this context. The Task Force will also draw on reporting by the World Bank, which uses a coordinated approach to assist prospective IDA graduates for a smoother transition to International Bank for Reconstruction and Development (IBRD) only status. An internal World Bank Group task force provides advice to country authorities when an IDA-only country becomes creditworthy for IBRD lending, as well as for when current 'blend countries' graduate to IBRD-only status.

Monitoring support measures for the graduation process of LDCs will be based on reporting by the Office of the High Representative for Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (OHRLLS). OHRLLS is entrusted with continuing to harness its substantive activities and operational programmes in support of graduation and smooth transition in LDCs (A/RES/67/221). Building on this mandate, the office will follow up on the above commitment, drawing on its annual Secretary-General's report on the implementation of the Programme of Action for the LDCs. OHRLLS will also draw on the Secretary-General's report on graduation and smooth transition, which the office prepares on an ad hoc basis, as well as on other reports and knowledge products, including those generated by the Committee for Development Policy Secretariat.

## 7. Development effectiveness

The Addis Agenda contains a range of commitments to enhance the quality, impact and effectiveness of international development cooperation. The Addis Agenda:

- *Commits to make development more effective and predictable by providing developing countries with regular and timely indicative information on planned support in the medium term (58); Encourages the publication of forward-looking plans which increase clarity, predictability and transparency of future development cooperation (53)*
- *Welcomes efforts to improve the quality, impact and effectiveness of development cooperation; welcomes adherence to agreed development cooperation effectiveness principle (58)*
- *Commits to: align activities with national priorities, including by reducing fragmentation, accelerating the untying of aid, particularly for least developed countries and countries most in need; promote country ownership and results orientation; strengthen country systems; using programme-based approaches where appropriate; reduce transaction costs; increase transparency and mutual accountability (58)*
- *Urges countries to track and report resource allocations for gender equality and women's empowerment (53)*

The Addis Agenda notes that efforts to pursue effective development cooperation will be addressed in the Development Cooperation Forum (DCF) of the Economic and Social Council (ECOSOC), while also taking into account the efforts of other relevant forums, such as the Global Partnership for Effective Development Cooperation (GPEDC), in a complementary manner. With its inclusive, multi-stakeholder format, the DCF maps and analyses progress in monitoring, review and accountability of development cooperation. It aims to promote policy dialogue for knowledge building and sharing; strengthen normative and operational links of development cooperation interventions to ensure the effective translation of principles into actions at all levels; and promotes greater policy coherence and synergies towards achieving the SDGs. In generating



policy recommendations, the DCF also reflects on the functioning of government-led and other independent monitoring mechanisms for development cooperation, including regional monitoring and review processes.

Since 2008, the DCF has reviewed the effectiveness of mutual accountability mechanisms and transparency initiatives at national, regional and global levels. To support this effort, DESA has conducted four global surveys in close collaboration with the United Nations Development Programme (UNDP). The survey results are then unpacked in comprehensive studies, with an emphasis on results and transparency to inform global monitoring efforts, knowledge sharing and mutual learning. The results of the Fourth Survey, which was rolled out in low-income and low middle-income countries in 2015-2016, will be presented in advance of the high-level meeting of the DCF from 21–22 July 2016.

DCF surveys have provided evidence on the state of play of development cooperation on the ground and helped to structure their assessment around a number of “mutual accountability enablers” — such as national development cooperation policies, results frameworks guided by country priorities, clear institutional structures and inclusive dialogue forums, and transparent and independent information. The surveys assess both the effectiveness of cooperation efforts of programme country actors, and the progress made against national targets by individual donors.

In consultation with stakeholders and experts, DESA updated the survey design in 2015 to ensure assessment of areas and issues increasingly relevant in the SDG era. Governments with weak finance and budgeting systems will need particular support to monitor and review development cooperation commitments and results in the context of the 2030 Agenda for Sustainable Development. In this regard, mutual accountability enablers could be useful tools to help integrate and track progress and results against development cooperation commitments, and will be drawn on by the Task Force.

The Secretary-General’s report to the DCF also reports on the effectiveness of South-South and triangular cooperation. The report captures channels of cooperation (such as bilateral and multilateral cooperation and philanthropy), different types of cooper-

ation (financial assistance, technical cooperation and others), priority sectors and projects of South-South cooperation, their conditionalities, procedures and concessionality, value for money, speed of delivery, predictability and coordination. These parameters are to be updated and informed by the discussions among Southern partners under the auspices of the DCF. In addition, the Task Force’s monitoring efforts can draw on voluntary reports published by South-South development cooperation providers on the nature and types of assistance they are providing.

The GPEDC Monitoring Framework, led by OECD and UNDP, is currently being reviewed by an independent Monitoring Advisory Group to strengthen its framework in light of the SDGs, drawing on lessons from the second monitoring process. A revised monitoring framework is expected to be agreed to at the Second High-Level Meeting of the GPEDC taking place in Nairobi on 28 November–1 December 2016.

The current framework includes ten indicators that provide information on progress on adherence to the principles of effective development cooperation (country ownership, results focus, inclusive partnerships, and transparency and accountability). Eight out of ten indicators are monitored at the country level, with two indicators relying on globally sourced data. The scope of this monitoring exercise includes ODA and, for countries where non-concessional flows are relevant, also OOF. In practice, countries engage traditional and non-traditional providers of development cooperation as well as civil society organizations and private sector actors in data reporting. The second monitoring exercise is currently underway in 80 countries. The data is expected by the end of May 2016, with the progress report to be published in October 2016. The monitoring framework generates a combination of quantitative and qualitative data.

GPEDC Indicator 1 assesses extent of use of country-owned results frameworks by providers of development cooperation, and can thus serve to monitor the commitment to align activities with national priorities. GPEDC Indicator 10 also assesses progress on untying aid based on this data. Several countries have developed their own performance assessment in the area of fragmentation. Fragmentation can be measured through progress

made on division of labour (i.e., the number of sectors development cooperation providers are engaged in; the average size of their intervention; etc.).

Indicators 1 (use of country results framework), 6 (percentage of development aid scheduled for disbursement that is recorded in the annual budgets approved by the legislatures of developing countries), 9a (quality of developing country public financial management system) and 9b (use of country public financial management and procurement systems) support promotion of country ownership and results orientation. In addition, GPEDC Indicator 2 (civil society organization enabling environment and development effectiveness) and GPEDC Indicator 3 (public-private dialogue) recognize the critical importance of civil society organizations and the private sector in development planning processes. The GPEDC monitoring process does not assess the use of programme-based approaches, but several countries monitor this through assessing the percentage of development cooperation that uses a programme-based approach (including budget support, sector-wide approaches, etc.).

In relation to gender, GPEDC Indicator 8 assesses the percentage of countries with systems that track and make public allocations for gender equality and women's empowerment. This is monitored at the country level, with the data collected from ministries of finance at the country level. Its methodology has been developed by UN Women in collaboration with OECD Gender Net.

GPEDC Indicator 5 tracks the predictability of development cooperation. Specifically, GPEDC Indicator 5b assesses the proportion of development cooperation funding covered by indicative forward expenditure and/or implementation plans provided at country level for one, two and three years ahead. Data is collected at the country level (reported by developing country governments based on the availability of forward plans by each provider). GPEDC Indicator 4 on transparency tracks the status of development cooperation providers in publishing timely, comprehensive and forward-looking information in an electronic format. This assessment is based on data from the OECD Creditor Reporting System (CRS), OECD Survey on Donors' Forward Spending Plans, and the International Aid Transparency Initiative (IATI).

The OECD Survey on Donors' Forward Spending Plans projects future aid receipts by developing countries. The 2015 Survey will capture providers' most recent and future plans of Country Programmable Aid (CPA), also known as "core" aid, or the portion of aid that donors programme for individual countries, over which partner countries could have a greater say. The figures for 2014 are provisional spending figures. For 2015 and beyond, these are providers' current indicative planning figures and do not represent firm commitments, but rather providers' best estimates of future aid efforts.

The IATI is a voluntary, multi-stakeholder initiative that seeks to improve the transparency of development cooperation and humanitarian assistance. IATI has developed an open data standard that enables a wide range of organizations to publish information on their development cooperation activities in a common, open, electronic format. IATI, via the IATI Dashboard, publishes assessments on timely, comprehensive and forward-looking information that is publically available and that meet the needs of developing countries' planning processes. The 2015 assessment is currently available at the IATI Dashboard. OECD and IATI data can also serve to monitor the commitment to reduce transaction costs. In addition, the Center for Global Development publishes an annual brief on the quality of ODA, which analyses OECD DAC data to measure the administrative costs of major providers.

In addition to the above commitments, in Addis, Governments also committed to:

- *Consider not requesting tax exemptions on goods and services delivered as government-to-government aid, beginning with renouncing repayments of value-added taxes and import levies (58)*
- *Work to strengthen national ownership and leadership over the operational activities for development of the United Nations system in programme countries; United Nations coherence, relevance, effectiveness and efficiency, to improve coordination and results, including through achieving further progress on the "Delivering as one" voluntary approach (74)*

The OECD Task Force on Tax and Development monitors the debate on the tax treatment of

aid-funded goods and services. It is a regular agenda item during Task Force on Tax and Development Plenaries. At the Tax and Development donor meeting in December 2014 the Development Cooperation Directorate (DCD) Director called on the Members to review their policy on tax exemptions of aid-funded goods and services. At the moment only Denmark, the Netherlands, Poland and Sweden are reviewing their policies and are taking steps toward these exemptions. The Task Force will report on developments.

The review of the effectiveness of the United Nations system can draw on existing reporting of the Secretary-General. The effectiveness of United Nations system operational activities for development is reviewed by the General Assembly and ECOSOC through the Quadrennial Comprehensive Policy Review of the United Nations System Operational Activities for Development (QCPR). Every four years, the General Assembly adopts a resolution to guide, monitor and assess the operational activities of the United Nations development system with the aim to improve its effectiveness, efficiency, coherence and impact. ECOSOC reviews the implementation of the QCPR on an annual basis, which is informed by an annual report of the Secretary-General prepared by DESA. Included in the report of the Secretary-General is a review and monitoring framework, which monitors progress of the implementation of the mandates contained in the QCPR resolution through a set of indicators. The report and monitoring framework draw on surveys, analytical studies, consultations and desk reviews. Member States will negotiate the next cycle of the QCPR in the latter part of 2016 and will guide the United Nations development system according to their assessment.

## 8. Climate finance, disaster risk and environmental resilience

### 8.1. Climate finance

The Addis Agenda reaffirms decisions and agreements on climate finance made in the context of the United Nations Framework Convention on Climate Change (UNFCCC). It also calls for transparent methodologies in reporting climate finance. Specifically, it:

- *Reaffirms existing climate finance commitments (US \$100 billion annually from a wide variety of sources) by 2020 (60, MoI 13.a)*
- *Commits to support the most vulnerable in addressing and adapting to climate change (65, SDG 1.5, 13.b)*
- *Recognizes the need for transparent methodologies for reporting climate finance (60)*
- *Welcomes GCF board decision to aim for a 50:50 balance between mitigation and adaptation over time and floor of 50 per cent of adaptation activities for LDCs, SIDS and African countries (61)*

These commitments are partly reflected in SDG 13 to take urgent action to combat climate change and its impacts, and in particular MoI target 13.a. At the 21st session of the Conference of the Parties (COP 21) in December 2015, Member States further decided that developed countries intend to continue their existing collective mobilization goal through 2025 in the context of meaningful mitigation actions and transparency on implementation; and that prior to 2025, the Conference of the Parties shall set a new collective quantified goal from a floor of US \$100 billion per year, taking into account the needs and priorities of developing countries.

The Task Force will be able to draw on indicator 13.a.1 from the SDG monitoring process, which will measure the *mobilized amount of US dollars per year starting in 2020 accountable toward the US \$100 billion commitment* and 13.b.1 (*number of least developed countries and small island developing States that are receiving specialized support, and amount of support, including finance, technology and capacity building, for mechanisms for raising capacities for effective climate change-related planning and management, including focusing on women, youth, local and marginalized communities*). Monitoring in this area will be based on information and data collected in the context of the UNFCCC. The UNFCCC Secretariat publishes national reports of developed country Parties that include information on support provided to developing countries, including National Communications of Annex I Parties, submitted every four years and containing information on support provided, as well as biennial reports which include information on financial support, technology transfer, and

capacity building. Developing countries also report under the Convention, albeit on a voluntary basis. Furthermore, the Standing Committee on Finance has been mandated by the Conference of the Parties at its seventeenth session to prepare a biennial assessment and overview of climate finance flows, drawing, among others, from the national reports under the Convention mentioned above. The first biennial assessment was prepared in 2014, with the second due in 2016.

COP 21 also addressed the need for transparent methodologies for reporting climate finance, as recognized in paragraph 60 of the Addis Agenda. It established an enhanced transparency framework for action and support, with a view to provide clarity on the support provided and received, and to provide a full overview of aggregate financial support. The Framework will also inform the global stocktaking under Article 14. The Task Force will report on progress in the implementation of this framework.

To enhance the provision of ex-ante information, developed country Parties agreed to biennially communicate indicative quantitative and qualitative information in COP 21, including, as available, projected levels of public financial resources to be provided to developing country Parties. Other Parties providing resources were encouraged to communicate such information biennially and on a voluntary basis. In addition, a process was set up to identify the information to be provided by the Parties.

Other sources of climate finance include Climate Funds Update, an initiative of the Heinrich-Böll Stiftung and the Overseas Development Institute, which provides quantitative information on international climate finance initiatives designed to help developing countries address the challenges of climate change. The Climate Policy Initiative has devised a method to track climate and land use finance from all sources. The OECD statistical system will continue to provide consistent data on climate-related development assistance and, in collaboration with the OECD-hosted Research Collaborative, develop improved methodologies. The OECD/International Energy Agency Climate Change Expert Group, which brings together experts from both developed and developing countries, will work on improving the transparency of

both mitigation and adaptation actions under the Paris Agreement.

Given their role enshrined in the Paris agreement within the Financial Mechanism of the UNFCCC, the Task Force will also monitor resource mobilization and funding decisions of the Green Climate Fund and the Global Environment Facility, including the Least Developed Countries Fund and Special Climate Change Fund, particularly as they relate to the balance between adaptation and mitigation activities, country allocations (including country groups such as the LDCs and SIDS), and levels of concessionality. This effort can draw on the UNFCCC Climate Finance Data Portal, which aims to assist Parties in tracking the financial mechanism of the Convention, with the Green Climate Fund and the Global Environment Facility as its operating entities. This information can be complemented by country level case studies and expenditure reviews as carried out by the UNDP.

## 8.2. Disaster risk and environmental resilience

The commitments in the Addis Agenda on disaster risk and environmental resilience are largely covered in a dedicated section on ecosystems in chapter I on cross-cutting issues. In addition, the Addis Agenda:

- *Encourages consideration of climate and disaster resilience in development financing to ensure the sustainability of development results (62)*

The Task Force will be able to draw on the findings of a working group set up by the MDBs and development finance institutions to develop and implement principles for mainstreaming climate and resilience into their work. The working group, established at COP 21 in Paris, can report back through the Task Force on any monitoring mechanism it may establish in this regard.

## 9. Humanitarian finance and peacebuilding

The Addis Agenda acknowledges that development finance can contribute to reducing vulnerabilities and enable countries to prevent or combat situations of crisis related to conflict or natural disasters. In this context, it:

- *Recognizes the need for coherence of developmental and humanitarian finance (66)*
- *Commits to promoting innovative financing mechanisms to allow countries to better prevent and manage risks and develop mitigation plans (66)*
- *Steps up efforts to assist countries in accessing financing for peacebuilding and development in the post-conflict context and recognizes role of Peacebuilding Fund (67)*

The main reporting systems for international humanitarian assistance are the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) Financial Tracking Service (FTS) and the OECD, which reports on humanitarian and development finance. OECD data can serve to report on official humanitarian financing flows, while data from the FTS, which records all reported international humanitarian aid contributions, includes contributions of nongovernmental organizations, the Red Cross/Red Crescent Movement, bilateral aid, in-kind aid and private donations. Analytical reports such as the annual Global Humanitarian Assistance Report, published by Development Initiatives, provide an additional source for data and information.

Coherence of humanitarian and development finance can also be monitored at the country level, by assessing OECD data at the regional or country level, or through the UNDP Multi-Partner Trust Fund Office, which provides a gateway and overview of all humanitarian and development funding for a country. In addition, informal mechanisms such as Development Initiatives' Development DataHub aggregate and analyse funding flows from both humanitarian and development streams, together with some national-level expenditures, to build a comprehensive picture of aid at the country level.

The need for coherence of development and humanitarian finance was also recognized by the Secretary-General in his recent report *“One Humanity: Shared Responsibility”* for the World Humanitarian Summit in 2016. From the financing perspective, it calls for greater investment in local capacities and conflict prevention, investing according to risk of humanitarian crises, financing collective outcomes rather than individual projects through sophisticated financing instruments, and urging diversification of

the resource base and increased cost-efficiency. These recommendations were brought together with the aim of not only meeting, but also reducing needs in protracted crises, where humanitarian action alone is not sufficient. Discussions on the humanitarian/development divide and possible actions will be at the heart of the Summit, and the Task Force will report on progress in this area.

Financing mechanisms and instruments can play a key role in reducing the financial burden on governments from disasters, particularly when supported by policy reform and collaboration across partners to use risk-informed financial planning. The commitment to promote innovative financing mechanisms in this area can be partially monitored through resources committed to disaster risk reduction programming, which is reported under the humanitarian codes in OECD statistics. However, prevention and mitigation should be part of normal development programming. In addition, risk reduction should not be seen as stand alone projects that require additional finance—good risk reduction occurs when all development projects are systematically disaster proofed. OECD members are also developing innovative forms of finance for risk reduction, such as Japan's SECURE, which gives governments immediate access to funds after a natural disaster.

The Task Force could also track the use of financial tools that support better prevention and management of risk at the country level, such as sovereign insurance regimes or gross domestic product-linked lending instruments (see chapter II.E), the number of programmes and/or countries that are actively engaged in efforts to improve financial planning and risk-sharing across governments, bilateral donors, humanitarian agencies, development partners, and private sector actors, and the number of countries working to strengthen financial resilience to disasters. The Task Force could draw on the World Bank Group's advisory support to countries in this area.

With regard to assisting countries to access financing for peacebuilding and development, there are several well-established methodologies that could be used to assess the proportion of funds directed to peacebuilding activities, which are all based on development partner expenditure reported to the



OECD Creditor Reporting System (CRS). First, the OECD has monitored resource flows to fragile states since 2008. In its 2015 report, it uses the Peacebuilding and Statebuilding Goals (PSGs) to monitor financing in five areas and using CRS proxy codes for each of the PSGs. Second, resources allocated by the United Nations Peacebuilding Fund (PBF) are also ODA eligible and captured in the OECD CRS, and can thus be monitored. Third, the United Nations Peacebuilding Support Office, in collaboration with the Institute for Economics and Peace (IEP), has defined 17 categories, based on three peacebuilding priority areas identified by the 2009 Report of the Secretary General on Peacebuilding. Finally, the World Bank Group financed research on the current state of peacebuilding programming and evidence (April 2015) and defined a framework with 25 intervention categories.

However, one key challenge is that the universe of countries to which this applies is not clearly defined. “Conflict-affected countries” have been used in a United Nations context for countries with multidimensional peacekeeping operations, special political missions and/or that are PBF-eligible (31 countries in 2016). Nonetheless, there is no clear-cut United Nations categorization that can be readily used. The World Bank Group, African Development Bank and Asian Development Bank have issued a Harmonized List of Fragile Situations. The World Bank Group is currently reviewing the way to assess fragile situations to recognize a broader set of situations. The current ODA system contains a “fragile states” grouping, which allows for measurement of OECD member targets, such as the United Kingdom’s recent commitment to spend 50 per cent of its ODA in fragile states.

## 10. Innovative development finance

Addis welcomes the progress in developing and mobilizing support for innovative sources and mechanisms of additional financing since Monterrey, and:

- *Invites more countries to join in implementing innovative mechanisms (69)*
- *Encourages consideration of replicating existing mechanisms and exploring additional mechanisms (69)*

There is no uniformly agreed definition of innovative financing. Nonetheless, the Task Force will be able to report on activities carried out under the auspices of the Leading Group on Innovative Financing for Development, and will monitor and report on new initiatives and mechanisms such as green bonds, vaccine bonds, carbon pricing mechanisms and others mentioned in paragraph 69.

The Leading Group describes innovative development finance as ‘comprising mechanisms for raising funds for development that are complementary to ODA, predictable and stable, and closely linked to the idea of global public goods. Most prominently, the international solidarity levy for airline tickets has raised resources for UNITAID. More recently, at the Third International Conference on Financing for Development in Addis Ababa, the Leading Group launched UNITLIFE, an innovative financing mechanism that seeks to generate new resource flows from extractive industries to address malnutrition in sub-Saharan Africa.

The Task Force will report on these and related initiatives, such as new public insurance programmes, annual issuance of green bonds and long-term infrastructure bonds (see the discussion on infrastructure in chapter 1 on cross-cutting issues), as well as the annual volume of projects developed and financed through MDB project preparation facilities. It can also follow innovative private initiatives, such as catastrophe bonds, social impact bonds and private sector green bonds.

In addition to mechanisms focused on mobilizing resources, many innovative mechanisms are aimed at intermediating existing resources, such as the International Finance Facility for Immunization. These mechanisms aim at restructuring existing flows to better match financing with needs, reduce risk, pool philanthropic funds with official resources, or leverage official flows with private resources. To encourage replication of existing mechanisms, the Task Force can provide an overview of such initiatives and case studies of successful examples, drawing for example on KPMG’s SDG Matrix, which showcases industry-specific innovative examples. The Task Force will report on indicative volumes raised, number of countries involved in different schemes, as well as the extent to which they have mobilized additional resources for the SDGs.



## 11. Additional partnerships

The Addis Agenda emphasizes the importance of international development cooperation and partnerships in the health and education sectors in particular.

### 11.1. Health

In the area of health, Addis:

- *Encourages better alignment between multi-stakeholder partnerships in health and to improve contributions to strengthening health systems (77)*
- *Commits to enhanced international coordination and enabling environments to strengthen national health systems (77)*
- *Commits to substantially increase health financing and the recruitment, development, training and retention of the health workforce in developing countries, especially LDCs and SIDS (77, MoI 3.c)*
- *Commits to strengthening implementation of the WHO Framework Convention on Tobacco Control (77, MoI 3.a)*

The leading example for facilitating better alignment between multi-stakeholder partnerships to strengthen health systems in developing countries is the International Health Partnership Plus (IHP+). International organizations, bilateral agencies and country governments all sign the IHP+ Global Compact, in which they commit to putting internationally agreed principles for effective aid and development cooperation into practice in the health sector. There have been four rounds of monitoring IHP+ since 2009, with the fifth round to take place during 2016. It will track seven effective development cooperation practices using indicators for both governments and development partners, and through collecting quantitative and qualitative information, as part of a monitoring framework that is closely aligned with the Global Partnership on Effective Development Cooperation monitoring. Findings can serve to inform the Task Force's monitoring effort in this area.

The major development partners in health also recognize the importance of strengthening health systems. The Global Fund and the GAVI

Alliance are supportive of health systems strengthening (HSS) investments. For example, The Global Fund Strategy (GFS) 2017–2022: Investing to End Epidemics includes, under Strategic Objective 2, *Build Resilient and Sustainable Systems for Health*, two operational objectives: (i) *Leverage critical investments in human resources for health*, and (ii) *Strengthen and align robust national health strategies and national disease-specific strategic plans*. Similarly, the GAVI Alliance under its new Strategic Goal 2 commits to increase effectiveness and efficiency of immunization delivery as an integrated part of strengthened health systems. Both also have associated indicators that assess investments in specific technical areas. For example, Gavi has included HSS grant specific indicators within each individual country monitoring and accountability framework.

The multi-stakeholder Universal Health Coverage (UHC) 2030 Alliance, advocated for by the G7, the World Health Organization (WHO) and development partners, could also serve to inform the Task Force's monitoring in this area. It aims to expand the IHP+ to maintain political commitment, advocate for resources, and strengthen communication and accountability that accelerates progress towards UHC. To guarantee transparent monitoring, the alliance will include an independent review mechanism, a civil society engagement mechanism on accountability and advocacy for UHC, and a monitoring mechanism producing an annual progress report on UHC (supported by the Health Data Collaborative). In addition, SDG 3. 8 on universal health coverage will provide information on the level of financial protection (and service coverage) in countries, and thus on the outcomes of efforts to strengthen health systems. In this context, a first global monitoring report on tracking universal health coverage was published in 2015.

To monitor health financing, the System of Health Accounts (SHA) 2011 is the global standard for reporting health expenditures. SHA 2011 reports on health expenditures from the financing, provision and consumption perspectives. Health accounts are done in many countries, and it is anticipated that with institutionalization, health accounts will be produced yearly and will demonstrate trends in the volumes and shares of different financing streams.

Health accounts data is available at the global health expenditure database of the WHO.

To monitor the health work force commitment, the Task Force will be able to draw on the indicator for MoI target 3.c (*health worker density and distribution*). In addition, the World Health Assembly will consider the WHO Global Strategy on Human Resources for Health: Workforce 2030 in May 2016. This strategy includes an accountability framework that outlines policy options for WHO Member States and responsibilities of the Secretariat in monitoring and reporting, and can serve as a source of additional data for the Task Force's monitoring efforts in this area. In particular, the strategy encourages WHO Member States to invest in analytical capacity for human resources for health and health system data and invites development partners to support national Human Resources for Health data collection and analysis systems for improved planning and accountability. Lastly, strengthened implementation of the Tobacco Convention can be monitored with the indicator for MoI target 3.a (*age-standardized prevalence of current tobacco use among persons aged 15 years and older*). This data is obtained from household or specific surveys and is reported in the WHO's Global Infobase.

## 11.2. Education

In the area of education, the Addis Agenda:

- *Commits to scale up investments and international cooperation to allow all children to complete free, equitable, inclusive and quality early childhood, primary and secondary education (78)*
- *Commits to scale up and strengthen (of partnership initiatives in education), such as the Global Partnership for Education (77)*
- *Commits to upgrading education facilities, acknowledging the importance of providing safe, non-violent, inclusive and effective learning environments for all; (MoI 4.a) Commits to increasing the percentage of qualified teachers in developing countries (78, MoI 4.c)*

The Addis Agenda commitments on education focus on mobilizing investments and resources and strengthening international cooperation to improve

education outcomes. They are partly covered in the indicators for SDG means of implementation targets 4.a (*proportion of schools with access to electricity, internet, computers, infrastructure and materials for students with disabilities, single-sex basic sanitation facilities, and basic handwashing facilities*) and 4.c (*proportion of teachers in different school types who have received at least the minimum organized teacher training required for teaching at the relevant level in a given country*). Indicators from the Education 2030 Framework for Action can provide additional inputs to the Task Force. Specifically, indicator 37 (percentage of teachers qualified according to national standards by education level and type of institution), indicator 38 (pupil/qualified teacher ratio by education level) and indicator 40 (pupil/trained teacher ratio by education level) are relevant. All of these indicators are regularly produced by the United Nations Educational, Scientific and Cultural Organization's (UNESCO) Institute of Statistics (UIS).

However, the above indicators focus on education outcomes, while the Addis Agenda's primary focus is on investments or enhanced cooperation. The Task Force will therefore complement the SDG indicators by monitoring data and qualitative developments on resources and cooperation mobilized for education.

For domestic spending, the 2016 Global Education Monitoring Report, published by UNESCO, will present data collected by UIS on national spending on education by country. SDG means of implementation indicator 1.a.2 (*proportion of total government spending on essential services (education, health and social protection)*) will provide additional relevant data. The Task Force will also follow up on the Addis Agenda's encouraging of countries to consider setting nationally appropriate spending targets for quality investments in essential public services for all, including in the area of education (see section on Delivering social protection and essential public services).

To monitor the commitment on scaling up investments and international cooperation for schooling, global data on ODA to education by the OECD DAC and by the Global Education Monitoring Report could be used. The IATI database can help to further assess global efforts towards specific

areas such as early childhood, primary and secondary education.

The scaling up and strengthening of the Global Partnership for Education (GPE) can be monitored by drawing on the indicators from GPE's Strategic Plan 2016–2020. The GPE will monitor cumulative donor contributions to the GPE Fund for 2015–2018 (indicator 1.3.1 in its theory of change and results framework) and the amount of funding to GPE from non-traditional donors (private sector and those who are first time donors to the GPE) for 2015–2020 (indicator 1.5). Beyond monetary contributions, the GPE will also assess the percentage of (i) developing country partners and (ii) other partners reporting strengthened clarity of roles and responsibilities in GPE country processes (indicator 2.1) and the percentage of GPE partner countries organizing Joint Sector Reviews (2.1.1).

## 12. International cooperation and capacity building

The Addis Agenda contains commitments and action items on capacity building throughout its Action Areas. In the area of international development cooperation, the Addis Agenda:

- *Calls for capacity building of local and national actors in the areas of managing and financing disaster risk (62)*
- *Calls for capacity building for LDCs, LLDCs and SIDS responding to various kinds of shocks including financial crisis, natural disasters, and public health emergencies (68)*
- *Supports building capacity in accessing available funds of the Global Environment Facility (76)*
- *Commits to strengthen country capacity for early warning, risk reduction and management of national and global health risks; in particular in LDCs, LLDCs and SIDS, and in conflict-affected and post-conflict States (77, MoI 3.d)*

- *Commits to strengthen international cooperation to support efforts to build capacity [in tax administration] in developing countries, including through enhanced ODA (22)*

Overall monitoring of capacity building activities will be carried out in the context of Action Area G on science, technology, innovation and capacity building. Monitoring of capacity building activities on tax administration and related areas will be carried out in the context of Action Area A on domestic resource mobilization. The specific commitments on capacity building for managing and financing disaster risks and responding to shocks can partially be monitored through reporting by the Global Facility for Disaster Reduction and Recovery (GFDRR). GFDRR is a global partnership that helps developing countries better understand and reduce their vulnerabilities to natural hazards and adapt to climate change.

The Global Environment Facility (GEF) provides grant and concessional resources to countries to protect and conserve the global environmental commons. In order to develop the capacity of these countries to access GEF funding and develop effective and transformative projects, the GEF has held a number of regional meetings and supported national level activities, including annual Expanded Constituency Workshops for government officials and civil society organizations in every region in which it works. Since 2004, it further supported about 35 National Dialogues and National Portfolio Formulation Exercises to promote consultation, identify synergies for greater impact, and take a strategic approach to the use of GEF resources. In the current funding cycle, the GEF has also provided eight Cross-Cutting Capacity Development grants based on the results of the National Capacity Self-Assessments to improve the ability of countries to implement their commitments under the Rio Conventions. As part of the Task Force, the GEF Secretariat can continue to report on such efforts.

## Chapter II.D

# International trade as an engine for development

## 1. Introduction

The Addis Ababa Action Agenda acknowledges that international trade is an engine for inclusive economic growth and poverty reduction. It notes that, with appropriate supporting policies, infrastructure and an educated work force, trade can also help to realize productive employment, decent work, women's empowerment and food security, as well as a reduction in inequality, among other objectives.

International trade in goods and services increased rapidly in the past several decades, from about US \$4 trillion in 1990 to about US \$24 trillion in 2014. However, the 2008–2009 financial crisis changed world trade dynamics. Although trade strongly rebounded in 2010 and 2011, global trade in goods has not yet regained its pre-crisis rate of growth. The slowdown in global merchandise trade has been somewhat compensated for by high growth in trade in services, and developing countries' participation in services trade also increased in the past decade. Nonetheless, dwindling commodity prices make it difficult for least developed countries (LDCs) to repeat the buoyant growth in commodity export earnings, which contributed to almost doubling their share in world exports from 0.6 per cent in 2000 to 1.1 per cent in 2014.

One of the features that characterises today's patterns of global trade flows is the emergence of global value chains (GVCs). GVCs have been the motor behind the massive expansion in trade among developing countries, or South-South trade, in the past decade. In 2014 South-South trade, at around US \$5.5 trillion, almost equalled the magnitude of trade among developed countries (North-North trade). A large proportion of the world's GVCs have evolved within the Europe-North America-East Asia

triangle, however, leaving many developing countries, particularly raw commodity-supplier countries in sub-Saharan Africa and Middle-East and North Africa, largely outside the production processes in GVCs. Gains from trade have often been unequally distributed within value chains.

Closely linked to the evolution of GVCs has been the surge in the number of bilateral and regional preferential trade agreements (RTAs). Many recently formed RTAs aim at deeper economic integration, that is they encompass a range of behind-the-border measures and other non-tariff regulatory measures, in addition to reciprocal tariff liberalization. In 2014, almost half of world trade took place between countries that had signed an RTA with one another, and almost one third was regulated by "deeper" trade agreements. Virtually all countries belong to at least one RTA, with some countries being more active in forming bilateral and regional RTAs than others. Globally, the emergence of "mega" RTAs, such as the Trans-Pacific Partnership Agreement (TPP) and the United States-European Union Transatlantic Trade and Investment Partnership (TTIP) may further change the dynamics in world trade flows as well as the underlying international trade rules.

Nonetheless, the Addis Agenda reaffirms the need to promote a universal, rules-based, open, transparent, predictable, inclusive, non-discriminatory and equitable multilateral trading system under the World Trade Organization and meaningful trade liberalization. At the Tenth World Trade Organization (WTO) Ministerial Conference, which took place in December 2015 in Nairobi, Kenya, Members reaffirmed the pre-eminence of the WTO as the global forum for the setting and governance of trade rules. They also acknowledged the contribu-

tion that the rules-based multilateral trading system has made to the strength and stability of the global economy and the role that international trade can play towards achieving sustainable, robust and balanced growth for all.

The current world trade dynamics point to two key challenges towards realising the potential of trade to contribute to sustainable development. The first of these is how to make trade growth inclusive. At the international level, formation of deeper RTAs involving major economies may further exacerbate the marginalization of low-income or small and vulnerable economies in world trade. The entry into force of mega RTAs could result in trade diversion effects against non-members. The second challenge concerns how to establish policy coherence at all lev-

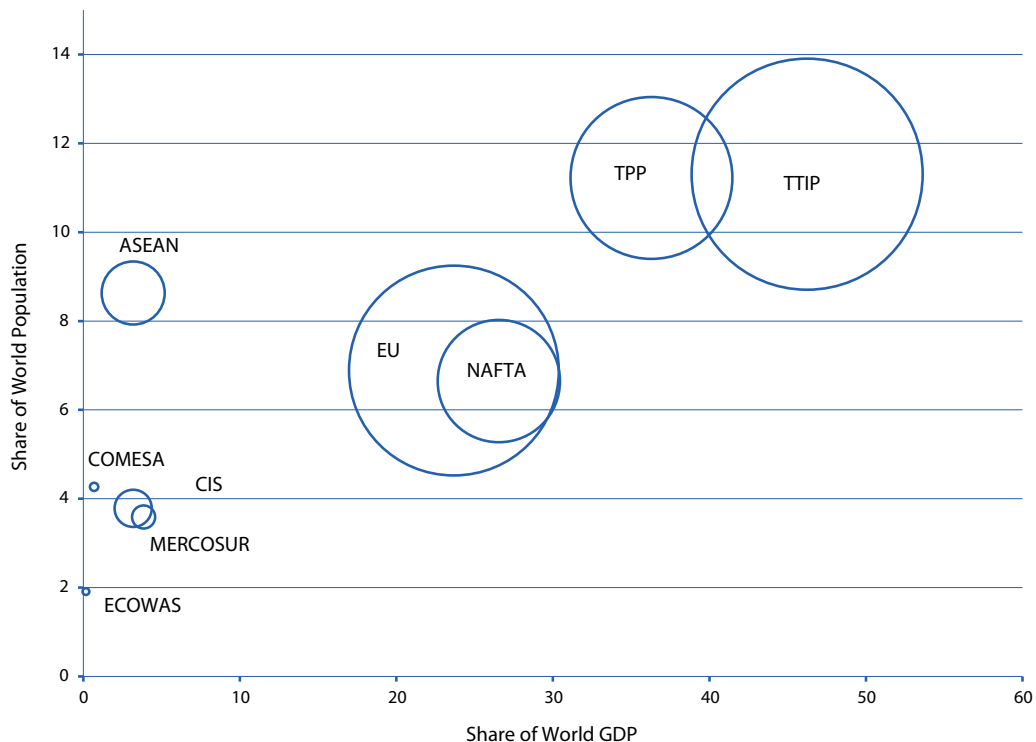
els. At the national level, an effective coordination mechanism is imperative for ensuring synergistic interactions between trade policy and other public policies including particularly industrial policy, as well as those on health, food security, education, gender, migration, energy, human rights and environment. At the regional and the international levels, stronger partnerships are required to ensure that trade's contribution to sustainable development would not result in a situation where a country's trade-led inclusive growth damages other countries' potential to use trade for sustainable development.

Against the above background, the following sections present options for monitoring the commitments covered in the Trade Chapter of the Addis Agenda.

Figure 4

### Mega-regionals

*(Mega-regionals are substantially larger in all dimensions)*



Source: UNCTAD calculations.

Note: Size of circles is proportional to intra-PTAs trade.



## 2. Strengthening the multilateral trading system

A key message of the Addis Agenda is that, in order to make trade an engine for economic growth and poverty reduction, Member States will promote a universal, rules-based, open, transparent, predictable, inclusive, non-discriminatory and equitable multilateral trading system under the WTO (79, MoI 17.10). The indicator for the Sustainable Development Goals (SDGs) can be an input (*17.10.1 World-wide weighted tariff-average*), but does not effectively track trade policy developments. To follow-up on the commitments in the Addis Agenda, monitoring of these five areas will be crucial to determining how strong the multilateral trading system has become.

### 2.1. Special and differential treatment/least developed countries

- *Commits WTO members to implement the provisions of special and differential treatment for developing countries, in particular LDCs (84, MoI 10.a)*
- *Welcomes the establishment of the monitoring mechanism to analyse and review all aspects of the implementation of special and differential treatment provisions with a view to strengthening them and making them more precise, effective and operational as well as facilitating integration of developing and least-developed WTO members into the multilateral trading system (84)*
- *Calls on WTO members to realize timely implementation of duty-free and quota-free (DFQF) market access on a lasting basis for all products originating from all LDCs (85, MoI 17.12)*
- *Calls on WTO members to facilitate market access for products of LDCs, including by developing simple and transparent rules of origin applicable to imports from LDCs (85, SDG 17.12)*

The SDG indicators under targets 10a and 17.12 are respectively, (10.a.1) “proportion of tariff lines applied to imports from least developed countries and developing countries with zero-tariff” and (*17.12.1 Average tariffs faced by developing countries,*

*least developed countries and small island developing States* which can serve as a basis to assess the implementation of these commitments. Tariff data collected by the International Trade Centre (ITC), the United Nations Conference on Trade and Development (UNCTAD) and the WTO, are available on an annual basis and are disaggregated by developing countries and LDCs. The reference databases for tariff data are ITC (MacMap), UNCTAD (TRAINS) and WTO (IDB).

To give a fuller picture, the data for both of these indicators should be disaggregated for other groups of countries, such as landlocked developing countries (LLDCs) and small island developing states (SIDS). The exports of LDCs, as well as LLDCs and SIDS, are typically highly concentrated in just a handful of products where they have comparative advantage. Monitoring the share of imports (calculated in value terms and excluding oil and arms) from developing countries, LDCs, LLDCs and SIDS that are admitted free of duty would also be helpful.

The data for indicator 17.12.1 could also be disaggregated by type of product—for example, agricultural products, textiles and clothing, and environmental goods—to accurately reflect the varying levels of tariffs on different products. Focusing on specific sectors could also be beneficial for the monitoring of other targets. As an example, product specific tariff levels could allow for the tracking of market distortions in agricultural markets (83 and MoI 2b) as well as access to affordable medicines. This data is collected annually by the WTO, UNCTAD and ITC.

Not only have average tariffs on exports from LDCs declined significantly, but so have tariffs on exports from other developing countries. Relative preferential margins enjoyed by LDCs over other developing countries could also be monitored, as a measure of special preferences for LDCs. Moreover, tariffs alone do not adequately reflect market access constraints. Non-tariff measures are playing an increasingly important role in limiting trade, and therefore a methodology for capturing the effects of non-tariff barriers would be helpful.

Preferential treatment may not be fully used by developing countries’ exporters for different reasons such as the inability of certain exporters to meet eli-



gibility criteria (i.e., complying with rules of origin), however this is more difficult to measure. For example, to date, data on “preferences utilization by developing and least developed countries on their exports,” which would provide information on the amounts of exports have effectively benefited from preferential access or duty free access, is available only for some leading importers, and not on a yearly basis.

Following-up on these commitments will also require qualitative assessments on future WTO negotiations and policies. As part of the Doha Round of negotiations, the Special Session of the WTO Committee on Trade and Development (CTD) is reviewing the special and differential treatment provisions in the WTO Agreements with a view to making them more precise, effective and operational. The CTD is also mandated to review periodically the application of special and differential treatment for developing countries, in particular LDCs, and to consider any questions in this regard. At the request of the CTD, the WTO Secretariat compiles evidence on the implementation of special and differential treatment provisions; the most recent of which is from 2013 (WT/COMTD/W/196), and tabulates all the provisions in WTO agreements that provide special and differential treatment.

At the Bali Ministerial Conference in 2013, WTO members decided to establish a monitoring mechanism on special and differential treatment. The function of the monitoring mechanism is to review the implementation of special and differential treatment provisions and, where appropriate, to make recommendations on actions or negotiations to improve implementation. The status of recommendations emerging from the Mechanism will be included in the annual report of the CTD to the General Council, the WTO’s highest-level decision-making body in Geneva.

The implementation of duty-free, quota-free market access (DFQF) is regularly monitored in the WTO CTD, which conducts annual reviews on the steps taken by WTO Members to provide DFQF market access to LDCs. The report provides the percent of tariff lines enjoying DFQF for LDCs and the remaining number of dutiable tariff lines for both developed countries and selected developing WTO members. A special CTD meeting, held in September 2015, provided an opportunity for

Members to have an in-depth exchange on the issues involved with the implementation of DFQF market access for LDC products. Discussion on a possible way forward focused on a “clinical examination” of the issues involved and possible impact arising from the implementation of DFQF market access for LDCs, on the basis of a study to be prepared by the Secretariat.

Market access for LDCs remains an important issue and the WTO Secretariat regularly prepares a note in response to paragraph 8 of the WTO Work Programme for Least Developed Countries (LDCs), which mandates an annual review of market access for products originating from LDCs (WT/COMTD/LDC/11/Rev.1). The latest note (WT/COMTD/LDC/W/60) updates the information on trends in LDC trade and market access conditions. One issue that has been found to hinder market access for the LDCs is preferential rules of origin. This has been the focus of recent work in the WTO. To examine the complexity of rules of origin and other inhibiting factors, the secretariat note estimates the percentage of imports entering under a preferential regime as a percentage of imports eligible for preference to select developed markets.

The WTO Committee on Rules of Origin annually reviews developments in preferential rules of origin, including measures taken by Members to implement the decisions reached at the Tenth WTO Ministerial Conference in Nairobi. The WTO also maintains a Database on Preferential Trade Arrangements (<http://ptadb.wto.org>) where members’ notifications and legislation on preferential rules of origin can be accessed.

Data and statistics for the relative preferential tariff margins facing LDCs are calculated by UNCTAD periodically. These are reported in the annual report titled “Key statistics and trends in international trade”.

## 2.2. Agriculture and fisheries

- *Calls on WTO members to correct and prevent trade restrictions and distortions in world agricultural markets, including through the parallel elimination of all forms of agricultural export subsidies and disciplines on all export measures with equivalent effect (83, MoI 2.b)*

- *Calls on WTO members to strengthen disciplines on subsidies in the fisheries sector, including through the prohibition of certain forms of subsidies that contribute to overcapacity and overfishing in accordance with mandate of the Doha Development Agenda and the Hong Kong Ministerial Declaration (83, SDG 14.6)*

The Nairobi Ministerial Declaration contains a commitment by all Members to advance negotiations on the remaining Doha issues including advancing work in all three pillars of agriculture, namely domestic support, market access and export competition. Members also adopted decisions on cotton, public stockholding for food security purposes and a special safeguard mechanism for developing country Members.

In Nairobi WTO Members also adopted a decision of direct relevance to the achievement of the SDG objective above on the parallel elimination of all forms of agricultural export subsidies and disciplines on all export measures with equivalent effect. According to the decision, export subsidies shall be eliminated by developed country Members immediately as a general rule, with delayed implementation under certain conditions for a limited number of products. Developing country Members have longer implementation periods. The decision also contains disciplines on maximum repayment terms and self-financing of export credits, export credit guarantees and insurance programmes. Members also agreed to ensure that agricultural exporting State Trading Enterprises do not operate in a manner that would circumvent the other provisions of the decision. Finally, the decision includes disciplines on food aid aimed at minimizing the risk of commercial displacement and more specifically ensuring that food aid does not negatively affect domestic producers and local or regional markets. Least developed and net food importing developing country Members benefit from specific flexibilities.

The WTO Committee on Agriculture shall monitor the implementation of the Nairobi Ministerial Decision on export competition, as stated in its paragraph 4. This monitoring function will be achieved in accordance with existing notification requirements under the Agreement on Agriculture, as well as through the continuation of the annual

dedicated discussion process on export competition, resulting from the WTO Bali Ministerial Conference, in accordance with the provisions of the annex to the Nairobi Ministerial Decision.

The data available to monitor the implementation of the Nairobi Ministerial Decision are as follows.

- On export subsidies, Members' notifications to the WTO Committee on Agriculture on their use of export subsidies, as well as replies by Members to the first section ("operational changes in measures") of the questionnaire on export competition circulated to WTO Members in advance of the annual dedicated discussion
- On export credits, export credit guarantees or insurance programmes, Members' replies to the second section ("export credits, export credit guarantees or insurance programmes") of the questionnaire circulated in advance of the annual dedicated discussion
- On international food aid, relevant information contained in countries' notifications to WFP's INTERFAIS database and in Members' notifications to the WTO Committee on Agriculture on their use of export subsidies, as well as replies by Members to the third section ("food aid") of the questionnaire circulated in advance of the annual dedicated discussion
- On agricultural exporting State Trading Enterprises, relevant information contained in Members' notifications to the WTO Working Party on State Trading Enterprises, as well as replies by Members to the fourth section ("agricultural exporting State Trading Enterprises") of the questionnaire circulated in advance of the annual dedicated discussion

These data are both quantitative and qualitative and their availability depends on the timeliness and accuracy of the replies to the questionnaire and the notifications transmitted by WTO Members. In this regard, the Nairobi Ministerial Decision states that, unless they are in a position to do so at an earlier date, developing country Members shall implement the annex of the decision (i.e., be requested to

reply to the questionnaire) no later than five years following the date of adoption of the decision.

An additional input will be the indicators for monitoring the SDGs. They include *2.b.1 Producer Support Estimate* and *2.b.2 Agricultural export subsidies*. The methodology for 2.b.1 is not yet developed. There is no single source estimate for measuring all distortions in world agricultural markets. Academics, some of whom had worked at the World Bank Group, compiled a database of distortions to agricultural incentives, which includes export subsidies but also other distortions such as domestic producer support, and exchange rate effects. It is updated periodically, but does not have universal coverage.

In terms of fisheries, WTO Members worked intensively up to and during the Tenth Ministerial Conference on proposals to develop new substantive disciplines and/or transparency obligations with respect to fisheries subsidies. However, they were unable to reach an agreement in Nairobi. As Members resume work in the WTO post-Nairobi, fisheries subsidies continue to be identified by some delegations as a priority area for further negotiations. Monitoring should be based on progress made by Members in the adoption of disciplines to limit subsidies that contribute to overcapacity and overfishing and their subsequent implementation. The indicator for SDG 14.6 (*Progress by countries in the degree of implementation of international instruments aiming to combat illegal, unreported and unregulated fishing*) can be an input in this area.

### 2.3. Access to affordable medicines

- *Reaffirms the right of WTO members to take advantage of the flexibilities in the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS); reaffirms that the TRIPS Agreement does not and should not prevent Members from taking measures to protect public health (86, MoI 3.b)*
- *Urges WTO Members to accept the amendment of the TRIPS Agreement allowing improved access to affordable medicines for developing countries by the deadline of the end of 2015 (86, MoI 3.b)*

Options for monitoring the implementation and use of TRIPS flexibilities by WTO Members

include (i) respecting the requirement to notify relevant laws and regulations to the Council for TRIPS pursuant to Article 63.2 of the TRIPS Agreement; (ii) sharing of experiences by Members on a more regular basis under the relevant agenda items of the Council for TRIPS, such as the Annual Review of the Decision on the Implementation of Paragraph 6 of the Doha Declaration on the TRIPS Agreement and Public Health; and (iii) coverage in the reports prepared by the WTO Secretariat as part of a WTO Member's trade policy review.

The WTO maintains and regularly updates a list of Members that have accepted the Protocol Amending the TRIPS Agreement. While a majority of WTO Members had accepted the TRIPS amendment by March 2016, additional acceptances are still needed to trigger entry into force of the amendment. The WTO General Council Decision to extend the period for acceptance of the TRIPS Protocol until end-2017 provides the basis for Members to complete their domestic procedures and submit their instrument of acceptance to the WTO.

The Committee on Development and Intellectual Property (CDIP) of the World Intellectual Property Organization (WIPO) provides an online Database on Flexibilities in the Intellectual Property System, which contains data drawn from WIPO documents on Patent Related Flexibilities in the Multilateral Legal Framework and their Legislative Implementation at the National and Regional Levels (namely CDIP/5/4 Rev., CDIP/7/3 Add, CDIP/13/10 Rev, and CDIP/15/6). The database allows users to search for the implementation of flexibilities in national IP laws in selected jurisdictions. The Indicators for MoI 3.b, (*Proportion of the population with access to affordable medicines and vaccines on a sustainable basis* and *Total net official development assistance to the medical research and basic health sectors*) can also help contextualize this section.

### 2.4. Progress on implementation of the Bali and Nairobi outcomes

- *Calls on WTO Members to fully and expeditiously implement all the decisions of the Bali Package (80)*

- *Calls on WTO Members to notify commercially meaningful preferences for LDC services and service suppliers in accordance with the 2011 and 2013 Bali decision (80)*

The WTO regularly reviews the implementation of the decisions in the Bali Package. A report by the Chairman of the General Council on implementation of the Bali outcomes is a standing item at meetings of the WTO General Council.

Regarding the Bali decisions on regular work under the General Council, on TRIPS non-violation and situation complaints, Members at the Tenth Ministerial Conference decided to continue examination of this issue and make recommendations at the next Ministerial Conference. In the meantime, it was also agreed that Members will not initiate such complaints under the TRIPS Agreement.

On Aid for Trade, Ministers at the Tenth Ministerial Conference recognized, inter alia, the importance of and continuing need for the Aid-for-Trade Initiative. A new Aid-for-Trade work programme with the theme of “Promoting Connectivity” has been developed for the period 2016–2017 (see paragraph 3.3). (See also section 3.3 below.)

On Trade and Transfer of Technology, the Working Group on Trade and Transfer of Technology has in its Annual Report recommended that it continues to work to fully achieve its mandate.

Other areas of the Bali and Nairobi packages where specific decisions were taken are analysed under the sections where the respective commitments have been elaborated. These include Trade Facilitation, DFQE, Preferential Rules of Origin, the Services Waiver and the Monitoring Mechanism on special and differential treatment.

- *Calls on WTO Members to notify commercially meaningful preferences for LDC services and service suppliers in accordance with the 2011 and 2013 Bali decision (80)*

The so-called “LDC Services Waiver”, first adopted at the WTO’s Eighth Ministerial Conference in 2011, releases Members from their most-favoured nation obligation under the General Agreement on Trade in Services (GATS). This allows Members to grant LDC services and service providers preferential access to their markets for 15 years

with the objective to enhance LDCs’ participation in world services trade. The Bali decision was subsequently adopted in 2013 as initial progress to implement the LDC Services Waiver was slow.

The 2011 “LDC Services Waiver” was extended by Nairobi Ministerial Decision T/MIN(15)/48 for an additional four years, until 31 December 2030. The Nairobi Ministerial Decision also encourages discussions among members on technical assistance aimed at increasing the capacity of LDCs to participate in services trade. It also urges members who have not yet notified their preferences to the WTO’s Trade in Services Council to promptly do so and sets up a review to monitor the operation of the notified preferences. With regards to this commitment, monitoring will be based on the number of countries and regional groups that have indicated that they will provide preferences to LDC services and service providers in certain sectors.

## 2.5. Trade negotiations, WTO accessions, trade policy reviews and trade monitoring reports

- *Commits to promptly conclude the negotiations on the Doha Development Agenda and reiterates development concerns as integral to the Agenda (83, MoI 17.10)*
- *Calls on WTO Members to accelerate accession of developing countries in negotiations for WTO membership (83)*
- *Commits to combat protectionism in all its forms (83)*

The Nairobi Ministerial Declaration contains a strong commitment of all Members to advance negotiations on the remaining Doha issues. This includes advancing work in all three pillars of agriculture, namely domestic support, market access and export competition, as well as non-agriculture market access, services, development, TRIPS and rules.

Members acknowledged that this work shall maintain development at its centre and provisions for special and differential treatment shall remain integral. Members also agreed to continue to give priority to LDC concerns and interests.

Members agreed at Tenth Ministerial Conference that officials should work to find ways to advance negotiations and request the Director-Gen-

eral to report regularly to the General Council on these efforts. While Members concurred that officials should prioritize work where results have not yet been achieved, some wished to identify and discuss other issues for negotiation; others did not. Members also clarified that any decision to launch negotiations multilaterally on such issues would need to be agreed by all Members.

At the Tenth Ministerial Conference, Members celebrated the enlargement of the WTO by accessions, in accordance with Article XII of the Marrakesh Agreement. Two LDCs completed their respective accession processes at the Tenth Ministerial Conference: Afghanistan and Liberia. WTO Members remain committed to work towards completing and facilitating current accessions; and to provide pre and post-accession technical assistance and support. The WTO Director General reports on developments in accession negotiations, when he presents his Annual Report on Accessions<sup>1</sup> at the year-end Meeting of the General Council. The Annual Report is forwarded to the Ministerial Conference, as appropriate. Real-time updates on accessions are available at the WTO website and through the monthly Accessions Newsletter.

In addition to the regular trade policy reviews of Members on an individual or regional basis, the WTO currently produces two series of trade monitoring reports: the WTO-wide reports on trade-related developments covering the whole WTO membership and observers; and joint reports with the Organization for Economic Cooperation and Development (OECD) and UNCTAD on trade and investment measures taken by G-20 economies. These reports, among other things, track the status of the trade-restrictive measures recorded since 2008, including progress in eliminating them.

### 3. Facilitating international trade

The Addis Agenda specifies key areas that require coordinated actions at all levels to foster effective participation of developing countries in international trade. These key areas are: (i) promotion of trade growth consistent with the SDGs; (ii) trade finance; (iii) Aid for Trade; and (iv) trade facilitation.

#### 3.1. Promoting world trade growth that is consistent with the SDGs

The Addis Agenda lays out the commitments and action items that would help to ensure that inclusive trade growth is an economic foundation for sustainable development, including the following:

- *Endeavours to increase world trade in a manner consistent with the SDGs, including exports from developing countries, in particular LDCs, with a view towards doubling their share of global exports by 2020 (82, MoI 17.11)*
- *Commits to integrate sustainable development into trade policy at all levels (82)*
- *Commits to support integration of small, vulnerable economies in regional and world markets (82)*
- *Recognizes the need for value addition by developing countries and for further integration of MSMEs into value chains (88)*

The indicator under SDG target 17.11 (*17.11.1 Developing countries' and least developed countries' share of global exports*) can be a helpful input to track the progress toward implementing the Addis Agenda's trade-related commitments. The Addis Agenda commitments also include process-oriented and qualitative objectives, such as increasing world trade “in a manner consistent with the SDGs” and integrating “sustainable development into trade policy at all levels”. The monitoring of these commitments benefits from existing platforms that review and monitor relevant international frameworks and conventions, which include: Istanbul Plan of Actions for the Least Developed Countries for the Decade 2011–2020 (A/CONF. 219/3/Rev.1); Vienna Programme of Action for Landlocked Developing Countries for the Decade 2014–2024 (A/RES/69/137); SIDS Accelerated Modality of Actions/SAMOA Pathway (A/RES/69/15); and United Nations Monitoring Mechanism (UNMM) to Review Commitments towards Africa's Development Needs (A/RES/66/293).

Statistical information that depicts progress in sustained, inclusive and sustainable economic growth at the national level should include, among

<sup>1</sup> The 2015 Director-General's Annual Report on Accessions was circulated as document WT/ACC/25.



others, an export diversification index and changes in factor intensity of traded products. Time-series data that are necessary for such statistics are available through United Nations agencies, including the United Nations Statistics Division (<http://comtrade.un.org/>), UNCTAD and ITC ([www.trademap.org](http://www.trademap.org)). However, within-country firm-level data, which would help assess the increase in the participation of micro, small and medium-sized enterprises (MSMEs) and different segments of society in international trade is not currently available. For assessing synergies between trade growth and sustainable development in social and environmental dimensions, time-series data on trade flows and trade policy (e.g., bound, applied and preferential tariff rates and non-tariff measures available from the WTO, ITC and UNCTAD) can be combined/compared with data related to various SDGs, available at the Food and Agriculture Organization (FAO), World Health Organization (WHO), International Labour Organization (ILO), United Nations Industrial Development Organization, United Nations Environment Programme (UNEP), World Bank Group and OECD, among others.

Given the importance of regional trade integration for vulnerable groups of countries such as LDCs, LLDCs and SIDS, monitoring could also include an analysis of the exports of these countries, the geographic diversification of their exports and measures of intra-regional trade.

### 3.2. Trade Finance

- *Commits to explore use of market-oriented incentives to expand WTO-compatible trade finance and the availability of trade credit, guarantees, insurance, factoring, letters of credit and innovative financial instruments, including for MSMEs in developing countries (81)*
- *Calls on development banks to provide and increase market-oriented trade finance and to examine ways to address market failures associated with trade finance (81)*

There is no comprehensive source for measuring the size and composition of the trade finance

market. Aspects of bank-intermediated trade finance are captured by statistics in many Committee on the Global Financial System member countries, but coverage differs significantly across countries, and in many cases is quite limited. Combining these data with information from other sources, such as trade associations and SWIFT, can support a general characterisation of the size, structure and trends of the global market, but the approach requires significant interpolation and inference.<sup>2</sup> Developments in national policy incentives and at development banks can be explored with qualitative information and case studies.

The WTO is currently examining possible concrete measures to address the problem of trade finance availability for SMEs, such as possible proposals for achievable and measurable targets, with a view to reducing the trade finance gap in the future. The idea is not to “re-invent the wheel” but to rely on existing successful mechanisms and initiatives, such as trade finance facilitation programmes, training and capacity building initiatives, and channels of dialogue with regulators. A dialogue is currently taking place with the WTO’s traditional partners.

The WTO Director-General will issue a publication that will contain proposals on how the WTO and its partners can reduce the trade finance gap. It will build on the WTO’s long-standing commitment to support multilateral partners in addressing trade financing gaps, through advocacy in favour of trade finance facilitation programmes (which are largely SME-based), capacity building and market intelligence to improve the understanding of such gaps. This could include working towards aspirational targets which would help members of the international community and of relevant international organizations to galvanize action and pool resources, with a view to reducing the global trade finance gap.

### 3.3. Aid for trade

- *Commits to focus Aid for Trade on developing countries, in particular LDCs, including through the Enhanced Integrated Framework*

2 Bank for International Settlements, “Trade finance: developments and issues”, Committee on the Global Financial System, CGFS Paper No. 50, January 2014, <http://www.bis.org/publ/cgfs50.pdf>.



*for Trade-Related Technical Assistance to LDCs (90, MoI 8.a)*

- *Commits to allocate an increasing proportion of Aid for Trade to LDCs, provided according to development cooperation effectiveness principles; and welcomes additional cooperation among developing countries to this end (90, MoI 8.a)*

At the Tenth WTO Ministerial Conference held in Nairobi in December 2015, Ministers recognized the importance of and continuing need for the Aid for Trade Initiative and of according priority to the needs of LDCs. The biennial Aid for Trade Work Programme for 2016–2017 has as its overarching focus “Promoting Connectivity” by reducing trade costs, including in the area of services’ trade costs.

The SDG indicator is *8.a.1 Aid for Trade commitments and disbursements*. In order to collect further data and information on how and to what extent trade costs affect the economic development of developing countries and LDCs, it is foreseen that a series of pertinent questions will once again be included in the self-assessment questionnaire to be developed in connection with the monitoring and evaluation exercise (M&E) that will be conducted in support of the Aid for Trade Work Programme for 2016–2017. An analysis of the results of the M&E exercise will be presented at the Sixth Global Review of Aid for Trade to be held in 2017.

The WTO continues to work closely with the OECD with regard to the monitoring of Aid for Trade flows (The specific website that can be consulted for the purposes of monitoring is <http://www.oecd.org/dac/aft/aid-for-tradestatisticalqueries.htm>). Regarding the monitoring of commitments with respect to the LDCs, Phase Two of the Enhanced Integrated Framework (EIF) began on 1 January 2016, coinciding with the commitments adopted in the Addis Agenda. Therefore, monitoring of donor commitments towards the EIF, as the main Aid for Trade vehicle for LDCs, should be relatively straight forward. Monitoring of commitments can take place at three levels:

- *Donor contributions to the EIF Global Trust Fund (currently US \$90 million pledged) for Phase Two*

- *Additional donor resources leveraged through Tier 2 projects*
- *Additional donor resources leveraged to fund other projects/priorities—as identified through EIF support (e.g., DTIS/Update, Medium Term Programme/Trade Policy Framework)*

### 3.4. Trade facilitation

In reaffirming the commitments to strengthen the multilateral trading system, the Addis Agenda calls on WTO Members to fully and expeditiously implement the ministerial declarations and decisions agreed at the Ninth WTO Ministerial Conference in Bali (2013), called the Bali Package. One of the major components of the Bali Package was the Agreement on Trade Facilitation, which has been subsequently inserted as a new agreement into Annex 1A of the WTO Agreements.

- *Calls on WTO members to expeditiously ratify the Agreement on Trade Facilitation (80)*

The commitment can be effectively monitored, on an annual basis, by counting the number of countries that ratified the WTO Agreement on Trade Facilitation. Existing frameworks and platforms that can help monitor the implementation of trade facilitation activities across countries would include: Joint United Nations Regional Commissions Trade Facilitation and Paperless Trade Implementation Survey 2015: Global Report; The New Partnership for Africa’s Development (NEPAD) 2010–2040 Programme for Infrastructure Development in Africa (PIDA); Aerodromes and ground aids indicator of the International Civil Aviation Organization’s Universal Safety Oversight and Audit Programme; and the UNCTAD Automated systems of customs data, a computerised customs management system for handling customs declarations, accounting procedures, transit and suspension procedures.

Trade facilitation programmes in international organizations (including UNCTAD, ITC, WTO, and the United Nations Economic Commission for Europe) support the implementation of the Trade Facilitation Agreement including the categorization and establishment of national committees.

Work towards the ratification of the Trade Facilitation Agreement has continued to progress. As of 4 March 2015, Members had submitted 81

category A notifications, and had begun to present the first Category B and C notifications. The WTO has also received 70 instruments of acceptance which is close to the two thirds of ratifying Members required for the Trade Facilitation Agreement to enter into force.

## 4. Promoting policy coherence in trade

The Addis Agenda calls for greater coherence specifically with a view to: (i) creating domestic enabling environments; (ii) achieving coherence and consistency among bilateral and regional trade and investment agreements and their compatibility with WTO rules; (iii) promoting development-friendly trade and investment agreements; (iv) enhancing women's equal and active participation in international trade; and (v) strengthening international agency/commission relevant to trade, trade laws and development; and (iv) combatting illegal trade, poaching and trafficking of protected species, hazardous waste, minerals and other natural resources.

### 4.1. Development at the local level: the domestic enabling environment for trade

The Addis Agenda acknowledges the importance of the domestic enabling environment. Tracking improvements in this area is discussed in Chapter II. B and its subsections 2 (investment climate), 4 (policies and regulatory frameworks to better align business and finance with global goals) and 8 (Encouraging quality direct investment/FDI, particularly in underfunded sectors and countries) in detail. With regard to trade, Governments:

- *Commit to strengthen domestic enabling environments and implement policies conducive to realizing the potential of trade for inclusive growth and sustainable development (88)*

The exact nature of the domestic enabling environment and the choice of domestic policies for this purpose must be specific to each country's economic and developmental conditions. Moreover, creating the enabling environment also depends on other sector and how they are mutually supportive with trade policies. In this context, the initiative mentioned for section 3. 1 above, that is inter-agency collaboration

in providing comprehensive statistical information on trade's contribution to the SDGs at the national level, could help each country identify the areas where complementary policy actions are needed.

### 4.2. Coherence among bilateral and regional trade and investment agreements

The Addis Agenda highlights the significant potential of regional economic integration and interconnectivity to promote inclusive growth and sustainable development (87). It also articulates that regional integration can be an important catalyst to reduce trade barriers and to enable companies, including micro-, small- and medium-sized enterprises, which represent a large share of employment in most countries, to integrate into regional and global value chains. In this respect, the Addis Agenda encourages multilateral development banks (MDBs), in collaboration with other stakeholders, to address gaps in trade, transport and transit-related regional infrastructure (87), and elaborates on the following commitments:

- *Commits to strengthen regional cooperation and regional trade agreements (87)*
- *Commits to strengthen coherence and consistency among bilateral and regional trade and investment agreements, and ensure that they are compatible with WTO rules (87)*
- *Urges the international community to increase support to projects and cooperation frameworks that foster regional and subregional integration, with special attention to Africa, and that enhance the participation and integration of small-scale industrial and other enterprises, particularly from developing countries, into global value chains and markets (87)*
- *Encourages MDBs in collaboration with other stakeholders to address gaps in trade, transport and transit-related regional infrastructure, including completing missing links connecting LLDCs, LDCs and SIDS within regional networks (87)*

To ensure transparency and a better understanding of RTAs, they should be reported to the WTO following the provisions for RTAs in WTO rules. Transparency is further enhanced through

the WTO's Transparency Mechanism for RTAs which has been operational since December 2006. Furthermore, under the Transparency Mechanism, the WTO maintains a database (the Regional Trade Agreements Information System — [rtais.wto.org](http://rtais.wto.org)) which contains information on all RTAs reported to the WTO and that have been examined or considered by the appropriate Committee; the information includes legal texts, trade and tariff data on each RTA as well as the factual presentation of the RTA prepared by the WTO Secretariat. The Ministerial Declaration from the Tenth Ministerial Conference has instructed the Committee on Regional Trade Agreements to discuss the systemic implications of RTAs for the multilateral trading system and its relationship with WTO rules.

With regard to Africa's regional integration, the African Union Summit in January 2012 committed to establish a Continental Free Trade Area (CFTA) by 2017. The negotiations for the African megaregional trade agreement are now ongoing, with significant expected benefits for strengthening intra-African trade and harmonizing trade policy in Africa. The 2012 Summit also adopted the Boosting Intra-African Trade (BIAT) Initiative. The BIAT identifies seven clusters—market integration, productive capacity, trade-related infrastructure, trade information, trade facilitation, trade finance and factor mobility—where progress is necessary to complement the steps that are to be taken to establish the CFTA. Action plans are being developed by the regional economic communities, which will provide the basis for data collection and monitoring progress in regional cooperation in Africa.

In addition, the Africa Regional Integration Index, published jointly by the African Development Bank (AfDB), African Union Commission and the United Nations Economic Commission for Africa, can be a valuable tool to monitor progress in implementing commitments falling under African regional integration frameworks. The three organizations also produce a recurring joint publication, *Assessing Regional Integration in Africa*, partly based on the Index. With regard to Asia, the Integration Indicator of Asian Development Bank (ADB) provides a set of

indicators to monitor progress on regional cooperation and integration of the ADB's 48 regional members. Universally, the WTO's Transparency Mechanism for RTAs and the Regional Trade Agreements Information System provides information on existing RTAs, which can be used for assessing whether a given trade agreement is compatible with WTO rules.

Today's deeper regional economic integration depends increasingly on compliance with trade regulatory measures such as sanitary requirements and goods standards, which constitute non-tariff measures (NTMs) that generally impose disproportionately higher trade costs on exporters from low-income countries than from richer countries. Information on official NTM notifications is collected by the WTO (<http://i-tip.wto.org/goods/default.aspx?language=en>), ITC, UNCTAD and the World Bank Group. All members of RTAs, such as the Association of Southeast Asian Nations, the Economic Commission of West African States and the Latin American Integration Association, have been cooperating in the collection of NTMs applied worldwide. While this information is not available for all countries and cannot be produced on a yearly basis, there have been continuous efforts to extend coverage.<sup>3</sup> NTM data are made available in online databases such as World Integrated Trade Solution (WITS), Market Access Map (MacMap), Trade Analysis and Information System (TRAINS), and Integrated Trade Intelligence Portal (I-TIP) on goods. ITC has also been involved in the rollout of business surveys on NTM with the objective of capturing the perspective of SMEs involved in international trade. The findings of these surveys are then discussed with national and regional institutions and stakeholders to identify possible solutions and remedial actions.<sup>4</sup>

MDB actions on infrastructure were covered under Action Area II.B. The UNCTAD Maritime connectivity index ([unctadstat](http://unctadstat)) can assist in measuring the physical connectivity of regions. The UN Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States also reports on the development of transit transport systems and any available estimates of the length of missing links in

3 For reference purposes, see information on NTMs at [www.macmap.org](http://www.macmap.org) and [wits.worldbank.org](http://wits.worldbank.org)

4 For reference purposes, see <http://www.intracen.org/itc/market-info-tools/non-tariff-measures/business-surveys/>

trans-continental road and rail networks in regions with landlocked developing countries.<sup>5</sup>

### 4.3. Trade and investment agreements

Closely related to the commitments in section 4.2 above, the Addis Agenda focuses on ensuring trade and investment agreements would not undermine countries' ability to pursue public policy objectives (91). In this respect, the Addis Agenda puts forward the following commitments:

- *Endeavours to craft trade and investment agreements with appropriate safeguards so as not to constrain domestic policies and regulation in the public interest (91)*
- *Commits to implement such agreements in a transparent manner (91)*
- *Commits to support capacity building including through bilateral and multilateral channels, in particular to least developed countries, in order to benefit from opportunities in international trade and investment agreements (91)*
- *Requests UNCTAD to continue its existing programme of meetings and consultations with Member States on investment agreements (91)*

UNCTAD publishes recurrent analysis of trends in international investment agreements (IIAs) and investor-state dispute settlement (ISDS), including in its World Investment Report series,<sup>6</sup> which includes data on investment agreements and their provisions. UNCTAD's IIA<sup>6</sup> and ISDS<sup>7</sup> navigators can be used for assessing whether the contents of IIAs constrain domestic policies and regulation in the public interest. In addition, the WTO's Transparency Mechanism for RTAs and the Regional Trade Agreements Information System provides information on existing RTAs, which may be used for assessing whether the contents of a trade agreement constrain domestic policies and regulation in the public interest.

At this stage, there is no international framework that comprehensively tracks the transparent implementation of trade and investment agreements, nor on capacity building specifically in this regard. Capacity building can be monitored through OECD data, as well as from inputs from Task Force agencies engaged in capacity building in this area, with further detail included above under Aid for Trade. Action Area II.G also contains information about following up on capacity building support. Qualitative information and case studies can examine the use of safeguards in treaties.

The request to UNCTAD to continue its existing programme of meetings and consultations on investment agreements will, among other matters, be addressed at the upcoming Fourteenth session of UNCTAD (UNCTAD 14), due to take place in July 2016 in Nairobi, Kenya, which will agree on the organization's plan of action for 2017–2024. The IIA Conference at UNCTAD's World Investment Forum, held back-to-back to UNCTAD 14, is the next key event implementing this mandate.

### 4.4. Gender/women as producers and traders

Throughout its chapters, the Addis Agenda establishes a strong link between gender equality and women's empowerment on one hand, and achieving sustained, inclusive and equitable economic growth and sustainable development on the other. Moreover, it calls for gender mainstreaming in the formulation and implementation of all financial, economic, environmental and social policies, as discussed in the chapter on cross-cutting issues and its subsection on gender. In its chapter on international trade as an engine for development, the Addis Agenda:

- *Affirms that trade can help promote productive employment and decent work, women's empowerment and food security, a reduction in inequality, and can contribute to achieving the*

<sup>5</sup> See Report of the Secretary General, Implementation of the Vienna Programme of Action for Landlocked Developing Countries for the Decade 2014-2024, A/70/305.

<sup>6</sup> The IIA Navigator, see <http://investmentpolicyhub.unctad.org/IIA>, offers the world's most comprehensive collection of IIAs.

<sup>7</sup> The ISDS Navigator, see <http://investmentpolicyhub.unctad.org/ISDS>, provides information on close to 700 known ISDS cases.

*SDGs under the condition that appropriate supporting policies, infrastructure and an educated work force are in place (79)*

- *Recognizes women’s critical role as producers and traders, and commits to address their specific challenges in order to facilitate women’s equal and active participation in domestic, regional and international trade (90)*

The Addis Agenda is unique in that it links issues in the global partnership for sustainable development, including trade, to gender issues. Outcomes in the gender and trade area can be assessed by having gender disaggregated trade data, such as the female share of seasonal and permanent jobs in export-oriented sectors, gender wage gaps, female share of high-skilled and managerial jobs in export-oriented sectors, and work conditions and social benefits for women in the export sector relative to the domestic sector. Specific policies to address the challenges women face to equal and active participation in trade can be presented in case studies such as those conducted by UNCTAD. Disaggregated firm level information that would allow reconciling trade information with gender economic empowerment assessments could be derived, among others, from the World Bank Group Enterprise survey database, ITC Business surveys on non-tariff measures.

#### 4.5. Strengthen the important role of the United Nations Conference on Trade and Development

In relation to policies and actions to realizing the potential of trade for inclusive growth and sustainable development, the Addis Agenda reiterates the important role that has been played by UNCTAD in this area. In this respect, the Addis Agenda:

- *Commits to strengthen the important role of UNCTAD as the focal point within the United Nations system for the integrated treatment of trade and development and interrelated issues in the areas of finance, technology, investment and sustainable development (88)*

UNCTAD’s 194 member States will meet at the Fourteenth session of UNCTAD, in July 2016 in Nairobi, Kenya. The agreed theme of the Conference, “From Decisions to Actions” will address how specifically to meet this commitment. Some impor-

tant elements in this regard have been suggested by the UNCTAD Secretary-General in his report (UNCTAD (XIV)/1 Rev.1) to the Conference, which elaborates the actions that need to be taken at the national, regional and international levels to ensure that trade and related issues make a strong commitment to achievement of the 2030 Agenda.

#### 4.6. United Nations Commission on International Trade Law

The Addis Agenda recognizes international trade as an engine for inclusive economic growth and poverty reduction and that it contributes to the promotion of sustainable development. The Agenda specifically:

- *Endorses the efforts and initiatives of the United Nations Commission on International Trade Law as the core legal body within the United Nations system in the field of international trade law (89)*

Achievement of these targets as they relate to the United Nations Commission on International Trade Law (UNCITRAL) can be monitored through data that is already collected on: Treaty actions and enactments of UNCITRAL texts; relevant court and arbitral decisions applying and interpreting UNCITRAL texts that are reported and publicized through the Case Law on UNCITRAL texts system (CLOUT); participation in UNCITRAL sessions by States, intergovernmental organizations (IGOs) and nongovernmental organizations (NGOs); cooperation and coordination activities involving UNCITRAL participation; technical assistance activities, teaching, training and capacity building conducted by UNCITRAL. Data collected can be disaggregated, as appropriate, by reference to factors such as type of activity, topic, gender, country, region, and level of development.

#### 4.7. Illegal wildlife trade/fishing/logging/mining

Legal and sustainable trade in natural resources can be beneficial for economic growth, conservation of natural resources and livelihoods, while failure to regulate it can undermine the livelihoods of people, species, ecosystems, and businesses alike. However, the Addis Agenda recognizes the challenge many



countries face in combating illegal wildlife trade, illegal unreported and unregulated (IUU) fishing, illegal logging, and illegal mining.

In its chapter on International trade as an engine for development, the Addis Agenda:

- *Resolves to enhance global support for efforts to combat poaching and trafficking of protected species, trafficking in hazardous waste, and trafficking in minerals, including by strengthening both national regulation and international cooperation, and increasing the capacity of local communities to pursue sustainable livelihood opportunities (92, MoI 15. c)*
- *Commits to enhance capacity for monitoring, control and surveillance of fishing vessels to effectively prevent, deter and eliminate illegal, unreported and unregulated fishing (92)*

Over the past years, we have seen an increased recognition on the economic, social and environmental impacts of illicit trafficking in wildlife, and on the need to tackle both the supply of, and demand for illicit wildlife products. By virtue of it being illicit, conducting a quantitative assessment of the impact caused by the illegal taking and trafficking of natural resources remains difficult. The information on the market dynamics of trafficking in these products, as well as their broader environmental and socio-economic implications is largely speculative. The primary challenge on monitoring is therefore in keeping the evidence base under review, through strengthening available information and filling the gaps in data and knowledge. The trend, however, is considered to be increasing at such a rate that trafficking in wildlife may become one of the most lucrative kinds of transnational crimes, similar to trafficking in narcotics, humans and arms.

The SDG indicator can be used as an input in the Addis Agenda follow-up process is *15.c.1/15.7.1 Proportion of traded wildlife that was poached or illicitly trafficked*. The baseline data on legal trade is already collected by the 182 Parties of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and submitted annually, which is compiled and maintained in

the CITES trade database. Second, data on illegal trade (seizures) is collected by both CITES and the World Customs Organization, which is compiled by the United Nations Office on Drugs and Crime (UNODC) in a global database. At present, the CITES trade database and the UNODC seizures database contain over 15 million transactions (growing at about 1 million per year) and 125,000 seizure incidents, respectively.

The Donor Roundtable on Wildlife and Forest Crime, established in 2015 and comprised of CITES, the United Nations Development Programme (UNDP), UNEP, UNODC, and the World Bank Group and held at UNDP, is currently undertaking a study to analyse multilateral, bilateral and other international funds used to finance efforts directly addressing the illegal wildlife trade crisis. The results and recommendations of this study will provide a baseline and indicators with which international coordination and scaling up of global support actions may be more effectively considered.

CITES has developed a handbook that assists parties in making a rapid assessment of the effects of the application of CITES-listings on livelihoods in poor rural communities, and guidelines to mitigating the negative effects while enhancing the potential benefits of legal and sustainable trade in wildlife. The continuing work by CITES parties in utilizing these tools and developing good practice case studies may lead to a discussion on the possible indicators for monitoring the impact of wildlife trade on livelihoods in the future.

The second part of the Addis Agenda will require measuring the degree of capacity for implementing the FAO Agreement on Port State Measures to Prevent, Deter and Eliminate Illegal, Unreported and Unregulated Fishing. FAO is currently undertaking a series of regional workshops to raise awareness about the Agreement, as well as to facilitate knowledge and skills development for port managers and inspectors in strengthening good governance, harmonization and coordination of port State measures, and exchange of national experience in combating IUU fishing.





## Chapter II.E

# Debt and debt sustainability

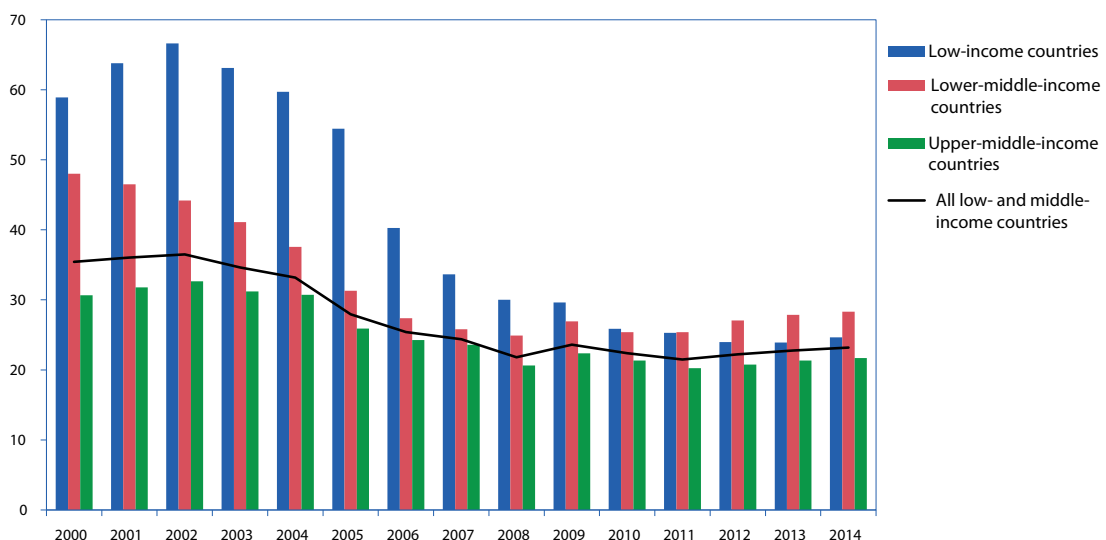
### 1. Introduction

Borrowing, both by governments and private entities, is an important tool for financing investment critical to achieving sustainable development, as well as for covering short-term imbalances between revenues and expenditures. Government borrowing can also allow fiscal policy to play a countercyclical role over economic cycles. However, high debt burdens can impede growth and sustainable development. Debt has to be well managed in both public and private spheres.

Developing countries made considerable progress in reducing their external debt in the early part of the century (see figure 5), assisted especially in the case of the heavily indebted poor countries

(HIPC) by the support of the international community. Yet some developing countries are currently in debt distress, and several countries have external debt exposures that leave them vulnerable to debt difficulties from external shocks, such as falls in commodity prices or natural disasters. In addition, some low-income countries (LICs) are now accessing international capital markets, introducing new financing opportunities along with new risks, such as exposure to volatile international capital flows. At the same time, domestic debt issuance has increased in many developing countries (see chapter II.B), creating new opportunities for financing while reducing currency mismatches for domestic borrowers. Nonetheless, domestic debt overhang can be costly

Figure 5  
External debt of developing countries, 2000 – 2014  
(Percentage of GDP)



Source: United Nations, World Economic Situation and Prospect, 2016, based on data of the International Monetary Fund.

Note: Debt includes US dollar value of external public and publicly guaranteed and private non-guaranteed long-term debt, use of IMF credit, short-term debt and arrears.

and, like other forms of debt, needs to be managed. Private debt in emerging market countries has also grown substantially since the financial crisis, posing systemic risks related to currency and maturity mismatches. Indeed, there is a risk that some liabilities could get shifted to the public balance sheet in the event of large-scale defaults.

Managing sovereign debt and addressing debt crises when they do occur has been on the agenda of Financing for Development (FfD) since the Monterrey Consensus, and is addressed in section II.E of the Addis Agenda and in this chapter in the Task Force report. Mitigating the danger of private debt build-ups is also addressed in the discussion of financial regulation in chapter II.F on systemic issues, while promoting long-term finance and the development of local capital markets is discussed in chapter II.B on the private sector.

## 2. Debt crisis prevention

The Addis Agenda recognizes the need to assist developing countries in attaining long-term debt sustainability, including through fostering appropriate debt financing, debt relief, debt restructuring and supporting sound debt management, as appropriate. Strengthening the monitoring and prudent management of assets and liabilities is an important element of comprehensive national financing strategies and is critical to reducing vulnerabilities. The Addis Agenda emphasizes that debtors and creditors have to work together to prevent unsustainable debt situations. While it notes that maintaining sustainable debt levels is the responsibility of the borrowing countries, it also acknowledges that lenders have a responsibility to lend in a way that does not undermine a country's debt sustainability.

### 2.1. Maintaining debt sustainability and improving debt sustainability assessments

In the Addis Agenda, countries agree to support efforts to maintain debt sustainability, as well as to strengthen analytical tools for assessment. Specifically, Member States:

- *Commit to support the maintenance of debt sustainability in those countries that have received debt relief and achieved sustainable debt levels (94)*
- *Invite the IMF and World Bank to strengthen the analytical tools for assessing debt sustainability in an open and inclusive process with the United Nations and other stakeholders (95)*

To evaluate countries' debt sustainability, it is necessary to monitor debt trends along with emerging domestic and external vulnerabilities and systemic risks that threaten debt sustainability. The SDG means of implementation indicator 17.4.1 (*debt service as a proportion of exports of goods and services*) can be used as an input for this. However, this needs to be supplemented by additional data. Indeed, as noted in the 2015 Millennium Development Goal (MDG) Gap Task Force Report "statistical indicators sometimes fall prey to anomalies that require explanation so as not to mislead. ... External debt servicing as a share of export revenues presents some telling examples. For instance, a spike was recorded in the debt-servicing ratio of low-income countries in 2006. This reflected a standard practice in balance-of-payments accounting in which debt that was being written down following debt relief was shown in the accounts as a principal repayment outflow offset by a grant inflow. ... This did not mean, however, that the debt was being paid down per se."<sup>1</sup>

The Task Force will thus look at a basket of indicators and data, which can include but are not limited to: total external debt in percent of gross domestic product (GDP) and by creditor as a share of total (multilateral, bilateral and commercial); total public debt, total private debt, private external debt and total external debt in percent of GDP; the share of short-term debt in total external debt, by original maturity; gross fiscal financing needs, in percent of GDP (i.e., the sum of the fiscal deficit and the principal of public debt falling due); and external financing requirements, in percent of GDP to capture both the current account deficit and principal repayments of external debt falling due. The International Monetary Fund (IMF) also

<sup>1</sup> [http://www.un.org/en/development/desa/policy/mdg\\_gap/mdg\\_gap2015/2015GAP\\_FULLREPORT\\_EN.pdf](http://www.un.org/en/development/desa/policy/mdg_gap/mdg_gap2015/2015GAP_FULLREPORT_EN.pdf), page 4.

publishes risk ratings for external debt distress (for LICs, see below), foreign reserve adequacy metrics, and other vulnerability indicators discussed in chapter II.F on systemic issues. The importance of any individual indicator depends on country circumstances. In addition, debt sustainability analyses that stress test debt sustainability under a range of different macroeconomic and financial shocks and alternative scenarios provide a more thorough assessment of risks.

In this regard, the IMF has developed and periodically reviews and revises a debt sustainability analysis (DSA) for market access countries, and the IMF and World Bank Group have together developed a methodology, which is also periodically reviewed and revised, for assessing LICs' debt sustainability. The IMF and World Bank Group (the latter in the case of the LICs Debt Sustainability Framework, DSF) also conduct outreach with stakeholders to facilitate better understanding of these frameworks, as well as provide training to country authorities using these frameworks.

The LIC DSF incorporates a standardized, forward-looking analysis of debt and debt service dynamics under a baseline and alternative scenarios, and in the face of plausible shocks. The analysis produces a risk rating for external debt distress (low, moderate, high or already in debt distress) for each country by seeing whether the projected evolution under standard scenarios or shocks of a set of debt burden indicators (debt stock or debt service relative to measures of repayment capacity) crosses one or more of the empirically estimated thresholds for those indicators. Some countries conduct their own debt sustainability assessments, which can be drawn on by the Task Force where they exist.

Support in maintenance of debt sustainability in LICs needs to strike a balance between maintaining sustainable debt levels and the need to meet the sustainable development goals (SDGs) and enhance growth through critical investments, such as in infrastructure. Institutional frameworks also need to accommodate the availability of a wider range of external financing opportunities for LICs, as well as limits on concessional financing. Work to prevent the re-occurrence of debt distress should also seek to capture risks from contingent liabilities and natural disasters.

The DSA for market-access countries is used to assess debt vulnerabilities for countries that have durable access to external market financing. In recognition that vulnerabilities to debt sustainability in these countries were not adequately identified in the years leading up to the 2008-09 financial crisis, the IMF revised the DSA in 2011 and implemented it in 2013. The reform introduced greater consideration of the reality of baseline macroeconomic assumptions and uncertainty around those assumptions in the assessment of debt sustainability, liquidity risks captured by gross financing needs, and vulnerabilities associated with the debt profile.

The United Nations Conference on Trade and Development (UNCTAD) Global Policy Model provides a macroeconomic analytical framework, with an integrated macro-financial model for the world economy, which can provide additional scenarios for analysis of debt sustainability.

The IMF and World Bank Group staff plan a review of their joint LIC DSF in 2016/2017, to be conducted in consultation with key relevant stakeholders, including civil society. Another factor that could be reviewed is the World Bank Group's Country Policy and Institutional Assessment (CPIA), which is used in setting the thresholds for LICs. The Addis Agenda invited the IMF and the World Bank Group to make those reviews open, inclusive and involve the United Nations and other stakeholders. The Task Force can report on these experiences. It thus could, along with the broader FfD follow-up process, be a conduit to bring additional voices and perspectives into the discussion.

## 2.2. Improving public debt management

Many Governments seek to further strengthen their capacity to appropriately manage public debt and ensure borrowing in the interest of maintaining sustainable debt levels. The Monterrey Consensus recognized that technical assistance for external debt management and debt tracking can play an important role and should be strengthened. Similarly, in the Addis Agenda, Governments:

- *Welcome efforts to strengthen analytical tools for ... prudent public debt management (95)*
- *Encourage international institutions to continue to provide assistance to debtor countries*

*to enhance debt management capacity, manage risks, and analyse trade-offs between different sources of financing, as well as to help to cushion against external shocks and ensure steady and stable access to public financing (95)*

Several different tools are available to assist countries in assessing and improving their debt management functions, many of which are being improved in response to changing needs. They include diagnostic tools such as the DSF (see above), the Debt Management and Performance Assessment (DeMPA), the Medium Term Debt Strategy tool and recording and reporting systems such as the Commonwealth Secretariat CS\_DRMS and UNCTAD's Debt Management and Financial Analysis System (DMFAS). The fast-paced evolution of financial markets and developing countries' use of increasingly diverse financing instruments and borrowing sources warrant continuous efforts to strengthen their debt management capacity. By the same token, the tools themselves will need to be kept under review and adapted, while the need for new tools may also be recognized over time.

Moreover, in the broadest sense, debt management should be seen as part and parcel of public financial management. The Public Expenditure and Financial Assessment (PEFA) framework measures performance of a country's public financial management system using quantitative indicators, as discussed in chapter II.A on domestic public resources. Assessments on indicator 13 of the PEFA look at several dimensions of debt management including recording and reporting of debt and guarantees, approval of debt and guarantees, and debt management strategy. Country Policy and Institutional Assessment (CPIA) scores, DeMPA assessments, and reports from technical assistance providers such as UNCTAD's DMFAS Programme can also be complementary. IMF work on its Fiscal Transparency Code (see chapter II.A is also germane. The Task Force will be able to report on progress in all these areas.

Reporting on the efforts of international organisations will provide an overview of the technical assistance and capacity building provided. It will cover assistance in debt management, including diagnosis, debt strategy and debt sustainability analysis,

as well as debt data recording, operations, reporting and statistics. The report will include a description of the different technical assistance activities of the relevant international organizations, for example it could include the number of training missions, including by the World Bank, IMF, UNCTAD, regional institutions, the Commonwealth Secretariat, United Nations Department of Economic and Social Affairs (DESA), and other sources. It should be possible to track overall technical assistance in debt management using the number of countries that are receiving debt management capacity support and the financial resources allocated to this purpose by donors and other stakeholders.

### 2.3. Towards responsible sovereign borrowing and lending

The Monterrey Consensus stated that “debtors and creditors must share the responsibility for preventing and resolving unsustainable debt situations.” As noted above, the Addis Agenda reaffirms that both sovereign borrowers and lenders must be responsible. In this regard, in the Addis Agenda, Governments:

- *Reiterate that debtors and creditors must work together to prevent unsustainable debt situations (97)*
- *Commit to work towards a global consensus on guidelines for debtor and creditor responsibilities in borrowing by and lending to sovereigns, building on existing initiatives (97)*

There has been considerable emphasis in recent years on the importance of both borrowers and lenders taking responsibility for their actions, and for their role in ensuring debt sustainability. There have been several initiatives on this. The Addis Agenda takes note of the UNCTAD Principles on Responsible Sovereign Lending and Borrowing, recognizes the applicable requirements of the IMF debt limits policy and the World Bank Group's non-concessional borrowing policy, and also notes that the OECD Development Assistance Committee has introduced new safeguards in its statistical system to enhance the debt sustainability of recipient countries.

The UNCTAD Principles specify a set of 15 principles and best practices for lenders as well as borrowers, created after a consultative process. The principles do not create new legal rights or obliga-

tions for endorsing parties, but provide a normative approach to defining relevant guidelines and their implications for borrower and lender behaviours. UNCTAD's DMFAS will start collecting data on the use and implementation of some of these Principles, across its coverage of developing countries from 2017. UNCTAD also is currently providing capacity-building assistance to five LDCs on implementing the Principles to identify gaps in the regulatory and institutional frameworks in these countries and suggest suitable policy reform options.

The Task Force can report on implementation and development of the initiatives in this area, including those mentioned above, building on the regular in-house reviews by the relevant international organizations. Indeed, understanding the impact of these initiatives, including how they impact behaviour, can provide important case studies to help shape the work towards a consensus on new guidelines. The Task Force will report on steps toward a global consensus on such guidelines for lenders and borrowers, and can also help to support this effort.

#### 2.4. Innovative instruments for managing debt burdens

Outside Islamic finance, debt repayment obligations are fixed other than through a debt restructuring. Two kinds of innovations have broken with this model. One is a swap of a public debt obligation for specified additional public social or environmental expenditure. The other is 'state-contingent financial instruments', which include contractual provisions altering the debtor's obligations contingent on pre-defined events or data outturns. Thus, the Addis Agenda:

- *Encourages the study of new financial instruments for developing countries ... noting experiences of debt-to-health and debt-to-nature swaps (102)*

Among the first type of innovation, debt-to-health swaps have been launched under the UN-backed Global Fund to Fight AIDS, Tuberculosis

and Malaria since 2007.<sup>2</sup> An example of a debt-for-nature swap is the one agreed between Seychelles, three Member States of the Paris Club (Belgium, France and Italy) and the Nature Conservancy in 2015.<sup>3</sup> Such swaps do not necessarily create additional fiscal space, as the swap requires that the government spend on the promoted social or environmental project at least some of the funds that would have been used for debt servicing. Nevertheless, the additional public resources can be a highly valuable use of public monies and can support sustainable development and implementation of the SDGs.

State-contingent financial instruments are designed to provide automatic, market-based, protection against pre-defined shocks. This can insure sovereigns against adverse shocks, often by reducing debt service requirements during difficult economic times. Such instruments would also reduce the likelihood of debt restructurings and the need for pro-cyclical fiscal policy. Some of these instruments could even attenuate overspending during a boom by limiting a sovereign's ability to spend windfall income in good times. Examples of such instruments include GDP-linked securities, where principal and interest payments are linked to economic growth rates, and catastrophe or pandemic bonds, where some form of debt relief is provided in the event of a pre-defined disaster. A third example would be 'sovereign CoCos' (contingent convertible bonds), which envisage a maturity extension under pre-defined triggers. Future monitoring reports can summarize analytical work by experts on these proposals, and report on country experiments with new instruments. The Task Force will also report more broadly on public sector finance, including new instruments, in other areas of this report (including chapter I on cross cutting issues, chapter II.A on domestic public finance, and chapter II.C on international cooperation.)

#### 2.5. Improving debt data and reporting

Comprehensive debt statistics are crucial for both debt crisis prevention and resolution. The Addis

<sup>2</sup> See [http://www.theglobalfund.org/documents/replenishment/2007b/Replenishment\\_2007BerlinD2H\\_FAQ\\_en/](http://www.theglobalfund.org/documents/replenishment/2007b/Replenishment_2007BerlinD2H_FAQ_en/).

<sup>3</sup> A special Seychelles trust will purchase \$30 million of Seychelles debt obligations at a discount and devote the scheduled debt servicing payments to marine conservation and climate adaptation (see <http://www.nature.org/ourinitiatives/regions/africa/wherewework/seychelles.xml>).



Agenda recalls the need to strengthen information-sharing and transparency in debt sustainability assessments. Specifically, the Addis Agenda:

- *Encourages Governments to improve transparency in debt management, and strengthen information-sharing to ensure that debt sustainability assessments are based on comprehensive, objective and reliable data (97)*
- *Invites relevant institutions to consider the creation of a central data registry including information on debt restructurings (96)*

The World Bank Group, IMF, the Organization for Economic Cooperation and Development (OECD), the Bank for International Settlements (BIS) and UNCTAD have worked with governments and central banks to help produce standardized data on different components of external debt. Technical assistance to developing countries to improve their recording and managing of government debt data has long been provided by the World Bank, UNCTAD and the Commonwealth Secretariat, as well as by private entities.

For the benefit of international economic monitoring, the World Bank collects, standardizes and makes publicly available external debt data of its developing country members through its Debtor Reporting System. The OECD collects data from its members for standardized reporting from the public creditor side in its Creditor Reporting System. The BIS collects data on bank and non-bank financial institution assets (e.g., loans) vis-à-vis banks and non-banks in other countries, as well as data on liabilities (e.g., deposits) and their sources in other countries. Bloomberg also publishes data on public bond issuance, as well as secondary market prices, as do private banks, such as J.P. Morgan. There is, however, no database on bond owners, who are generally institutional investors, in part because ownership frequently changes hands on the secondary market. In addition, while improving, data on domestic bond markets is generally not robust (see chapter II.B). To further develop the methodology for collecting debt statistics and to strengthen debt management capacity of governments through training, nine institutions formed the Task Force on Finance Statistics

(the BIS, Commonwealth Secretariat, European Central Bank, Eurostat, IMF, OECD, Paris Club, UNCTAD and the World Bank Group).

Presently, there is no centralised database of instances of sovereign debt crises and restructuring, although there have been a number of efforts to bring together historical data sets on debt restructuring.<sup>4</sup> A comprehensive database could help draw lessons from past debt restructurings to improve approaches in the future. Information on litigation and holdouts by creditors in a restructuring would also aid analysis of good faith by creditors in debt restructurings and enable identification of weaknesses in the architecture for sovereign debt restructuring. The Task Force will report on the development of any such databases, including by international organizations.

### 3. Debt crisis resolution

The Addis Agenda makes clear that in addition to preventing debt crises, debtors and creditors must work together to resolve unsustainable debt situations when they do occur. While it recognises that important improvements have been made in enhancing the process for cooperative restructuring of sovereign obligations, it also recognizes that there is scope to improve the arrangements for coordination between public and private sectors and between debtors and creditors, to minimize moral hazard and to facilitate fair burden-sharing and an orderly, timely, efficient and fair restructuring that respects the principles of shared responsibility. It notes that a workout from a sovereign debt crisis should aim to restore public debt sustainability, while preserving access to financing resources under favourable conditions, and acknowledges that successful debt restructurings enhance the ability of countries to achieve sustainable development and the SDGs.

#### 3.1. Actions by official creditors

Since the Monterrey Consensus, Member States of the United Nations have welcomed initiatives to reduce debt overhangs when countries are under debt distress, especially as regards LDCs, whose main creditors are in the public sector. In this regard, in the Addis Agenda, Governments:

<sup>4</sup> <http://www.bankofcanada.ca/wp-content/uploads/2014/02/tr101.pdf>

- *Recognize the need to assist developing countries in attaining long-term debt sustainability through coordinated policies aimed at fostering debt financing, debt relief, debt restructuring and sound debt management (94, MoI 17.4)*
- *Commit to support the remaining HIPC-eligible countries that are working to complete the HIPC process (94); Commit to explore, on a case-by-case basis, initiatives to support non-HIPC countries with sound economic policies to enable them to address the issue of debt sustainability (94)*
- *Aims to restore public debt sustainability, while preserving access to financing resources under favourable conditions (98)*
- *Encourages consideration of further debt relief steps [for severe natural disasters and social or economic shocks that undermine a country's debt sustainability], where appropriate, and/or other measures for countries affected in this regard, as feasible (102)*

Implementation of the HIPC Initiative and the Multilateral Debt Relief Initiative is nearly complete, with 36 countries having reached the “completion point” under the HIPC Initiative. In April 2015, Chad became the latest country to reach the completion point. Three pre-decision-point countries—Eritrea, Somalia, and Sudan—have yet to start the process of qualifying for debt relief under the HIPC Initiative. While creditor participation in the initiatives has been strong among the multilateral and Paris Club creditors, accounting for most of the debt targeted for reduction, participation of some non-Paris Club official bilateral and private commercial creditors continue to be a challenge.

Efforts to reduce debt burdens in least developed countries and other vulnerable countries will be reported by the Task Force. Monitoring can include levels of concessional and non-concessional official lending to countries that have received debt relief and/or are identified as at high risk of debt distress. In addition, to monitor incidences of problems in servicing debt, any pre- or post-default debt operations such as debt restructurings, debt swaps and debt buy-backs involving official or private creditors will be reported.

In addition, the international community has certain international support measures to assist vulnerable countries in handling unexpected emergencies, such as natural disasters. There are various instances in which debt relief or special financing to assist in staying current on debt servicing was offered to countries hurt by such shocks. For example, beginning in 1998, the Paris Club has taken joint action to unilaterally offer to defer scheduled repayments in cases of natural disasters, internal political conflicts or “rocketing” international food and fuel prices.<sup>5</sup> Also, following the devastating earthquake in Haiti in 2010, the IMF established a Post-Catastrophe Debt Relief (PCDR) Trust that allows the IMF to join international debt relief efforts for very poor countries impacted by the most catastrophic natural disasters. Following the 2014 Ebola outbreak in West Africa, in 2015 the IMF transformed the PCDR into the Catastrophe Containment and Relief (CCR) Trust to provide grants for debt relief for very poor countries in the context of public health disasters (such as fast-spreading epidemics of infectious diseases) as well. In addition, the IMF has expanded its emergency lending toolkit through the Rapid Credit Facility (RCF) and Rapid Financing Instrument (RFI). As indicators to mitigate the impact of external shocks on debt sustainability, the IMF proposes to evaluate annually and cumulatively post-2015 the number of times the CCR, RCF and RFI are tapped. Similar reporting can cover emergency debt relief provided by other international institutions. As per the Addis Agenda, the adequacy of the full package of such steps, including the use of public and private finance with contingent repayment obligations (see section 2.4), could be monitored.

### 3.2. Additional mechanisms, including involving private creditors

As more developing countries tap the international financial markets and more countries draw upon alternative sources for sovereign financing, the number of countries for which a more comprehensive approach to debt crisis workouts is needed may grow, especially in a challenging global environment. The Monterrey Consensus welcomed consideration of an

5 See <http://www.clubdeparis.org/en/communications/page/exceptional-treatments-in-case-of-crisis>.

international debt workout mechanism. Since then, international agreements have focused on market-based solutions, such as contractual clauses in bond contracts. The Addis Agenda:

- *Affirms the importance of debt restructurings being timely, orderly, effective, fair and negotiated in good faith. (98)*
- *Welcomes reforms to pari passu and collective action clauses proposed by International Capital Market Association (100)*
- *Encourages countries, particularly those issuing bonds under foreign law, to take further actions to include those clauses in all their bond issuance (100)*
- *Recognizes the “Paris Forum” initiative by Paris Club (99)*
- *Takes note of ongoing discussion of debt issues at the IMF and the United Nations (99)*

The IMF Executive Board in October 2014 endorsed key features of enhanced collective action clauses (CACs) and the pari passu clause, aimed at reducing vulnerabilities to holdout creditors that could delay or block an agreement on a debt restructuring with other cooperating creditors. The proposals were consistent with a number of features of the clauses that had recently been adopted by the International Capital Market Association as proposed standard features in new international sovereign bond contracts. While the introduction of a new generation of CACs might facilitate future debt restructurings by limiting opportunities for creditor holdouts, the existing stock of outstanding bonds without enhanced CACs, valued at around US\$ 860 billion, leaves risks for disorderly debt workouts in the coming years. Tracking the spread of the new clauses (and further refinements of them) can, to an extent, inform the international community of the degree to which risks remain to smooth debt workouts, at least as concerns debts owed to private creditors. In the context of its October 2014 endorsement, the IMF Executive Board also called on IMF staff to follow up by collecting detailed information on the CACs and pari passu provisions in the stock of existing international sovereign bonds, engaging with the membership on the merits of the enhanced contrac-

tual provisions, and informing the Executive Board and the public by providing periodic progress reports with respect to the status of sovereign issuers’ inclusion of the enhanced contractual provisions. The Task Force can follow-up on IMF progress reports in this area, the first of which was issued in September 2015 and showed that a large majority of new issuances since October 2014 included enhanced CACs.

In addition, in December 2015, the IMF’s policy on non-toleration of arrears to official bilateral creditors was amended to allow the IMF to lend in the presence of arrears to official bilateral creditors under carefully circumscribed circumstances. The reform is designed to strengthen incentives for collective action when official sector support is required, and prevent non-contributing official bilateral creditors from impeding an IMF-supported programme. Furthermore, in January 2016, the IMF approved an important reform to the institution’s policy on lending to countries that request large-scale financing. This reform will allow IMF lending decisions to be better calibrated to members’ debt vulnerabilities, while avoiding unnecessary costs for the member, its creditors, and the overall system. It also includes the removal of the systemic exemption to limits on allowed borrowing from the Fund, which had been introduced in 2010 in the wake of the global financial crisis.

In the context of a review of its lending-into-arrears policy for private creditors, the IMF is studying issues related to debtor-creditor engagement in sovereign debt restructurings in the light of experience with such engagement since 2002 (both in pre- and post-default cases) with a view to assessing the adequacy of existing modalities in promoting efficient resolution of sovereign debt crises. The Task Force can report on policy proposals made in this regard.

The Paris Club together with the Group of 20 continues their series of consultations in the annual “Paris Forums”, which in November 2015 brought together more than 50 sovereign creditors and debtors and international organizations to express their positions on ways to improve the current framework of coordinated and orderly sovereign debt restructuring processes.<sup>6</sup> In recent conferences organized by

6 See <http://www.clubdeparis.org/en/communications/press-release/paris-forum-2015-20-11-2015>.

academics,<sup>7</sup> UNCTAD, DESA, multilateral development banks, such as the Inter-American Development Bank, senior legal scholars and economists, practitioners and officials informally exchanged views on sovereign debt workout reforms. These issues have also been raised by UN GA resolution A/RES/69/319 that defines nine “Basic Principles on Sovereign Debt Restructuring Processes” and in the UNCTAD Roadmap and Guide to Sovereign Debt Workouts.

The Task Force will monitor and report on any follow-up efforts to these and other events. The UN General Assembly agreed by consensus to encourage the Forum on FfD Follow-up to consider how to improve the process of sovereign debt restructuring (A/RES/70/190). If requested by Member States, the agencies involved in the Task Force will be in a position to contribute their expertise in support of such deliberations, owing in particular to their international mandates.

### 3.3. Legislative efforts to address non-cooperative minority creditors

While the new CACs aim to reduce the ability of non-cooperating bondholders to undermine a pending and otherwise agreed voluntary restructuring of sovereign debt, the success of ex post litigation has highlighted a gap in the architecture for debt crisis resolution. The Addis Agenda expressed concern about the ability of such creditors to disrupt the willingness of the large majority of bondholders to accept a sovereign restructuring, and noted legislative steps taken by some governments to prevent such disruptive activities. Thus, the Addis Agenda:

- *Encourages all Governments to take (legislative) action (on non-cooperative minority bond holders), as appropriate (100)*
- *Welcomes provision of financial support for legal assistance to LDCs and commit to boost international support for advisory legal services (100)*
- *Commits to explore enhanced international monitoring of litigation by creditors after debt restructuring (100)*

This policy debate has in part been reignited by the success of litigating creditors in capturing significantly larger repayments than what had previously been accepted by the creditors that cooperated in a country’s debt restructuring. National legislative actions have been taken in certain creditor countries to limit disruptive activities by non-cooperative creditors. The relevant commitments in the Addis Agenda build on the welcoming “of recent steps taken to prevent aggressive litigation against HIPC-eligible countries” in the Doha declaration (60), and extends the commitment to promote measures to limit aggressive litigation by non-cooperative minority bondholders beyond HIPC-eligible countries.

The Task Force can provide a summary overview of past activities of non-cooperative minority bondholders in sovereign bond markets and their impact on sovereign debt restructurings, together with an assessment of existing arguments for and against these activities. It can also provide a survey of existing national legislative and policy initiatives to prevent and/or minimize the activities of such creditors and assess, where possible, their effectiveness and limitations up to date. It can also identify ways in which existing national legislative actions in some countries can be adapted to other countries. It can also report on institutional mechanisms through which LDCs have accessed advisory legal services and the provision of donor country financial support to LDCs facing such litigation, including for legal assistance.

Subsequent Task Force reports can also draw on any advances related to data on litigation by creditors after debt restructurings to report on progress in regard to relevant national legislation and legislative projects. Case/country studies can highlight specific aspects and impacts of litigation and legislation. While this section will focus primarily on national legislative initiatives, it can also briefly take account of national policy initiatives such as improvements in the contractual features of sovereign bonds and the use of new financial instruments, where these directly affect the activities of non-cooperative creditors. In addition, the General Assembly agreed to focus continued international attention on this issue

7 See <http://wwwf.imperial.ac.uk/business-school/sovereign-debt-restructuring-conference/> and <http://www.law.georgetown.edu/academics/centers-institutes/iieel/debtcon/index.cfm>

by holding a special event in its Second Committee in 2016 on lessons learned from the legislative steps taken by certain countries and other actions to limit the vulnerability of sovereigns to holdout creditors (A/RES/70/190). This event will inform the work of the Task Force.

### 3.4. Strengthening national legislation to address domestic sovereign debt

There has been an increasing issuance of sovereign bonds in domestic currency under national laws. The Addis Agenda:

- *Notes the possibility of countries voluntarily strengthening domestic legislation to reflect guiding principles for effective, timely, orderly and fair resolution of sovereign debt crises (101)*

Developing countries increasingly find they are able to issue sovereign bonds in domestic currency and under domestic law to domestic and foreign investors, helping to attenuate currency mismatches. Monitoring of the size and data on local bond markets is further elaborated in the section on

domestic capital market development in chapter II.B on private business and finance.

With the increased volume of domestic sovereign debt, it becomes increasingly important to specify how the bonds will be treated in the event of difficulty in maintaining normal payments. Although legal frameworks will vary by country, Task Force reports could survey core features of national legislative frameworks in both developing and developed countries. It could report on increased issuance of sovereign bonds in domestic currency under national legislation, and identify both strengths and common shortcomings and corresponding areas of and guidelines for improvements. A certain amount of analytical work in this regard has been completed in the UNCTAD Roadmap and Guide to Sovereign Debt Workout Mechanisms,<sup>8</sup> as well as in work by the Financing for Development Office at DESA. The Task Force could also provide progress reports on national legislative initiatives to govern the issuance and restructuring of domestic sovereign bonds on a case study basis.

<sup>8</sup> See [http://unctad.org/en/PublicationsLibrary/gdsddf2015misc1\\_en.pdf](http://unctad.org/en/PublicationsLibrary/gdsddf2015misc1_en.pdf).

## Chapter II.F

# Addressing systemic issues

### 1. Introduction

Chapter II.F of the Addis Agenda includes commitments and action items related to institutional structures and governance of the international financial architecture, building on the Monterrey Consensus. The Addis Agenda reflects Monterrey's emphasis on the importance of coherence and consistency of the international financial, monetary and trading systems, but it goes further to integrate the three dimensions of sustainable development into the coherence agenda, including environmental and social issues, such as the international movement of people, alongside economic issues.

In the Addis Agenda, Governments reiterated their commitment from Monterrey to further governance reform in international economic decision making. In an important development in this regard, the International Monetary Fund (IMF) quota and governance reforms, agreed to in 2010, became effective in January 2016, paving the way for continued efforts to strengthen the voice and participation of developing countries in global governance.

The Monterrey Consensus further recognized the need to strengthen the international monetary and financial systems in support of development, including emphasizing that reforms to the international financial architecture should aim at poverty eradication. As noted in the Addis Agenda, the 2008 world financial and economic crisis highlighted risks and vulnerabilities in the international system. Since the crisis, important reforms have been put in place to improve its functioning, stability and resilience. The global financial safety net has been strengthened, new coordination mechanisms have been established, and regulatory reforms have been initiated. Nonetheless, vulnerabilities remain in the banking system and international capital flows continue to be highly volatile. At the same time, as noted in the

Addis Agenda, developing countries are still exposed to the risk of spillover effects.

The Inter-agency Task Force intends to monitor all relevant quantitative and qualitative indicators of progress. Macroeconomic data is prevalent and already well monitored. Careful monitoring is also already in progress for the implementation of financial regulatory reforms. However, the challenge remains that data on progress in implementing such reforms are sometimes only available in relation to the Group of 20 (G20) members and a select few additional countries with large financial centres. In addition, a key issue in the Addis Agenda is the impact of regulations on incentives for investment in countries most in need and areas important for sustainable development, which is difficult to monitor. Monitoring progress in implementing this section of the Addis Agenda will largely take the form of narratives on policy development and change in that many of the actions discussed in this section do not lend themselves to monitoring through quantitative indicators.

Migration issues are covered in the chapter and concern is also expressed about violence and crime, which can impede the intended functioning of the international system. In this area, there are significant efforts at data collection on outcomes, but fewer on policy development.

### 2. Strengthening global governance

The Addis Agenda calls for reforms to the international architecture, including that international mechanisms and institutions should keep pace with the increased complexity of the world and respond to the imperatives of sustainable development. The Addis Agenda builds on the Monterrey Consensus in calling for the implementation of governance



reforms to ensure a more inclusive and representative international architecture.

Specifically, the Addis Agenda:

- *Commits to take measures to improve and enhance global economic governance to arrive at a stronger, more coherent and more inclusive and representative international architecture for sustainable development (103)*
- *Recommits to broaden and strengthen the voice and participation of developing countries in international economic decision-making and norm-setting and global economic governance (106, SDG 16.8)*
- *Commits to further governance reform in both the IMF and the World Bank to adapt to changes in the global economy (106, SDG 10.6)*
- *Invites the Basel Committee on Banking Supervision and other main international regulatory standard setting bodies to continue efforts to increase the voice of developing countries in norm setting processes (106, SDG 10.6)*
- *Commits to open and transparent, gender-balanced and merit-based selection of the heads of main international financial institutions, and to enhance diversity of staff (106)*

Indeed, there has already been progress to report in this area, as the quota and governance reforms agreed in the IMF in 2010 became effective on 26 January 2016. The reforms doubled the quota resources of the IMF and realigned quota shares to increase the aggregate voting rights of developing and emerging market countries, as well as improve their representation on the IMF board. The share of quotas and voting rights of the IMF's poorest member countries were protected, with the aggregate quota share of developing and emerging market countries increasing by 2.8 per cent to 42.4 per cent. All board members will henceforth be elected, eliminating the right to appoint an executive director that had been enjoyed by the five largest shareholders.<sup>1</sup>

The Addis Agenda recommits governments to additional governance reform in international economic decision-making, such as at the World Bank

Group, the IMF, the Basel Committee on Banking Supervision (BCBS) and other major international regulatory standard setting bodies. The indicator for sustainable development goal (SDG) 10.6, *percentage of members and voting rights of developing countries in international organizations (10.6.1, 16.8.1)*, will inform progress in implementing these commitments; but the indicator is not comprehensive and will need to be supplemented by additional measures. The annual reports of the institutions themselves are a primary resource for assessing progress in governance reform and resource increases. The institutions also periodically publish policy documents on specific voice and participation matters, particularly in advance of board discussions on these topics, as well as in progress reports to the G20, which also monitors these issues. Many of the institutions also annually publish information on staff diversity, such as the World Bank Group's staff diversity index and the IMF's annual diversity report. Qualitative information on leadership selection processes and outreach efforts of these institutions can also be gathered. For example, reports are regularly produced by the Basel Committee's Basel Consultative Group and the Financial Stability Board's (FSB) Regional Consultative Groups.

Follow-up on these issues has also been part of the Financing for Development (FfD) monitoring process since Monterrey, and is included in United Nations meetings, particularly in the FfD process. Various United Nations bodies, including the United Nations Conference on Trade and Development (UNCTAD) and the United Nations Department of Economic and Social Affairs (DESA), have produced additional materials on global economic governance issues.

### 3. Improving cooperation, coordination and policy coherence

The Addis Agenda recognizes that institutional "silos" need to be broken down through cross-fertilization of ideas and more effective coordination of actions, as well as the importance of addressing

<sup>1</sup> Full details on the reforms, including the results for individual countries and groups, can be found at <http://www.imf.org/external/np/pp/eng/2010/103110.pdf>.

inconsistencies in the system. This was recognized in the Monterrey Consensus, which highlighted the urgent need to enhance coherence, governance and consistency of the international monetary, financial and trading systems.

Specifically, in the Addis Agenda, governments:

- *Commit to strengthen international cooperation and to pursue policy coherence and an enabling environment for sustainable development at all levels and by all actors (9, 105) and to take measures to arrive at a stronger and more coherent international architecture for sustainable development (103, MoI 17.14)*
- *Expand the coherence agenda to include economic, social and environmental challenges (103) and commit to strengthen the coherence and consistency of multilateral financial, investment, trade, and development policy and environment institutions and platforms (113)*
- *Call upon countries to assess the impact of national policies on sustainable development (103)*
- *Call on IFIs to align their business practices with the 2030 Agenda for Sustainable Development (107)*
- *Stress the importance of ensuring that agreements, rules and standards are consistent with each other and the SDGs (107)*
- *Commit to take better advantage of relevant United Nations forums for promoting universal and holistic coherence and international commitments to sustainable development (113)*
- *Call for increased cooperation between major international institutions (113)*

As called for in the Addis Agenda, the Task Force will monitor policy coherence across international agreements and institutions. The Task Force is also responsible for assessing coherence between international agreements and domestic policies, as well as across domestic policies, with the goal of incentivizing collaboration and sustainable development impact. Coherence at the international level is multi-faceted. As identified in the Addis Agenda,

coherence across the three dimensions of sustainable development should aim at consistency of multilateral financial, investment, trade, development and environment policies, institutions and platforms. Within international economic and financial institutions this could be monitored in part by the institutions themselves, were they to prepare annual reports on their efforts to align their work with sustainable development and the SDGs.<sup>2</sup> Many of the multilateral development banks already have corporate performance scorecards or other monitoring systems that could be aligned with the SDGs. In terms of coherence among international institutions, the 2030 Agenda and FfD processes have already served to increase cooperation between United Nations agencies, the World Bank Group and the IMF, as well as among development banks. Indeed, the very nature of the Task Force can serve to further increase collaboration between international institutions. Qualitative assessments of incoherence between different international policies can be raised by the Task Force in future reports.

The Economic and Social Council's (ECOSOC) special high-level meeting with the IMF, World Bank Group, UNCTAD and the World Trade Organization, now being incorporated into the Forum on FfD Follow-up, is also an important platform for strengthening international coherence, and its outcomes can serve as a source of information. Its prominence and participation in its discussions can serve as an assessment of whether Governments are taking better advantage of relevant United Nations forums. UNCTAD's forums are also relevant in this regard, and information can be presented about participation in intergovernmental discussions under their auspices, especially the quadrennial conference, the next of which will be in Nairobi, Kenya in July 2016. The ECOSOC Development Cooperation Forum also provides space for Governments and other stakeholders to have open exchanges about challenges and opportunities in development cooperation, and its participation, deliberations and findings can provide information on progress. The outcomes of the ongoing

2 Eve de la Mothe Karoubi and Jessica Espey with David Durand-Delacre (2016), "Indicators and a Monitoring Framework for FfD: Proposals for Follow-up and Review of the Addis Ababa Action Agenda", SDSN Working Paper.

ECOSOC dialogue on the longer term positioning of the United Nations Development System will also be useful to the Task Force.

The Quadrennial Comprehensive Policy Review (QCPR) of the General Assembly also offers a tool for guiding, assessing and monitoring system-wide policy coherence, including of funding practices. The next QCPR cycle, to be adopted at the end of 2016, is an opportunity to strategically guide policy coherence of operational activities for development in these first years of implementation of the 2030 Agenda.

Coherence at the national level may be monitored through the indicator *17.14.1 number of countries with mechanisms in place to enhance policy coherence of sustainable development*. However, the methodology for deciding whether or not a country has such a mechanism is not yet decided. The number of countries with national sustainable development strategies could provide an indication of a commitment to coherence, although there is currently no international repository for such strategies. Case studies and peer reviews, for example at the regional level, which show successful implementation of development strategies could provide guidance. Voluntary national reporting at the Forum on FfD Follow-up or the High Level Political Forum could also be of use.

#### 4. Enhancing global macroeconomic stability with sustainable development

A stable global macroeconomic environment is a public good that can help create sufficient space for, and facilitate the implementation of, policies that contribute to sustainable development. This section looks at how countries' policies and international organizations' support can contribute to both macroeconomic stability and sustainable development in a complementary manner. Policies related to macroeconomic management, financial market governance, and social and environmental goals must be coherent and mutually reinforcing. In this regard, the Addis Agenda recognizes that public policies, regulatory gaps and misaligned incentives pose risks, including to financing sustainable development, and that there are spillover risks to

developing countries. In the Addis Agenda, specifically Governments:

- *Commit to pursue sound macroeconomic policies that contribute to global stability, equitable and sustainable growth and sustainable development, while strengthening our financial systems and economic institutions (105); and to strengthen international coordination and policy coherence to enhance global financial and macroeconomic stability (105, MoI 17.13)*
- *Commit to work to prevent and reduce the risk and impact of financial crises, acknowledging that national policy decisions can have systemic and far-ranging effects well beyond national borders, including on developing countries (105)*
- *Call on international financial institutions to further improve early warning of macroeconomic and financial risks (107)*
- *Recognize the importance of strengthening the permanent international financial safety net (107)*
- *Encourage increased dialogue among regional financial arrangements and strengthened cooperation between IMF and regional financial arrangements (107)*
- *Urge the IMF to continue efforts to provide more comprehensive and flexible financial responses to the needs of developing countries (107)*
- *Call on International financial institutions to support developing countries in developing new instruments for financial risk management and capacity building (107)*
- *Request international financial institutions to provide support to developing countries pursuing sustainable development to assist them in managing any associated pressures on the national balance of payments (107)*
- *Look forward to the special drawing rights review (107)*

The IMF is responsible to the global community for identifying imbalances and policy inconsistencies with international impact, both through its annual Article IV national surveillance consultations and its multilateral surveillance reports on the global economic and financial

system.<sup>3</sup> In addition, the United Nations monitors global macroeconomic and financial conditions through its World Economic Situation and Prospects and through the comparable economic assessment and forecasting reports by UNCTAD and the secretariats of the United Nations regional commissions. These independent assessments and forecasts, along with those of the Organization for Economic Cooperation and Development and other organizations in the public and private sector, provide a fuller picture for judging the evolving state of the global macro economy and its policy needs. All are resources that the Task Force may consult in its monitoring responsibilities. The sources of information described above will also inform the construction of the “Macroeconomic Dashboard” of SDG indicator *17.13.1*, but it is not clear which exact indicators would be used on such a dashboard.

Governments produce data on economic performance and data is also available on the activities of financial markets. In some cases Member States have also started to more closely monitor inequality and sustainability criteria. The G20 has developed a Framework for Strong, Sustainable, and Balanced Growth which guides their policies. Within this framework they provide inputs to the G20 Mutual Assessment Process (MAP), which asks, inter alia, the extent to which Member country policies are mutually consistent and the size of imbalances that policymakers might wish to address. In November 2014, the G20 members committed to lift their gross domestic product by 2018 by more than 2 per cent above the trajectory implied by policies in place in 2013. Progress in implementing the associated growth strategies was assessed at the 2015 G20 Summit and updated accountability assessments from future summits will inform the Task Force.

Data on key financial market indicators such as exchange rates, interest rates, asset price indices, and capital flows, as well as their volatility, is useful in understanding global stability risks and the

presence of spillover effects, as are the IMF’s Financial Soundness Indicators. In addition, the Bank for International Settlements (BIS) compiles relevant data on the activities of international banks and on global liquidity and credit market conditions. As noted in the Addis Agenda, national policy decisions can have systemic and far-ranging effects well beyond national borders, including on developing countries. Policy decisions taken by some countries have greater systemic implications than decisions by others, and qualitative and quantitative information on policy spillovers can be presented by the Task Force, building on existing economic monitoring such as that done by the regional economic commissions. Within the United Nations System, the Global Policy Model is a tool for investigation of policy scenarios for the world economy which allows analysis of the impacts of such policy spillovers.

As part of the IMF’s responsibility for assessing macroeconomic and financial vulnerabilities and risks across its membership, the IMF prepares Financial System Stability Assessments (FSSAs) at least every five years for 29 countries with systemically important financial sectors and at longer intervals for other countries. The IMF also undertakes semi-annually an institution-wide Vulnerability Exercise and a joint IMF-FSB Early Warning Exercise. The latter is presented to the IMF’s International Monetary and Financial Committee (IMFC) and will inform the Task Force. The IMF’s debt sustainability framework for market access countries and the joint IMF-World Bank low income country (LIC) debt sustainability framework (see chapter II.E) also help alert policy makers to emerging sovereign debt risks. They are now routinely included in national Article IV consultations and are available for global assessments of sovereign debt vulnerabilities.

Importantly, the effectiveness of these and other surveillance efforts is reviewed periodically, including in the IMF’s Comprehensive Surveillance and FSAP Review (both planned for 2019), which could inform the monitoring effort.<sup>4</sup> A periodic Cri-

<sup>3</sup> In addition to the semi-annual flagship publications (including the World Economic Outlook, the Global Financial Stability Report and the Fiscal Monitor), other multilateral surveillance products include periodic updates to the flagship publications, G20 Surveillance Notes, Spillover Reports and External Sector Reports, among others.

<sup>4</sup> The IMF’s Independent Evaluation Office (IEO) recently reviewed the IMF’s self-evaluation activities: <http://www.imo-ief.org/ieo/pages/CompletedEvaluation260.aspx>.

sis Program Review assesses the IMF's effectiveness in preventing and mitigating the impact of financial crises and propose avenues for reform, as needed.<sup>5</sup> Other relevant periodic reviews address the IMF's programmes of assistance, including the Review of Conditionality and the Design of Fund-Supported Programs (next planned for 2017), the Review of the Policy on Debt Limits in Fund-Supported Programs (next planned for 2018), the Review of Concessional Facilities (next planned for 2018), and the Review of the (non-concessional) Flexible Credit Line and the Precautionary and Liquidity Line of Credit, and the concessional Rapid Financing Instrument (on which a stocktaking of experience is planned for 2018). In addition, the Review of Eligibility for the Poverty Reduction and Growth Facility (next planned for 2017) and the Review of Interest Rates on drawings from the Poverty Reduction and Growth Trust (next planned for 2016) will cover the access to and the terms of concessional financing by the IMF.

In addition, more work on possible steps to broaden the use of the special drawing rights (SDR) is envisaged in the context of the IMF's broader work agenda on international monetary system reform (with a diagnostic paper planned for 2016).

The effort to monitor progress in implementation of many of the commitments related to macroeconomic policy development and institutional design will be able to draw on the periodic reviews undertaken by the multilateral institutions and other stakeholders. For example, the IMF's Global Policy Agenda, presented to the IMFC twice a year, provides regular assessments of national and multilateral policy priorities to enhance financial stability and report on their implementation.<sup>6</sup> Along these lines, a number of possible near term inputs for the monitoring effort can already be identified. The annual volume of financial support provided by the IMF and other multilateral organizations is readily monitored, as the commitments and net disbursements by the institutions for these purposes are regularly published. Indeed, data on lending commitments and

disbursements (concessional and non-concessional) can be used to assess the comprehensiveness and flexibility of the international community's financial responses to the macroeconomic support needed by developing countries. Similarly, the level of support provided to countries through the IMF's Extended Credit Facility (ECF), in particular to countries that encounter balance-of-payments problems associated with investments in sustainable development, may provide useful monitoring information for the Task Force.

More generally, the Task Force could survey the scope and effectiveness of ongoing initiatives to strengthen dialogue about the comprehensiveness and complementarity of the multiple instruments of multilateral financial cooperation. In this regard, a forthcoming report by the IMF to the G20 on the Adequacy of the Global Financial Safety Net Architecture (planned for 2016) will provide a useful diagnostic to guide and monitor future steps to strengthen safety nets. Separately there will be a series of reports on the adequacy and composition of the IMF's finances, including the 15th General Review of Quotas, which can now begin in earnest because of the implementation of the 2010 governance reforms. The assessment of progress in cooperation with regional financial arrangements can draw on a forthcoming review of the IMF's modalities of engagement with other organizations (planned for 2017). Independently, input from the regional economic commissions could provide information on the scope and effectiveness of regional financial and monetary arrangements.

Ultimately, stability of the system is a means for sustainable and equitable growth and sustainable development. Monitoring macroeconomic and financial market risks can be complemented by the examination of data related to socio-economic outcomes such as unemployment levels and wages, which are higher frequency than poverty assessments based on household surveys, as well as trends in inequality between and within countries.

5 These reviews are often complemented by reviews by the IMF's IEO, such as the forthcoming evaluation of the IMF's response to the Euro Area crisis in the second half of 2016. See <http://www.ieo-imf.org>.

6 The latest GPA is available at <http://www.imf.org/external/pp/longres.aspx?id=4987>.



## 5. Shaping financial market regulation for sustainable development

In the midst of the 2008-2009 financial crisis, United Nations and G20 conferences highlighted the major failures in the financial sector and of financial regulation and supervision. The Addis Agenda emphasizes the importance of strengthening regulatory frameworks at all levels to further increase transparency and accountability of financial institutions, and to address the regulatory gaps and misaligned incentives in the international financial system. The follow-up process needs to be concerned with how well regulatory frameworks foster stability and sustainability, while also promoting access to finance and sustainable development. Learning about the relationship among these issues is crucial to help countries find ways to boost access and sustainability without compromising financial safety.

Within the Addis Agenda, Member States commit to:

- *Work to strengthen regulatory frameworks to increase transparency and accountability of financial institutions (25, SDG 10.5)*
- *Hasten completion of the reform agenda on financial market regulation (109)*
- *Address the risk created by “too-big-to-fail” financial institutions and address cross-border elements in effective resolution of troubled systemically important financial institutions (109)*
- *Sustain or strengthen frameworks for macro-prudential regulation and countercyclical buffers (109)*
- *Assess and if necessary reduce the systemic risks associated with shadow banking, markets for derivatives, securities lending, and repurchase agreements (109)*
- *Reduce mechanistic reliance on credit rating agency assessments, including in regulations (110); promote increased competition and avoid conflict of interest in the provision of credit ratings (110); support building greater transparency requirements for evaluation standards of credit rating agencies and commit to continue ongoing work on these issues, including in the United Nations (110)*

Member States further acknowledge that:

- *When dealing with risks from large and volatile capital flows, necessary macroeconomic policy adjustment could be supported by macro-prudential and, as appropriate, capital flow management measures (105)*

Monitoring of financial market regulatory frameworks will focus on systemic risks, as well as on ensuring access to finance in a balanced manner. Work in this area is in large part overseen by activities of the FSB and the IMF. The FSB promotes international financial stability through information exchange and cooperation of national financial authorities and international standard-setting bodies, and by encouraging coherent implementation of policies across sectors and jurisdictions. The BCBS sets standards for prudential regulation and sound supervision of banks and provides a forum for cooperation on these matters. The International Association of Insurance Supervisors (IAIS) is the independent global insurance standard-setter. The FSB promotes cooperation among international financial regulatory policies among its member jurisdictions. It assesses vulnerabilities affecting the global financial system on an ongoing basis to reduce systemic risk, and considers the regulatory, supervisory and related actions needed to address these vulnerabilities. However, measuring the strength of international standards and national implementation of them is not straightforward because of the evolving nature of financial risks, and due to limits on comprehensive oversight by regulatory boundaries.

A key issue stressed in the Addis Agenda, including in chapter II.B, is the impact of regulations on access to credit in areas that might be particularly important to achieving sustainable development, as well as to countries most in need. The FSB, as well as the global standard setting bodies, also monitor implementation and the effects of reforms. This includes what are called “unintended consequences” of reforms on developing countries, including issues of access to credit. The FSB monitors these spillover effects in developing countries through country surveys as well as through meetings of its Regional Consultative Groups, which include representatives from 65 countries. In November 2015, the FSB published its inaugural annual report on the



implementation and effects of financial regulatory reforms, which includes a summary assessment on implementing reforms in developing countries.

The IMF also monitors financial spillover risks as part of its regular surveillance. This monitoring informs, among other things, the IMF's semi-annual Global Financial Stability Report (GFSR), which provides an assessment of the global financial system and markets, including financial spillovers. Each edition of the GFSR presents data on indicators that the IMF considers relevant to current market conditions, and analysis of systemic issues that could pose a risk to financial stability. This can include measures of credit, credit impairment and credit growth; corporate, household and sovereign debt; interest rates; equity and other assets prices; and a host of other areas. The BIS' data in this area, mentioned above, are also relevant.

In coordination with the BIS and the FSB, the IMF is also drawing out the key elements of effective macroprudential policy frameworks and tools, which could in turn guide and assess their use in the future. The BCBS also contributes to implementation of macroprudential regulation, in particular implementation of the countercyclical capital buffer. A forthcoming stocktaking exercise by the IMF (planned for late 2016) of country experiences in dealing with capital flows for the G20 will draw lessons and examine emerging issues, including with respect to the framework to manage capital flows articulated by the IMF's institutional view. The United Nations System has also done work on capital account management, including publishing a compendium of capital account management measures used globally. Future work in this area building on existing capacities can inform the Task Force. Work in this area is also done by academics and research institutes, as well as by national institutions. Case studies on country experiences could be included in the Task Force reports and discussed in the Forum on FfD Follow-up.

Also on the individual country level, the Financial Sector Assessment Program (FSAP), done jointly by the IMF and the World Bank Group in

developing economies and by the IMF in developed economies, involves comprehensive assessments of the stability of the country's financial sector and its potential contribution to growth and development. The FSAP's components include an examination of vulnerabilities and resilience of the financial system, financial sector policy framework, and financial safety nets. The FSAP assessments conducted since 2009 increasingly analyse macroprudential frameworks as well as inward and outward financial spillovers. An overall review of the IMF-World Bank Standards and Codes Initiative<sup>7</sup> is also underway and its outcomes could potentially inform the Task Force's monitoring efforts.

Monitoring implementation of bank regulatory standards is a continuous process involving both assessments and self-reporting. The Regulatory Consistency Assessment Programme (RCAP) of the BCBS assesses and promotes consistency in implementation of bank capital and liquidity requirements, in particular of Basel III. For example, they have completed assessments of the risk-based capital framework for 14 jurisdictions and implementation of the liquidity coverage ratio (LCR) for five jurisdictions, with further assessments to be completed this year. In addition, the RCAP reports include assessments of the implementation of capital buffers. Finally, thematic assessments have been completed (and are ongoing) through the RCAP process. The BCBS also publishes semi-annual progress reports on the adoption of each element of the Basel regulatory framework for G20 and other countries with systemically significant financial sectors, with numerical ranking of each country based on their progress on a scale of 1–4.

Furthermore, the FSB is implementing a policy framework agreed by its members aimed at transforming shadow banking into resilient market-based finance. As part of this, the FSB conducts an annual monitoring exercise covering global trends and risks of the shadow banking system. It provides quantitative assessment of the activities of shadow banks in 26 jurisdictions. However, the attempt to quantify risks from these activities has encountered

<sup>7</sup> The IMF and World Bank have endorsed internationally recognized standards and codes in 12 areas as important for their work and for which Reports on the Observance of Standards and Codes (ROSCs) are prepared. ROSCs covering financial sector standards are usually prepared in the context of the Financial Sector Assessment Program.

difficulties in collecting data, which FSB members will address through greater data availability and information-sharing. In this context, the BCBS has focused its work on assessing risks associated with banks' exposures to and interactions with non-banks and other market-based financing. This has been addressed through a number of new or revised prudential and supervisory frameworks published since 2013. There is ongoing work to identify and measure "step-in risk" associated with shadow banking.<sup>8</sup> The FSB is also coordinating implementation of agreed reforms to derivatives markets and publishing semi-annual reports on implementation of the agreed reforms which assess countries on each measure on a scale of 1-3 in terms of their status of implementation.

An important post-2008 public policy concern is to reduce the systemic risks and the associated moral hazard problem created by financial institutions that are seen to be "too big to fail". The FSB's systemically important financial institution (SIFI) framework seeks to address this, first, with "global systemically important banks" (G-SIBs) being identified by the BCBS and with "global systemically important insurers" (G-SIIs) being identified by the IAIS. It further identifies policy measures to address the risks these institutions pose to the financial system and recommends their inclusion in national regulatory standards. Assessment of implementation is covered by the mechanisms described above, and can inform the Task Force. The list of G-SIBs and G-SIIs is annually reviewed by the FSB based on methodologies agreed by the standard setting bodies and information provided by national authorities. Finally, should individual SIFIs need to be wound up, the FSB has adopted Key Attributes of Effective Resolution Regimes for Financial Institutions as an international standard for resolution of financial institutions that could be systemic in failure, including a particular focus on policies to enable effective cross-border resolution, as these institutions typically operate in multiple countries. The FSB carries

out annual monitoring of the progress made by FSB member jurisdictions in aligning national resolution regimes for all financial sectors with this international standard. The IAIS will be conducting G-SII peer reviews focusing on the way in which insurance supervisors have incorporated policy measures into their regulatory and supervisory frameworks. The Task Force report can make use of this work by the FSB and IAIS.

In terms of implementing regulatory reforms to insurance markets, the IAIS is conducting thematic self-assessment and peer reviews designed to assess all areas of insurance supervision reflected in the Insurance Core Principles over five years.<sup>9</sup> These peer reviews assess levels of observance taking into account regulatory frameworks and supervisory practices and help strengthen the observance and understanding of the Insurance Core Principles. The IAIS prepares both an individual jurisdiction report and an aggregate report. The individual report can assist the jurisdiction in developing an action plan, either independently or with partners, to address weaknesses within the supervisory system. The aggregate reports provide valuable information to the IAIS as part of a feedback loop on standard-setting activities and input to implementation partners on areas where there are global or regional challenges for implementation of the Insurance Core Principles. Where appropriate, the Task Force can report on these efforts.

With respect to the role of credit rating agencies (CRAs) in assessing the riskiness of the loan portfolios of financial institutions, the FSB issued Principles for Reducing Reliance on CRA Ratings in 2010. In 2014 the FSB published a peer review on member jurisdictions' implementation of the Principles. The FSB's Implementation Monitoring Network provides updates on implementation of the Principles and these are published on the FSB website. The outcome of the BCBS's ongoing review of the standardised approach to credit risk which is being discussed as part of international bank regula-

<sup>8</sup> Step-in risk refers to the risk that a bank will provide financial support to an entity beyond, or in the absence of, its contractual obligations should the entity experience financial stress. See <http://www.bis.org/press/p151217b.htm>.

<sup>9</sup> To date, the IAIS has completed assessments on ICP 1 (Objectives, Powers and Responsibilities of the Supervisor); ICP 2 (Supervisor); ICP 4 (Licensing); ICP 5 (Suitability of Persons); ICP 7 (Corporate Governance); ICP 8 (Risk Management and Internal Controls); ICP 9 (Supervisory Review and Reporting); ICP 10 (Preventive and Corrective Measures); ICP 11 (Enforcement); and ICP 23 (The Group-wide Supervisor).

tory standards will also be reported. At the United Nations, both the General Assembly and ECOSOC have held meetings on the impact of credit rating agencies on financing for sustainable development. The Task Force can make use of self-reported data from the CRAs, as well as monitor usage of CRA ratings in regulations and their use as thresholds in the investment policies of institutional investors. It can also report on the establishment of new agencies, the market structure, and changes to the regulatory structure for CRAs. Future United Nations meetings can serve as a venue for self-reporting and further discussion.

## 6. Promoting safe migration

The migration-related commitments in the 2030 Agenda for Sustainable Development, which focus on the rights of migrants regardless of migration status, are complementary to those in the Addis Agenda, which focus on both their rights and their economic activities. Comprehensive data are scarce, which may necessitate a case study approach to assessments of policy development.

Within the Addis Agenda, Member States:

- *Commit to cooperate internationally to ensure safe, orderly and regular migration, with full respect for human rights (111, SDG 10.7)*
- *Endeavour to increase cooperation on access to and portability of earned benefits, enhance the recognition of foreign qualifications, education, and skills, lower the costs of recruitment for migrants, and combat unscrupulous recruiters, in accordance with national circumstances and legislation (111)*
- *Endeavour to implement effective social communication strategies on the contribution of migrants to sustainable development in all its dimensions, in particular in countries of destination, in order to combat xenophobia, facilitate social integration, and protect migrants' human rights through national frameworks (111)*
- *Reaffirm the need to promote and protect effectively the human rights and fundamental freedoms of all migrants, especially those of women and children, regardless of their migration status (111, SDG 8.8)*

The SDG indicators address a number of the concerns reflected in the above commitments, including *10.7.1 recruitment cost borne by employee as a proportion of yearly income earned in country of destination; 10.7.2 number of countries that have implemented well-managed migration policies; and, 8.8.1 frequency rates of fatal and non-fatal occupational injuries, by sex and migrant status*. In addition, SDG indicators are to be disaggregated by migratory status, among other dimensions, where relevant. The Addis Agenda is more expansive than the SDG indicators, covering migration policies, migrants' social and economic outcomes, and the effective promotion and protection of the human rights of all migrants.

While the demands for reliable data on migration have increased in recent years, timely and quality disaggregated data on migration are scarce, especially as regards undocumented or irregular migrants. Even when migration statistics exist, policy-makers may not make full use of them because they may be scattered among different stakeholders and within and across government ministries. Currently, the available data on migration is collected through population and housing censuses; national household surveys; labour force surveys; population registers; administrative sources such as data on residence or work permits, asylum applications, registration of displaced persons, consular data and border collection data, and measurement of international remittances transfers; indicators of government policies; and public opinion polls. Other sources of data on migration include findings of human rights violations, which may come from a variety of sources, including national human rights institutions, as well as expert judgements of national, regional and international expert bodies and non-governmental organizations working with migrant communities, where appropriate.

The Office of the United Nations High Commissioner for Human Rights (OHCHR) monitors the implementation of migrants' rights by country through its programmes and the international human rights monitoring mechanisms. Additionally, the OHCHR has developed human rights indicators, which have been further adapted under the umbrella of the Global Knowledge Partnership on Migration and Development to increase their relevance for

migrants and their families, with an initial focus on the rights to health, education and decent work. As the methodology is used by national authorities, the data can be useful to the Task Force's work.

Integrated application of non-traditional data sources such as big data, border interviews, aerial surveys and satellite imagery offer new options for locating and supporting migrant populations. Geospatial mapping of population data offers countries sub-national and small-area estimations of population and has the potential to locate out-of-school and unemployed young people who are at higher probability of migration. It is particularly important to ensure that a range of data sources are utilized, given that undocumented migrants are for the most part not captured in socioeconomic and administrative statistics.

Data compatibility, validity, availability, quality and collection capacity also remain major challenges in this field. The International Labour Organization (ILO) has begun efforts to develop international standards on the measurement of labour migration statistics through the International Conference of Labour Statisticians (ICLS), which established a working group with the aim of sharing good practices and developing a work plan for defining international standards on labour migration statistics. The United Nations Statistical Commission, working with the United Nations High Commissioner for Refugees, has initiated work to strengthen statistics on displaced persons and to improve their incorporation into national statistical systems.

The International Organization for Migration (IOM) and DESA are in the process of developing an "International Migration Policy Index", which covers a broad range of issues considered relevant to "well-managed migration policies". This survey-

based index will assess government policies across six key migration policy domains.<sup>10</sup> The survey data will be drawn from and build upon DESA's United Nations Inquiry among Governments on Population and Development, which has directly surveyed governments on changes in migration policy since 1976.<sup>11</sup> Data on migration policies are also collected by IOM's field offices.

The ILO has been working in a number of regions towards mutual recognition of skills and qualifications. Reporting would have to be qualitative or case-study based to present the nuances and details of these types of processes. Other tools could focus on measuring migrants' economic and social outcomes. Existing intergovernmental frameworks, such as the Programme of Action of the International Conference on Population and Development (ICPD), similarly offer means to support the Addis Agenda commitments. For example, a number of indicators, at various stages of development, were included in the ICPD beyond the 2014 monitoring framework, such as: existence of laws that ensure equal access to health services for international migrants; bilateral and regional agreements on the recognition of qualifications of international migrants; bilateral and regional agreements signed and implemented on portability of social security; existence of legislation protecting against forced evictions; and existence of temporary protection policies, including shelter, among others.

## 7. Combating transnational crime

The Addis Agenda commits to prevent all forms of violence, combat terrorism and crime, and end human trafficking and exploitation of persons, in particular women and children, in accordance with international human rights law. Lack of harmonised

<sup>10</sup> The domains include: 1) Institutional capacity and policy – Is there at least one dedicated government entity responsible for designing and periodic reporting on an overall migration policy? 2) Migrant rights – Has the country ratified core international conventions pertaining to migrants, refugees and stateless persons? 3) Safe and orderly migration – Does the government collect and release data on the number of victims of trafficking and migrant fatalities? 4) Labour migration and recruitment costs – Recruitment costs have at the national level decreased as a percentage of the average yearly income for the first three years; 5) International partnerships – Has the country signed bilateral labour agreements concerning the movement of workers? 6) Humanitarian crises and migration policy – Does the government's humanitarian policy include measures in relation to forced displacement of persons?

<sup>11</sup> United Nations Department of Economic and Social Affairs (2013) International Migration Policies: Government Views and Priorities (see <http://goo.gl/TSnsRY>).

standards in data collection and analysis, and the illicit nature of the activities involved can make follow-up difficult in this area, but existing reporting tools can be of assistance.

In the Addis Ababa, Governments:

- *Commit to strengthen regional, national, and subnational institutions to prevent all forms of violence, combat terrorism and crime, and end human trafficking and exploitation of persons, in particular women and children, in accordance with international human rights law (112, SDG 5.2, 8.7, MoI 16.a)*
- *Commit to strengthen national institutions to combat money laundering, corruption and the financing of terrorism, which have serious implications for economic development and social cohesion (112)*
- *Commit to enhance international cooperation for capacity building in these areas at all levels, in particular in developing countries (112)*
- *Commit to ensuring the effective implementation of the United Nations Convention on Transnational Organized Crime (112)*

The SDG indicators address the commitments on violence against women and child labour reflected above, including 5.2.1 and 5.2.2 related to physical, sexual or psychological violence against women and girls aged 15 or older; and, 8.7.1 *proportion and number of children aged 5-17 years engaged in child labour, by sex and age*. The UN Office on Drugs and Crimes (UNODC) already monitors crime trends and the justice interface. It regularly provides global statistical series on crime, criminal justice, drug trafficking and prices, drug production and drug use. There is some useful data from national population (and business-based) victimization surveys, but the quality, coverage and analytical relevance of administrative data varies, and quality can be improved. International standards are avail-

able for the implementation of victimization surveys, and for improving administrative records through the adoption of the International Classification of Crime for statistical purposes.

Collecting data, creating indicators and other means of monitoring progress on crimes and crime prevention remains difficult because (i) many countries do not collect data related to crime trends; (ii) when data do exist they often are not sufficient to lend themselves to time-series trend analysis; (iii) the interpretation of data and the attempt to collect and analyse data can be political in nature and, therefore, open to manipulation; and (iv) certain types of available data, especially those designed to reflect implementation (for example trafficking seizures, prosecutions, filing of mutual legal assistance requests), do not clearly reflect trends (e.g., an increase in seizures could be the result of an increase in trafficking or an increase in the effectiveness of law enforcement).

While there is broad data on various elements related to adherence to and implementation of elements of the normative framework (adherence to various instruments, etc.) these may not be useful in monitoring the extent (or impact) of “illegal activities.” The report may draw on a range of selected studies on transnational organized crime, including threat assessments and trafficking in persons. Efforts to follow-up on anti-money laundering and illicit financial flows were covered in chapter II.A on domestic public finance.

UNODC and other relevant organizations monitor and evaluate their own capacity-building efforts through annual reports which also provide information on funding trends on capacity-building in these areas. The number of countries that have signed and ratified the United Nations Convention on Transnational Organized Crime and changed their national legislation as a result of the Convention will provide a measure of progress on its effective implementation.



## Chapter II.G

# Science, technology, innovation and capacity-building

## 1. Introduction

In a major expansion of the Monterrey Consensus, the Addis Agenda stresses the importance of science, technology and innovation (STI) for economic growth and sustainable development and highlights the need for capacity building. The Addis Agenda notes with concern the uneven innovative capacity, connectivity and access to technology that exists within and between countries. Commitments contained in Action Area II.G of the Addis Agenda aim to address these inequities, incentivize research and innovation for sustainable development and promote greater access to technologies through domestic policy and international cooperation.

Currently, access to technology is uneven and unequally distributed. For example, 74 per cent of populations in developed countries use the Internet, compared to only 26 per cent in developing countries. Developing countries and least developed countries (LDCs) in particular, spend significantly less on research and development (R&D) and international collaboration in science. Despite these gaps, the view that technology is developed in the North and simply transferred to the South is misleading. Most innovation involves incremental improvements and adaptations of existing technologies. Innovation, in this sense, is widespread in many developing countries, and firms in middle income countries, in particular, are responsible for a growing share of global R&D spending. Some low-income countries have also begun to develop domestic technological capacities. These experiences have underscored the importance of interactive learning, information exchange and coordination among governments, firms, universities, research centres and other actors in building an innovative economy.

The STI capabilities of a country depend not only on access to a growing stock of science and technology, but also on the quality of interactions among the innovation actors in what might be called the ‘innovation system’. One of the major challenges in promoting technological innovation in developing countries is the lack of an appropriate innovation system to ease interaction among key actors, which is much more complex because it involves the formal sector—enterprises, universities, research institutes, the government and the financial system—along with non-governmental organizations and the informal sector, including grassroots innovators, and local and indigenous knowledge. Bridging the formal and informal sector is especially difficult in circumstances of high social disparities. An effective innovation system should encourage greater interaction between groups. Such a system should foster investment in advanced technology and promote the development of affordable technology to meet the needs of the poor. The Addis Agenda seeks to strengthen these interactions so as to improve the contribution STI makes to the achievement of sustainable development, including the SDGs.

## 2. Promoting information and communication technology, access to technology for all and social innovation

In addition to being an important technology sector in its own right, information and communication technology (ICT) is important for linking agents in the innovation system. The Addis Agenda promotes the use of ICT, greater access to technology for all and social innovation:



- *Commits to promote the development and use of information and communications technology, particularly in LDCs, LLDCs and SIDs, including rapid universal and affordable access to the Internet (114, MoIs 5.b, 9.c, 17. 6, 17. 8)*
- *Commits to further facilitate accessible technology for persons with disabilities and to promote access to technology and science for women, youth and children (114, 5.b)*
- *Commits to promote social innovation to support social well-being and sustainable livelihoods (116)*

Advances towards fulfilling the commitments on development and use of ICT can be measured directly by development and use of ICT infrastructure. The expansion of skill levels can also inform measurement of this commitment, as this increases the capacity for effective ICT use. Four SDG indicators on ICT infrastructure provide a basis for follow-up. They include: *proportion of population covered by a mobile network, by technology* (9.c), *proportion of individuals who own a mobile telephone, by sex* (5.b), *fixed Internet broadband subscriptions per 100 inhabitants, by speed* (17. 6.2) and *proportion of individuals using the Internet* (17.8). Two additional indicators can serve as proxies to measure advances in the level of skills in use of ICT: *proportion of youth/adults with ICT skills, by type of skills* (4.4.1) and *proportion of schools with access to the Internet and computers for pedagogical purposes* (4.a.1).

Monitoring of Addis Agenda commitments on ICT can also draw on the World Telecommunication/ICT Indicators database, which is maintained by the International Telecommunication Union (ITU). It includes over 180 telecommunication and ICT indicators for 200 economies, to track global developments on ICT infrastructure, access, use and prices. In addition to the SDG indicators tracking ICT infrastructure, it will be useful to monitor developments on International Internet bandwidth per inhabitant. Data on broadband Internet prices can also be monitored. ITU collects data on both fixed and mobile broadband prices annually in most countries, including LDCs.

The data for the indicators noted above could also provide information about disparities among

groups if they are collected on a disaggregated basis by gender and age, as well as for rural and urban areas. Mobilizing the information to calculate “parity indices” (building on indicator 4.5.1: *parity indices (female/male, urban/rural, bottom/top wealth quintile and others such as disability status, indigenous peoples and conflict-affected as data become available)*), such as for measuring the skills needed to take advantage of specified technologies would prove useful. In the case of the disabled, this could include data for monitoring the availability of relevant assistive devices and technology drawing on disability data from the World Health Organization.

Governments also committed to promote social innovation as a way to support social well-being and sustainable livelihoods. Within this context, a bottom-up approach of pro-poor innovation can tie in with the growing interest from both the public and private sectors in social enterprises and social ventures from grassroots innovation. Monitoring this commitment will require a shared definition of “social innovation” and the development of indicators that show how social innovation contributes to social well-being and sustainable livelihoods. Considerations may include the results of the revision of the Organization for Economic Cooperation and Development (OECD)/Eurostat’s Oslo Manual, the adaptation of the Bogota Manual, and the experiences of the European Commission. Additional data will be needed to more directly assess progress in this area, such as on social innovation strategies or social entrepreneurship policies adopted by countries. Currently, as this is an emerging field, no source reports such data. Public presentations of social innovation strategies at international forums such as the United Nations Commission on Science and Technology for Development (CSTD) or country and regional case studies could supplement reporting on advances in these commitments.

### 3. Developing national policy frameworks for science, technology and innovation

In the Addis Agenda, Governments:

- *Commit to adopt science, technology and innovation strategies as integral elements of*

*our national sustainable development strategies (119)*

- *Commit to craft policies that incentivize the creation of new technologies, that incentivize research and that support innovation in developing countries (116)*

There is currently no source reporting the number of countries that have adopted legislative, administrative and policy frameworks for national STI strategies, the number of countries covered by independent reviews of national STI policy frameworks or the degree to which such strategies are integral elements of national sustainable development strategies. However, information on STI policy frameworks could be gleaned from public presentations of national STI policies at international forums, such as the annual meetings of the United Nations CSTD, where national STI policy reviews conducted by the United Nations Conference on Trade and Development (UNCTAD) are discussed. It is important to note, however, that such presentations are not mandatory and are not universal in coverage. The United Nations Educational, Scientific and Cultural Organization (UNESCO) is building a global database on STI policy instruments, legislation and institutional frameworks, in the framework of its GO->SPIN Programme, which may serve as an additional source of information for direct monitoring of these commitments in future.

To get a clear picture, country reporting on national STI strategies, their place within national strategies for sustainable development, and the programmes put in place to implement them would be helpful. National policy documents, which generally give high-level strategic policy directions, could be the initial source of information for such monitoring; however, the stated intentions in these documents need to be complemented by other analyses, including of a qualitative character, to obtain a more nuanced picture of the intended role of public policies in promoting innovation for sustainable development. Regional commissions could provide an additional source of information, for example based on national STI legislative gap analysis in the Economic and Social Commission for Western Asia (ESCWA) region.

The above approach aims to directly measure the adoption of STI strategies. A different approach

that would give information on the innovative process in a country would be to draw inferences on national STI strategies from ongoing activities. Several SDG indicators are designed to do this, including: *R&D expenditure as a proportion of GDP* (9.5.1); *proportion of medium and high-tech (MHT) industry value added in total value added* (9.b); and *number of science and/or technology cooperation agreements and programmes between countries, by type of cooperation* (17.6.1).

For example, an increase in the share of medium and high-tech industry in value added would reflect a structural shift towards higher-technology industries. The information provided by this indicator could be complemented by measuring the degree of technology of traded goods (primary products, low-technology, etc.), participation of ICT products on the level of exports and imports, and measures related to concentration and diversification of trade. Taken together, these would provide a more comprehensive understanding of the output of the innovation process and STI policies. Such data is collected and prepared by UNCTAD and is available at country (covering more than 200 economies) and product group level since 1995. R&D statistics and indicators, such as 9.5.1 and other indicators collected and published yearly by UNESCO, give insights into the amount of research activities. However, other types of innovations that are not R&D-based or R&D-intensive and that are very relevant in developing countries also need to be considered. More detailed information about the R&D sector would provide a better indication of the status of policies and such data are usually collected at the national level, including in the UNESCO Institute for Statistics' global R&D database.

UNESCO also maintains a global database for innovation data, which contains information on firm level collaboration, among other indicators, covering this broader and more comprehensive perspective of innovation. Data could also be mobilized in research publications by country of residence of authors, which would need to come from commercial databases, such as Elsevier or Thomson Reuters. All these statistics are currently published and analysed every five years in the global UNESCO Science Report.

A measure of the institutional capacity to put in place coherent policy frameworks for STI would also be desirable. Country reporting on an innovation council/ministry or agency that leads and oversees the design and evaluation of national STI policies may be an option. However, given the variety of institutional frameworks that can be used to promote coherent policies, and the fact that the existence of an agency does not guarantee a coherent policy framework, it may be more relevant to look at measures to strengthen STI policies and increase their coherence. However, as of today, such measures are unavailable.

International support for developing coherent policy frameworks for STI, which is meaningful for a large number of developing countries, could be measured through the percentage of official development assistance (ODA) resources committed to support science, technology and innovation. This would provide an accurate insight regarding the level of financial commitments. The classification currently used in ODA reporting does not specifically distinguish ODA committed to STI policy frameworks. As a proxy, aid to cross-cutting research and scientific institutions, and aid to sector-specific research in agricultural extension, agricultural research, construction, education, employment, energy, environmental policy and management, finance, fishery, forestry research, health, industry, mineral/mining, public sector, tourism and transport could be monitored. The comprehensive mapping of existing STI initiatives, mechanisms and programmes currently carried out by the United Nations Inter-agency Task Team on Science, Technology and Innovation for the SDGs will further contribute to monitoring international support in this area.

#### 4. Creating a more enabling environment for science, technology and innovation

Efforts to promote STI are related to other policy efforts, such as competition, education, investment, tax and trade policies. For instance, education policy has a major impact on university research and the availability of highly skilled labour in technology intensive firms. Education policies, the intellectual property rights (IPR) regime and a range of other

policies are important contributors to an enabling environment for STI, while the international environment needs to be supportive as well.

On education, the Addis Agenda:

- *Commits to enhance technical, vocational and tertiary education and training, ensuring equal access for women and girls and encouraging their participation therein, including through international cooperation (119, SDGs 4.3, 4.4, 4.5)*
- *Commits to scale up investment in science, technology, engineering and mathematics education (119)*
- *Commits to enhance cooperation to strengthen tertiary education systems and aim to increase access to online education in areas related to sustainable development (119)*
- *Commits to increase the number of scholarships available to students in developing countries to enrol in higher education (119, MoI 4.b.)*

SDG indicator 4.3.1 (*participation rate of youth and adults in formal and non-formal education and training in the previous 12 months, by sex*) provides a general assessment of access to education. Additional and more specific information could be obtained from sources such as the World Development Indicators and SABER/EdStat, an initiative of the World Bank Group to develop comparative data and knowledge on education policies and institutions. The commitment to scale up investment in science, technology, engineering and mathematics (STEM) education can be monitored by changes in the number of PhD graduates or students enrolled in tertiary education by broad field of study, which is reported by the UNESCO Institute for Statistics.

Assessment of equal access for women and girls could draw on indicator 4.5.1 (*parity indices*). UNESCO is also currently developing new indicators about the dynamics that shape women's decisions to pursue STEM careers, which could inform future monitoring by the Task Force. Information about the quality of education is more difficult to obtain. International evaluations such as the Programme for International Student Assessment (PISA) can provide inputs, but PISA covers only 70 countries.

Countries have also committed to complementing domestic efforts through international

cooperation. Progress towards enhancing cooperation to strengthen tertiary education systems could be measured through the volume of ODA devoted to post-secondary education. SDG means of implementation indicator 4.b (*volume of ODA flows for scholarships by sector and type of study*) would also provide useful information for monitoring this commitment, while outcome indicators as discussed above can further complement monitoring in this area. The commitment to increase the number of scholarships will be monitored by the means of implementation indicator 4.b mentioned above.

An important element of the enabling environment is the IPR framework. The Addis Agenda

- *Recognizes the importance of adequate, balanced and effective protection of intellectual property rights in both developed and developing countries in line with nationally defined priorities and in full respect of World Trade Organization rules (116)*

The World Intellectual Property Organization (WIPO) is the United Nations specialized agency mandated to lead the development of an effective and balanced IPR system for the cultural, social and economic development of all. The Task Force will be able to draw on data compiled and analysis carried out by WIPO.

The WIPO Office of Chief Economist produces the annual Global Innovation Index, using disaggregated data to assist policy makers to understand their national innovation strengths and weaknesses, and to learn from the best practices and strategies adopted by countries at similar stages of development. WIPO also publishes annual reports, including the World Intellectual Property Indicators and World Intellectual Property (IP) Facts and Figures, that chart the evolution of the international IP system on an annual basis to help policy makers and stakeholders assess progress at national and regional levels.

The WIPO Statistics Database contains data provided by national and regional IP offices. The data are collected at an aggregate level by various breakdowns such as number of patent filings or grants by office and origin. In addition, the Statistics Database contains data compiled by WIPO during the application process of international filings

through the Patent Cooperation Treaty (patents), the Madrid System (trademarks) and the Hague System (designs). The Task Force can draw on these publications and the underlying dataset in its monitoring efforts.

## 5. Institutions and mechanisms to strengthen science, technology and innovation

Governments recognized in the Addis Agenda that various mechanisms can be used to incentivize and finance STI, including institutionalized or ad hoc partnerships among relevant stakeholders, innovation funds, business incubators and international support, and support to the traditional knowledge, innovation and practices of indigenous peoples.

### 5.1. National level

At the national level, the Addis Agenda:

- *Encourages knowledge-sharing and the promotion of cooperation and partnerships between stakeholders, including between Governments, firms, academia and civil society, including linkages between multinational companies and the domestic private sector to facilitate technology development and transfer, on mutually agreed terms, of knowledge and skills (117, MoI 17.17)*
- *Commits to consider setting up innovation funds where appropriate, on an open, competitive basis to support innovative enterprises, particularly during research, development and demonstration phases (118)*
- *Commits to promote entrepreneurship, including supporting business incubators (117)*
- *Recognizes that traditional knowledge, innovations and practices of indigenous peoples and local communities can support social well-being and sustainable livelihoods, and reaffirms that indigenous peoples have the right to maintain, control, protect and develop their cultural heritage, traditional knowledge and traditional cultural expressions (117, SDG 2.5)*
- *Commits to consider using public funding to enable critical projects to remain in the public*

*domain and strive for open access to research for publicly funded projects, as appropriate (118)*

There are a number of challenges and opportunities in setting out to monitor actions to promote such mechanisms. For example, the indicator for target 17.17 refers to the *amount committed to public-private partnerships and civil society partnerships, expressed in US dollars*, which is much broader than the commitment in this chapter. This would combine in one aggregate number the various forms of collaboration between the public and the private sectors and civil society, without differentiating their purpose. Moreover, partnerships between private agents, where the public sector may play a catalytic role without joining the partnership, are also relevant to promote innovation.

Innovation funds exist in a number of countries but one should be cautious when assessing these initiatives, as they can include very different practices with different implications for investment in innovation. For example, differences in risk tolerance as well as the type of financing provided (grants, equity or debt) will affect how the investment fits into the innovation cycle. This diversity may reflect policy preferences, the characteristics of the national institutional setting or the relevance of different forms of support at various stages of development.

Data to monitor these issues are not readily available in many countries and comparability remains a concern, which complicates interpretation. There are, nevertheless, experiences on which to build. The United Nations Economic Commission for Europe carries out a programme of innovation performance reviews in countries with economies in transition that examines, among other things, different policy initiatives to channel finance for innovation, including through the promotion of various types of partnerships, innovation funds or business incubators. The statistical evidence is collected through official statistics and information collected from agencies running different programmes, as well as from education and research institutions.

Quantitative data in these areas need to be complemented by qualitative appraisals to assess progress. While data are often patchy and definitions change, the almost exclusive role of public authorities in driving the initiatives makes collecting informa-

tion easier. For example, innovation funds are often linked to government innovation programmes with associated mandates and performance indicators for implementing organizations, which can facilitate monitoring the innovation funds per se. The Task Force can also draw on case studies, such as from the Asia Pacific region, where the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) is monitoring national governments' efforts to nurture innovation and start-ups, and industry-academy partnerships, or the Western Asia region, where National Technology Transfer and Development Networks and Offices are being established to support cooperation of the various players in the STI landscape. As UNESCO's GO-SPIN database is extended to additional countries, the information it collects on national innovation funds will provide additional data for the Task Force.

As regards monitoring the development of business incubators, there is a challenge as to how public resources are channelled, due to the high degree of decentralisation, although the information provided by major universities can also be important. For a number of countries, this information can be combined with data on perceptions of venture capital availability and university-industry relations as used in the Global Competitiveness Index of the World Economic Forum. In some countries, innovation programmes have also targeted closer linkages between the domestic sector and multinational enterprises to foster innovation but these efforts are rather limited and evidence of impact remains elusive.

The contributions of the traditional knowledge, innovations and practices of indigenous peoples, and the related reaffirmation of indigenous peoples' rights could be monitored by drawing on the data collected in the context of monitoring the Aichi Biodiversity Targets. Indicators developed for Aichi Target 18 in particular (by 2020, the traditional knowledge, innovations and practices of indigenous peoples and local communities relevant for the conservation and sustainable use of biodiversity, and their customary use of biological resources, are respected, subject to national legislation and relevant international obligations, and fully integrated and reflected in the implementation of the Convention with the full and effective participation of indigenous peoples and



local communities, at all relevant levels) can serve to inform the Task Force report. WIPO maintains a Database of Biodiversity-related Access and Benefit Sharing Agreements, and a Database on Laws, treaties and regulations on the protection of traditional knowledge and traditional cultural expressions, and legislative texts relevant to genetic resources. These may contribute to qualitative appraisals, rather than quantitative data.

Governments also committed in the Addis Agenda to consider using public funding so that critical projects would be in the public domain. Monitoring this commitment will require careful assessment to identify which projects are considered “critical”, which may depend on country circumstances. One option would be to survey the existence of legislation or regulations that mandate open access for publicly funded research. This information could be partially found in the UNESCO GO->SPIN database, which could be adapted for that purpose. Country case studies on experiences with measures to make publicly funded research publicly accessible could also serve to inform monitoring in this area.

## 5.2. International level

At the international level, countries commit to support the efforts of developing countries to strengthen their scientific, technological and innovative capacity. Specifically, countries commit to:

- *Enhance international cooperation in these areas, including ODA, in particular to LDCs, LLDCs, SIDS and countries in Africa and encourage other forms of international cooperation in these areas, including South-South cooperation (120) (MoI 17.6)*
- *Endeavours to step up international cooperation and collaboration in science, research, technology and innovation, including through public-private and multi stakeholder partnerships, and on the basis of common interest and mutual benefit, focusing on the needs of developing countries and the achievement of the sustainable development goals (e.g. research and development of vaccines and medicines, including relevant initiatives like GAVI; preventive measures and treatments for the communicable and non-communicable diseases; earth observa-*

*tion; rural infrastructure; agricultural research and extension services and technology development; increase scientific knowledge, develop research capacities and transfer marine technology) (120, 121, MoI 2.a, 3.b, 14.a)*

- *Endeavours to support developing countries to strengthen their scientific, technological and innovative capacity to move towards more sustainable patterns of consumption and production through science and technology (120, MoI 12.a.)*

To capture enhanced international cooperation, the OECD statistics on sector allocation of ODA may be helpful, drawing upon the OECD creditor reporting system, which collects data from individual projects and programmes. This would allow monitoring of ODA flows to relevant subsectors such as R&D in health, education and agriculture, in particular agricultural research, agricultural extension, forestry and fishery research; energy and other sectors; information and communication technology; and multi-sector education, training, research and technology projects. In addition, the Secretary-General’s annual Report on South-South Cooperation brings together monitoring work undertaken in this regard by United Nations agencies, programmes, and specialized funds. For the Asia-Pacific region, ESCAP can also highlight collaboration efforts in the context of regional and sub-regional STI platforms, and similar reporting could be carried out for other regions. The indicator for means of implementation target 17.6: *number of science and/or technology cooperation agreements and programmes between countries, by type of cooperation* could capture another aspect of international collaboration in STI. Another possibility would be to monitor the amount and percentage of their regular budget that international organizations devote to STI programmes.

Monitoring STI cooperation in specific sectors, including agriculture and health would also be pertinent. The indicator for target 2.a (*agriculture orientation index for government expenditures*) focuses on domestic spending and thus will have to be complemented by additional data on international cooperation and partnerships in agricultural research and extension services and technology development. OECD data on ODA for agricultural education,



training and research is one such data source. The UNESCO Institute for Statistics collects R&D data broken down by field of research, where agricultural and veterinary sciences is one of the six fields of R&D reported.

An additional data source is agricultural R&D data collected in the framework of the ASTI (Agricultural STI) project run by the International Food Policy Research Institute. Specific funds and facilities can also be highlighted, such as the World Food Programme’s Food Security Climate Resilience (FoodSECuRE) Facility, as a case study for agricultural partnerships, and CGIAR, the global agricultural research partnership.

In the health sector, indicator 3.b.2 (*total net official development assistance to medical research and basic health sectors*) would report on ODA flows for medical research. To complement this and cover support of R&D of vaccines and medicines, the work of GAVI, the Vaccine Alliance, and other international initiatives would be relevant. Support to developing countries to strengthen their STI capacities for sustainable patterns of production and consumption will be measured in indicator 12.a.1 (*amount of support to developing countries on R&D for sustainable consumption and production and environmental sound technologies*). This should be complemented by monitoring ODA flows to green energy and other relevant projects, and through case studies of other cooperation projects in this area. The indicator for marine technology 14.a.1 (*proportion of total research budget allocated to research in the field of marine technology*) focuses on domestic spending, which the Task Force report can further complement by bringing in a cross-border perspective.

## 6. Technology transfer

The Addis Agenda commits to a range of actions with the aim to directly and indirectly foster the development, dissemination and diffusion of technologies to promote sustainable development. Specifically, the Addis Agenda:

- *Commits to transfer marine technology in order to improve ocean health and to enhance the contribution of marine biodiversity (121, MoI 14.a)*

- *Encourages the development, dissemination and diffusion as well as transfer of environmentally sound technologies to developing countries on favourable terms, including on concessional and preferential terms, as mutually agreed (120, MoI 17.7)*

These commitments find their counterpart in means of implementation targets 14.a and 17.7. Indicator 17.7.1 (*total amount of approved funding for developing countries to promote the development, transfer, dissemination and diffusion of environmentally sound technologies*) can provide a basis for follow-up on technology transfer, while the indicators for MoI 14.a do not directly address the issues covered in this section. The development and diffusion of technologies is crucial to meeting the challenges of climate change and sustainable development, and fostering a rapid transition to a low-carbon economy. It is a broad and complex process which represents more than just the moving of equipment and other so-called “hard” technologies, but also includes know-how, goods and services, and institutional procedures, and is influenced by enabling or hindering policies.

Activities on environmentally sound technologies (EST) are confronted with varying and, at times, scarce data and indicators available to quantify their impacts. Many projects have long-term, diffuse impacts that are challenging to measure, assess and accurately attribute, which is why the Inter-agency and Expert Group on Sustainable Development Goals chose the total approved funding of initiatives as a general proxy indicator. Agencies conducting initiatives that directly support the transfer of EST (such as the United Nations Environment Programme) should be able to report on this indicator by quantifying initiative funding, in addition to being able to provide procedural reporting inputs on their activities, as well as substantive reporting on trends and issues in future years. EST initiatives (such as the Climate Technology Centre and Network, the International Environmental Technology Centre, United for Efficiency, En.Lighten, Global Fuel Economy Initiative, and WIPO GREEN) use different output and impact data and indicators to assess their success, which relate to the specific initiative objectives. In addition to EST, several organizations of the United Nations system promote the

transfer of other technologies, such as aviation security technology from the International Civil Aviation Organization.

With respect to marine technology, the Intergovernmental Oceanographic Commission of UNESCO is mandated as a United Nations body to promote scientific research, capacity development and facilitate the transfer of marine technology. The *Global Ocean Science Report* (GOSR) will function as a monitoring framework to assess national and regional investment in marine research and related capacities. Disaggregated data to be included in the GOSR will include investment in ocean science, and in particular expenditure on R&D in general and ocean R&D specifically, indicators related to human resources, gender distribution, facilities/laboratories/field stations, and availability of key equipment. The report will also include descriptors on geographical and thematic coverage of international, national, regional and local databases and the different user communities; research productivity and science impact, including peer-reviewed publications; and engagement in international collaboration. The data to be used to populate these indicators will be derived from national surveys, as well as existing Intergovernmental Oceanic Commission programmes on ocean observation and ocean data exchange (Global Ocean Observing System and International Oceanographic Data and Information Exchange), as well as the UNESCO Science Report, Institute for Statistics and the OECD.

## 7. Actions within the United Nations or by the United Nations system

The Addis Agenda commits to a range of actions within or by the United Nations system in order to strengthen overall cooperation and support on science, technology and innovation. Specifically, the Addis Agenda:

- *Commits to strengthen coherence and synergies among science and technology initiatives within the UN system (122, 17.6)*
- *Established a technology facilitation mechanism to support the SDGs (123, MoI 17.6)*

- *Commits to operationalize the Technology Bank for Least Developed Countries by 2017 (124, 17.8)*

These commitments are partly covered in two means of implementation targets under SDG 17 to strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development.

### 7.1. Implementation of the Technology Facilitation Mechanism

The Technology Facilitation Mechanism (TFM), mandated by paragraph 123 of the Addis Agenda and launched by paragraph 70 of the 2030 Agenda for Sustainable Development, consists of a United Nations Inter-agency Task Team on Science, Technology and Innovation for the SDGs (IATT), a collaborative Multi-stakeholder Forum on Science, Technology and Innovation to be convened by the Economic and Social Council (ECOSOC) President, as well as an online platform as an information gateway to STI initiatives within and beyond the United Nations. Work on the TFM is progressing well: the IATT has been established and currently includes 29 members of the United Nations system; the 10-Member Group to Support the TFM, consisting of high-level representatives of science, civil society and the private sector, has been appointed by the Secretary-General and is collaborating with the IATT and the ECOSOC presidency to prepare the first STI Forum, which will take place from 6 to 7 June 2016 in New York. Reporting on the implementation of the TFM will be process-oriented and will be conducted by the IATT.

### 7.2. Enhanced coherence of science, technology and innovation support measures in the United Nations system

With respect to the mid- to long-term objective of increasing coherence and strengthening synergies among science and technology initiatives within the United Nations system, the establishment of the IATT constitutes the first system-wide mechanism that can contribute to coordination, knowledge sharing and exchange of experiences, as well as joint work on STI among those United Nations entities with activities and mandates relating to STI. The IATT is currently engaging in a mapping of STI

initiatives within and beyond the UN system, to enable further discussions on potential synergies. In general, there are limitations with regard to easily accessible data that would enable a quantification of synergies and coherence in the United Nations system's STI initiatives. As such, reporting will most likely be process-oriented and/or focus on qualitative factors. The question of how to potentially measure system coherence and synergy in the field of STI will be part of future discussions in the IATT.

### 7.3. Establishment of the Technology Bank

The Istanbul Programme of Action called for the establishment of a Technology Bank and a Science, Technology and Innovation Supporting Mechanism for the LDCs, for which a feasibility study has been prepared. The Secretariat is pursuing the identification of perspective Council members, sources of voluntary funding and the finalization of legal requirements, including the conclusion of a host country agreement, so as to ensure the timely operationalization of the Technology Bank and Science, Technology and Innovation Supporting Mechanism for the LDCs in 2017. Reporting on the implementation of the Technology Bank will be process-oriented and will be conducted by the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (OHRLLS). Contingent on the availability of data, OHRLLS will also monitor the number of patents filed by residents and non-residents in LDCs, the number of scientific and technical journal articles by authors from LDCs, and ODA for science, technology and innovation to LDCs in future reports.

## 8. Capacity building

The Addis Agenda and the 2030 Agenda recognize capacity development as an integral part of the global partnership for sustainable development. The Addis Agenda contains commitments to capacity building in each of its seven action areas, as well as on data and statistics. In addition, there is an overarching commitment contained in paragraph 115 of this chapter on STI and capacity building. In the Addis Agenda, governments:

- *Call for enhanced international support and establishment of multi stakeholder partnerships for implementing effective and targeted capacity-building in developing countries (115, SDG 17.9)*
- *Commit to reinforce national efforts in capacity-building in developing countries (115)*

The monitoring of capacity building efforts can draw on broader efforts to monitor development cooperation — official development assistance by traditional donors, South-South cooperation, UN agency efforts, and philanthropic efforts. In each of these efforts, capacity building plays an important role. The indicator for SDG 17.9, *dollar value of financial and technical assistance, (including through North-South, South-South and triangular cooperation) committed to developing countries*, will also serve to provide a broad perspective on trends in capacity building.

The capacity-building efforts of traditional donors can be monitored through OECD Development Assistance Committee data. Although a specific indicator for analysing ODA in support of capacity building and technical assistance does not currently exist, OECD Common Reporting Standard statistics allow for analysis of support to capacity building and technical assistance through the purpose code system which is disaggregated by recipient country and donor country on a commitment and disbursement basis. Capacity building is also a major aspect of South-South cooperation. Projects including technical cooperation and capacity-building initiatives represent around 75 per cent of South-South cooperation, and broader trends in this area will thus be indicative of capacity development efforts as well.

International organizations also engage in capacity building. In this regard, Task Force members will report on their capacity building initiatives. There are numerous examples of capacity building by international organizations across the Action Areas of the Addis Agenda, on which the Task Force can report in case studies. The Task Force will also report on efforts to achieve better coherence and increase the effectiveness of capacity development. In addition, some international organizations periodically review or audit their own activities, which the Task Force can report on.

## Chapter III

# Data monitoring and follow-up

## 1. Introduction

The final chapter of the Addis Agenda considers how the international community should monitor implementation of the agreed actions. It emphasizes the importance of high quality disaggregated data for policy making and monitoring the progress of implementation of the Addis Agenda and the 2030 Agenda for Sustainable Development and prioritizes capacity building in this area.

The Addis Agenda marks the first time that data issues have received such comprehensive treatment in the Financing for Development (FfD) conferences and follow-up processes. This reflects a deeper appreciation of the importance of statistical systems and data administration and their role in strengthening domestic capacity in all areas, as well as promoting transparency and accountability. Yet data also needs to be turned into useful, actionable information.

This section follows up on the commitments on data completeness, data quality, disaggregation and availability. It also addresses the development of specific measures and tools; transparency and needs assessment; and capacity building efforts in this context.

## 2. Data availability, adequacy and standardisation

### 2.1. Availability (including disaggregation) and adequacy

The Addis Agenda commits to increase the availability and use of high-quality, timely and reliable disaggregated data. Specifically, the Addis Agenda:

- *Seeks to increase and use high-quality, timely and reliable data disaggregated by sex, age, geography, income, race, ethnicity, migratory*

*status, disability, and other characteristics relevant in national contexts (126, MoI 17.18)*

- *Requests the Statistical Commission, working with relevant international statistical services and forums, to regularly assess and report on the adequacy of international statistics related to implementing the sustainable development agenda (126)*
- *Calls on relevant public and private actors to put forward proposals to achieve a significant increase in global data literacy, accessibility and use, in support of the 2030 Agenda (128)*

The commitment to increase and use disaggregated data is also contained in SDG means of implementation target 17.18, with indicators 17.18.1 (*proportion of sustainable development indicators produced at the national level with full disaggregation when relevant to the target, in accordance with the Fundamental Principles of Official Statistics*), 17.18.2 (*number of countries that have national statistical legislation that complies with the Fundamental Principles of Official Statistics*) and 17.18.3 (*number of countries with a National Statistical Plan that is fully funded and under implementation, by source of funding*).

The first indicator will allow the monitoring of data availability, including the level of disaggregation. Furthermore, the Inter-agency and Expert Group on Sustainable Development Goal Indicators (IAEG-SDGs) proposed to include an overarching principle of data disaggregation to accompany the list of SDG indicators in its report to the 47th session of the Statistical Commission: “Sustainable Development Goal indicators should be disaggregated where relevant by income, sex, age, race, ethnicity, migratory status, disability and geographic location, or other characteristics, in accordance with the Fundamental Principles of Official Statistics.” The Statistical Commission is expected to regularly assess

data availability for the SDG indicators, and their adequacy, as part of its regular work, also from the perspective of assessing the need for building the necessary monitoring capacity in Member States. When considering data availability, it should be taken into account that the available data may be of a different nature, and that some data may be estimated.

Data accessibility to users is a major concern for statistical agencies. There is a need to create efficient online platforms in countries to allow easy data access to users. Measures of usage of those databases are usually available and could be utilized to assess accessibility and use. Furthermore, providers of official data at the national, regional and global levels often actively strive to increase data literacy and actual data use, and individual efforts to measure those are being undertaken.

Although statistical agencies have a long standing interest in making their products accessible, government data more generally are becoming available through the “open data” movement. The concept of open data, which is derived from the “open” licensing environment, originated from the belief that the enormous amount of information routinely collected by government entities should be available to all citizens. In the late 2000s, governments and official entities began to allow a greater number of users to access these resources. When data are made widely available and easy to use, the benefits can be significant: they can help streamline government services, stimulate economic opportunities, encourage innovation, improve public safety, strengthen accountability in public life and reduce poverty. On the other hand, this must be balanced with ensuring privacy and data protection. It will take time to fully understand the complexity and broad potential of open data. As it is still in its early stages, best practices and communities are just beginning to emerge.

The World Bank Group will work with others to report on the number of member states that are undergoing open data readiness assessments, as well as the number that are implementing open data programmes. The International Monetary Fund (IMF) has been partnering with the African Development Bank to support African countries to create and use open data platforms (ODP) for the dissemination of relevant data. While at pre-

sent the focus is mainly on macroeconomic and financial data, the coverage could be expanded at each country’s choosing to bring other data into the public domain, such as SDG indicators. Many international organizations, including some United Nations agencies, such as the United Nations Industrial Development Organization (UNIDO) and The United Nations Educational, Scientific and Cultural Organization (UNESCO), have already established ODPs to ensure the transparency of their own information, expenditure and programmatic activities. The Global AIDS Response Progress Reporting provides another example that can inform approaches to monitoring progress on other health and development challenges. Countries report on progress against commitments made to their AIDS responses, engaging a diverse range of stakeholders, including non-state actors, in the collection and validation of data.

The Task Force’s reporting on data transparency will also draw on the IMF’s enhanced General Data Dissemination System (e-GDDS), which is part of its Data Standards Initiatives aimed at promoting data transparency globally. Data is to be published through a national summary data page. At the regional level, the Statistical Yearbook for Asia and the Pacific was revamped and provides a benchmark for SDG monitoring in the region.

## 2.2. Standardization of data

Statistical products maximise their impact when they measure things the same way across time and across geographic locations. In this context, the Addis Agenda:

- *Commits to support efforts to make data standards interoperable (128)*

This involves using comparable questions in surveys and following common concepts, classifications and methods—that is, following a common standard. For key socio-economic indicators, standards have been developed and endorsed by a majority of member states. For example, all countries strive to measure gross domestic product (GDP) the same way conceptually, recognizing that data limitations in low-capacity countries limit the quality, frequency and timeliness of GDP publication.



Standards that describe data have also been developed. Better descriptions of data (referred to as “metadata”) facilitate communication between organizations and software systems to improve the quality of statistical documentation provided to users. The Statistical Commission and the seven sponsor organizations (Bank for International Settlements, the European Central Bank, Eurostat, the IMF, the Organization for Economic Co-operation and Development (OECD), the United Nations Statistical Division and the World Bank Group) are working towards the implementation of the Statistical Data and Metadata eXchange (SDMX), which aims to develop and use more efficient processes for the exchange and sharing of statistical time series data and metadata among international organizations and their member countries. Progress and recent activities, also with respect to the implementation of SDMX for the SDG indicators, can be reported on.

Metadata for detailed cross-sectional data, such as the data collected by household surveys, are also guided by international standards. The Data Documentation Initiative metadata standard has been developed especially for this purpose and is used for documenting surveys in statistical agencies and academia. The World Bank Group will work with other partners to assess progress in countries adopting these standards.

Besides standards for data documentation and transfer, there are efforts to describe production processes for data such as the adoption of a Common Statistical Production Architecture and the Generic Statistical Business Process Model, which helps to produce statistics that are coherent across information domains.

Interoperability of statistical data requires compliance with international classification, standards and recommendations prescribed by the United Nations Statistical Commission. Specialized agencies such as UNIDO not only contribute to the development of those standards but also monitor the compliance of member states, and standardize data to ensure international comparability. UNESCO’s Institute for Statistics also contributes to supporting efforts to make data standards interoperable in terms of its work on the International Standard Classification of Education.

### 2.3. Data on specific issues, in particular resource mobilization

The Addis Agenda aims to improve data availability on specific issues. Specifically, the Addis Agenda:

- *Calls on relevant institutions to strengthen and standardize data on domestic and international resource mobilization and spending, as well as data on other means of implementation (126)*
- *Requests the Statistical Commission, working with relevant international statistical services and forums, to facilitate enhanced tracking of data on all cross-border financing and other economically relevant financial flows that brings together existing databases (126)*

The World Bank Group, the IMF, the OECD and the United Nations Conference on Trade and Development have considerable experience in the compilation of data on domestic resource mobilization, foreign direct investment, remittances and other private flows, official development assistance and other international public finance. They will report on these flows in the Task Force report chapters on domestic public resources, domestic and international private finance, and international development cooperation. As discussed in chapter II.A, there are also a number of multi-stakeholder partnerships—such as the International Budget Partnership, Open Contracting Partnership and Government Spending Watch—which focus on data standards and data collection related to public expenditure.

There are also a range of SDG targets that will also require data on domestic and international resource mobilization and cross-border financial flows. It is expected that as part of the SDG monitoring and the work on the annual SDG Progress Report, efforts will be undertaken to compile standardized data for relevant indicators, which have been referenced throughout this report.

## 3. Development of specific measures and tools

The Addis Agenda aims to develop specific measures and tools. Specifically, the Addis Agenda:



- *Calls on the UN system, in consultation with the international financial institutions, to develop transparent measurements of progress on sustainable development that go beyond per capita income; these should recognize poverty in all of its forms and dimensions, and the social, economic and environmental dimensions of domestic output and structural gaps at all levels (129, MoI 17.19)*
- *Commits to seek to develop and implement tools to mainstream sustainable development, as well as to monitor sustainable development impacts for different economic activities, including for sustainable tourism (129, MoI 12.b)*

Many countries and several international and regional organizations have discussed and developed measures of progress and sustainable development. The United Nations Development Programme's (UNDP) Human Development Index (HDI) and UNDP's Multi-Dimensional Poverty Index are some of the relevant measures here. Some academics have also done work in this area, including the Commission on the Measurement of Economic Performance and Social Progress, which was established in 2008 by then President of the French Republic, Nicholas Sarkozy. Work has also been carried out by the Statistical Commission to report on and survey such measures, on which the Task Force can report.<sup>1</sup> SDG indicator 1.2.2 (*proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions*) should also be useful since it incorporates non-economic dimensions of poverty. The full set of SDG indicators can also be understood to provide a measure of progress on sustainable development.

Regarding tools to mainstream sustainable development, the Task Force can draw on SDG indicator 12.1.1 (*number of countries with Sustainable Consumption and Production (SCP) national action plans or SCP mainstreamed as a priority or target into national policies*), and there are several other targets and related indicators that refer to the existence of laws, policy frameworks, plans or measures to imple-

ment (or mainstream) certain aspects of sustainable development such as, for example, targets 1.b, 6.5, 6.b and 8.b. More broadly, the chapters of this report speak to mainstreaming sustainable development across different areas. The Task Force's monitoring of sustainable tourism can draw on data collected for indicators 8.9.1 (*tourism direct GDP as a proportion of total GDP and in growth rate*), and 8.9.2 (*number of jobs in tourism industries as a proportion of total jobs and growth rate of jobs, by sex*).

#### 4. Transparency and needs assessment

On data and transparency, the Addis Agenda:

- *Recognizes that greater transparency is essential and can be provided by publishing timely, comprehensive and forward-looking information on development activities in a common, open, electronic format; takes note of the International Aid Transparency Initiative (127)*
- *Stresses the importance of preparing country needs assessments for the different priority areas to allow for greater transparency and efficiency by linking needs and support, in particular in developing countries (127)*

Transparency of data includes that information must be publicly available, on time, and in an accessible language and format, taking into account, where relevant, considerations such as literacy levels, age, disability, language and cultural background. Transparency need not relate only to the publication of data, but can apply throughout the data collection process.

The IATI Standard is based on publication of data at the level of individual activities—projects and programmes—and it can help in monitoring of FfD commitments and SDG targets, especially at the national level (see chapter II.C). The Task Force can report on progress in implementing the IATI standard.

International and regional organizations are expected to conduct national needs assessments for the priority areas. In the area of statistics, the United

<sup>1</sup> For details please see respective background documents to the 45th and 46th session of the Statistical Commission available at: <http://unstats.un.org/unsd/statcom/>.

Nations Fundamental Principles of Official Statistics state that official statistics that meet the test of practical utility are to be compiled and made available on an impartial basis by official statistical agencies to honour citizens' entitlement to public information.

## 5. Efforts to strengthen statistical capacities

To strengthen statistical capacities, the Addis Agenda:

- *Commits to enhance capacity building support to developing countries, including LDCs, LLDCs and SIDS [to increase and use high-quality, timely and reliable disaggregated data] (126, MoI 17.18, MoI 17.19)*
- *Commits to provide international cooperation, including through financial and technical support, to further strengthen the capacity of national statistical authorities and bureaux (126)*

The Partner Report on Support to Statistics (PRESS) by the Partnership in Statistics for Development in the 21st Century (PARIS21) presents

data on technical and financial support to statistical development and the implementation of national statistical plans worldwide. Contributors to the PRESS can also present additional data in the Task Force report, for example the IMF can report on its Statistics Department's enhanced provision of such technical assistance and training to developing countries. The Task Force will also be able to draw on the indicators for SDG targets 17.18 and 17.19, including in particular 17.18.3 (*number of countries with a national statistical plan that is fully funded and under implementation, by source of funding*) and 17.19.1 (*dollar value of all resources made available to strengthen statistical capacity in developing countries*). International organizations and others are conducting or are expected to conduct country needs assessments for statistical capacity building. Some regions have already engaged in national needs assessments and those efforts can be reported on. For additional details on the monitoring of commitments to capacity building more broadly see also chapter II.G on science, technology, innovation and capacity building.



# Appendix A

## Linkages between the means of implementation of the Sustainable Development Goals and the Addis Ababa Action Agenda

The Addis Agenda contains, in its comprehensive financing framework for sustainable development, the means of implementation for the 17 SDGs. Their placement in the Addis Agenda is laid out in detail in below table.

<b>Goal 1. End poverty in all its forms everywhere</b>	
<b>1.a.</b> ensure significant mobilization of resources from a variety of sources, including through enhanced development cooperation to provide adequate and predictable means for developing countries, in particular LDCs, to implement programmes and policies to end poverty in all its dimensions	cross-cutting
<b>1.b.</b> create sound policy frameworks, at national, regional and international levels, based on pro-poor and gender-sensitive development strategies to support accelerated investments in poverty eradication actions	cross-cutting
<b>Goal 2. End hunger, achieve food security and improved nutrition, and promote sustainable agriculture</b>	
<b>2.a.</b> increase investment, including through enhanced international cooperation, in rural infrastructure, agricultural research and extension services, technology development, and plant and livestock gene banks to enhance agricultural productive capacity in developing countries, in particular in least developed countries	<b>121:</b> To reach food security, we commit to further investment, including through enhanced international cooperation, in earth observation, rural infrastructure, agricultural research and extension services, and technology development by enhancing agricultural productive capacity in developing countries, in particular in least developed countries, for example by developing plant and livestock gene banks.
	<b>13:</b> We will support sustainable agriculture, including forestry, fisheries and pastoralism. We will also take action to fight malnutrition and hunger among the urban poor.
<b>2.b.</b> correct and prevent trade restrictions and distortions in world agricultural markets including by the parallel elimination of all forms of agricultural export subsidies and all export measures with equivalent effect, in accordance with the mandate of the Doha Development Round	<b>83:</b> In accordance with one element of the mandate of the Doha Development Agenda, we call on WTO members to correct and prevent trade restrictions and distortions in world agricultural markets, including through the parallel elimination of all forms of agricultural export subsidies and disciplines on all export measures with equivalent effect.
<b>2.c.</b> adopt measures to ensure the proper functioning of food commodity markets and their derivatives, and facilitate timely access to market information, including on food reserves, in order to help limit extreme food price volatility	<b>108:</b> We will adopt measures to ensure the proper functioning of food commodity markets and their derivatives and call for relevant regulatory bodies to adopt measures to facilitate timely, accurate and transparent access to market information in an effort to ensure that commodity markets appropriately reflect underlying demand and supply changes and to help limit excess volatility of commodity prices.

<b>Goal 3. Ensure healthy lives and promote well-being for all at all ages</b>	
<b>3.a.</b> strengthen implementation of the Framework Convention on Tobacco Control in all countries as appropriate	<b>77:</b> Parties to the World Health Organization Framework Convention on Tobacco Control will also strengthen implementation of the Convention in all countries, as appropriate, and will support mechanisms to raise awareness and mobilize resources.
	<b>32:</b> We recognize, in particular, that, as part of a comprehensive strategy of prevention and control, price and tax measures on tobacco can be an effective and important means to reduce tobacco consumption and health-care costs, and represent a revenue stream for financing for development in many countries;
<b>3.b.</b> support research and development of vaccines and medicines for the communicable and non-communicable diseases that primarily affect developing countries ...	<b>121:</b> We will support research and development of vaccines and medicines, as well as preventive measures and treatments for the communicable and non-communicable diseases, in particular those that disproportionately impact developing countries.
<b>3.b. cont.:</b> ... provide access to affordable essential medicines and vaccines, in accordance with the Doha Declaration on the TRIPs Agreement and Public Health, which affirms the right of developing countries to use to the full the provisions in the TRIPs agreement regarding flexibilities to protect public health and, in particular, provide access to medicines for all	<b>86:</b> We reaffirm the right of WTO members to take advantage of the flexibilities in the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs) and reaffirm that the TRIPs Agreement does not and should not prevent members from taking measures to protect public health. To this end, we would urge all WTO members that have not yet accepted the amendment of the TRIPs Agreement allowing improved access to affordable medicines for developing countries to do so by the deadline of the end of 2015
	<b>121:</b> We will support research and development of vaccines and medicines ... We will support relevant initiatives, such as Gavi, the Vaccine Alliance, which incentivizes innovation while expanding access in developing countries.
<b>3.c.</b> increase substantially health financing and the recruitment, development and training and retention of the health workforce in developing countries, especially in LDCs and SIDS	<b>77:</b> We commit to ... substantially increase health financing and the recruitment, development, training and retention of the health workforce in developing countries, especially in least developed countries and small island developing States.
<b>3.d.</b> strengthen the capacity of all countries, particularly developing countries, for early warning, risk reduction, and management of national and global health risks	<b>77:</b> We commit to strengthening the capacity of countries, in particular developing countries, for early warning, risk reduction and management of national and global health risks ... in developing countries, especially in least developed countries and small island developing States.
<b>Goal 4. Ensure inclusive and equitable quality education and promote life-long learning opportunities for all</b>	
<b>4.a.</b> build and upgrade education facilities that are child, disability and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all	<b>78:</b> Achieving sustainable development of delivering quality education to all girls and boys ... will require ... providing safe, non-violent, inclusive and effective learning environments for all. We will scale up investments and international cooperation to allow all children to complete free, equitable, inclusive and quality early childhood, primary and secondary education, including through scaling-up and strengthening initiatives, such as the Global Partnership for Education. We commit to upgrading education facilities that are child, disability and gender sensitive ..., including through international cooperation, especially in least developed countries and small island developing States.
<b>4.b.</b> by 2020 substantially expand globally the number of scholarships for developing countries in particular LDCs, SIDS and African countries to enrol in higher education, including vocational training, ICT, technical, engineering and scientific programmes in developed countries and other developing countries	<b>119:</b> We will increase the number of scholarships available to students in developing countries to enrol in higher education.

<p><b>4.c.</b> by 2030 substantially increase globally the supply of qualified teachers, including through international cooperation for teacher training in developing countries, especially LDCs and SIDS</p>	<p><b>78:</b> We commit to ... increasing the percentage of qualified teachers in developing countries, including through international cooperation, especially in least developed countries and small island developing States.</p>
<p><b>Goal 5. Achieve gender equality and empower all women and girls</b></p>	
<p><b>5.a.</b> undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance, and natural resources in accordance with national laws</p>	<p><b>41:</b> We resolve to undertake legislation and administrative reforms to give women equal rights with men to economic resources, including access to ownership and control over land and other forms of property, credit, inheritance, natural resources and appropriate new technology.</p>
	<p><b>6:</b> We recommit to adopting and strengthening sound policies and enforceable legislation and transformative actions ... to ensure women's equal rights, access and opportunities for participation and leadership in the economy and to eliminate gender-based violence and discrimination in all its forms;</p>
<p><b>5.b.</b> enhance the use of enabling technologies, in particular ICT, to promote women's empowerment</p>	<p><b>114:</b> We will promote the development and use of information and communications technology (ICT) infrastructure, as well as capacity-building ... We will promote access to technology and science for women, youth and children.</p>
<p><b>5.c.</b> adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels</p>	<p><b>6:</b> We recommit to adopting and strengthening sound policies and enforceable legislation and transformative actions for the promotion of gender equality and women's and girls' empowerment at all levels</p>
<p><b>Goal 6. Ensure availability and sustainable management of water and sanitation for all</b></p>	
<p><b>6.a.</b> by 2030, expand international cooperation and capacity-building support to developing countries in water and sanitation related activities and programmes, including water harvesting, desalination, water efficiency, wastewater treatment, recycling and reuse technologies</p>	<p><b>115:</b> We call for enhanced international support and establishment of multi stakeholder partnerships for implementing effective and targeted capacity-building in developing countries ... to support national plans to implement all the sustainable development goals ... It is also critical to reinforce national efforts in capacity-building in developing countries in such areas as ... water and sanitation related activities and programmes.</p>
	<p><b>34.</b> We will support cities and local authorities of developing countries, particularly in least developed countries and small island developing States, in implementing resilient and environmentally sound infrastructure, including energy, transport, water and sanitation ...</p>
<p><b>6.b.</b> support and strengthen the participation of local communities for improving water and sanitation management</p>	<p><b>34 (cont):</b> ... In these efforts, we will encourage the participation of local communities in decisions affecting their communities, such as in improving drinking water and sanitation management.</p>
<p><b>Goal 7. Ensure access to affordable, reliable, sustainable, and modern energy for all</b></p>	
<p><b>7.a.</b> by 2030 enhance international cooperation to facilitate access to clean energy research and technologies, including renewable energy, energy efficiency, and advanced and cleaner fossil fuel technologies, and promote investment in energy infrastructure and clean energy technologies</p>	<p><b>49:</b> We will promote both public and private investment in energy infrastructure and clean energy technologies including carbon capture and storage technologies ... We will enhance international cooperation to provide adequate support and facilitate access to clean energy research and technology</p>
<p><b>7.b.</b> by 2030 expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, particularly LDCs, SIDS and LLDCs, in accordance with their respective programmes of support</p>	<p><b>49 cont:</b> We will ... expand infrastructure and upgrade technology for supplying modern and sustainable energy services to all developing countries, in particular least developed countries and small island developing States.</p>
<p><b>Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</b></p>	
<p><b>8.a.</b> increase Aid for Trade support for developing countries, particularly LDCs, including through the Enhanced Integrated Framework for LDCs</p>	<p><b>90:</b> We will focus Aid for Trade on developing countries, in particular least developed countries, including through the Enhanced Integrated Framework for Trade-Related Technical</p>



	Assistance to Least Developed Countries. We will strive to allocate an increasing proportion of Aid for Trade going to least developed countries, provided according to development cooperation effectiveness principles.
<b>8.b.</b> by 2020 develop and operationalize a global strategy for youth employment and implement the ILO Global Jobs Pact	<b>16:</b> We also commit to developing and operationalizing, by 2020, a global strategy for youth employment and implementing the International Labour Organization (ILO) Global Jobs Pact.
<b>Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</b>	
<b>9.a.</b> facilitate sustainable and resilient infrastructure development in developing countries through enhanced financial, technological and technical support to African countries, LDCs, LLDCs and SIDS	<b>14:</b> To bridge the global infrastructure gap, including the \$1 trillion to \$1.5 trillion annual gap in developing countries, we will facilitate development of sustainable, accessible and resilient quality infrastructure in developing countries through enhanced financial and technical support ... As a key pillar to meet the sustainable development goals, we call for the establishment of a global infrastructure forum.. to identify and address infrastructure and capacity gaps in particular in least developed countries, landlocked developing countries, small island developing States and African countries.
	<b>34.</b> We will support cities and local authorities of developing countries, particularly in least developed countries and small island developing States, in implementing resilient and environmentally sound infrastructure
<b>9.b.</b> support domestic technology development, research and innovation in developing countries including by ensuring a conducive policy environment for inter alia industrial diversification and value addition to commodities	<b>116:</b> We will craft policies that incentivize the creation of new technologies, that incentivize research and that support innovation in developing countries. We recognize the importance of an enabling environment at all levels, including enabling regulatory and governance frameworks, in nurturing science, innovation, the dissemination of technologies, particularly to micro, small and medium-sized enterprises, as well as industrial diversification and value added to commodities.
<b>9.c.</b> significantly increase access to ICT and strive to provide universal and affordable access to internet in LDCs by 2020	<b>114:</b> We will promote the development and use of information and communications technology (ICT) infrastructure, as well as capacity-building, particularly in least developed countries, landlocked developing countries and small island developing States, including rapid universal and affordable access to the Internet.
<b>Goal 10. Reduce inequality within and among countries</b>	
<b>10.a.</b> implement the principle of special and differential treatment for developing countries, in particular least developed countries, in accordance with WTO agreements	<b>84:</b> Members of WTO will continue to implement the provisions of special and differential treatment for developing countries, in particular least developed countries, in accordance with WTO agreements.
<b>10.b.</b> encourage ODA and financial flows, including foreign direct investment, to states where the need is greatest, in particular LDCs, African countries, SIDS, and LLDCs, in accordance with their national plans and programmes	<b>52:</b> We recognize the importance of focusing the most concessional resources on those with the greatest needs and least ability to mobilize other resources. In this regard we note with great concern the decline in the share of ODA to least developed countries and commit to reversing this decline.
	<b>45:</b> We recognize the important contribution that direct investment, including foreign direct investment, can make to sustainable development, particularly when projects are aligned with national and regional sustainable development strategies ... We will ... incentivize foreign direct investment to developing countries, particularly least developed countries, landlocked developing countries, small island developing States and countries in conflict and post-conflict situations;

<p><b>10.c.</b> by 2030, reduce to less than 3% the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5%</p>	<p><b>40:</b> We will work towards reducing the average transaction cost of migrant remittances by 2030 to less than 3 per cent of the amount transferred. We are particularly concerned with the cost of remittances in certain low volume and high cost corridors. We will work to ensure that no remittance corridor requires charges higher than 5 per cent by 2030, mindful of the need to maintain adequate service coverage, especially for those most in need.</p>
<p><b>Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable</b></p>	
<p><b>11.a.</b> support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning</p>	<p><b>34:</b> We will enhance inclusive and sustainable urbanization and strengthen economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning, within the context of national sustainable development strategies.</p>
<p><b>11.b.</b> by 2020, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, resilience to disasters, develop and implement in line with the Sendai Framework for Disaster Risk Reduction 2015–2030, holistic disaster risk management at all levels</p>	<p><b>34:</b> By 2020, we will increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, and resilience to disasters. We will develop and implement holistic disaster risk management at all levels in line with the Sendai Framework. In this regard, we will support national and local capacity for prevention, adaptation and mitigation of external shocks and risk management.</p>
<p><b>11.c.</b> support least developed countries, including through financial and technical assistance, for sustainable and resilient buildings utilizing local materials</p>	<p><b>34:</b> We therefore commit to scaling up international cooperation to strengthen capacities of municipalities and other local authorities. We will support cities and local authorities of developing countries, particularly in least developed countries and small island developing States, in implementing resilient and environmentally sound infrastructure, including energy, transport, water and sanitation, and sustainable and resilient buildings using local materials.</p>
<p><b>Goal 12. Ensure sustainable consumption and production patterns</b></p>	
<p><b>12.a.</b> support developing countries to strengthen their scientific and technological capacities to move towards more sustainable patterns of consumption and production</p>	<p><b>120:</b> We will continue to support developing countries to strengthen their scientific, technological and innovative capacity to move towards more sustainable patterns of consumption and production, including through implementation of the 10-year framework of programmes on sustainable consumption and production patterns.</p>
<p><b>12.b.</b> develop and implement tools to monitor sustainable development impacts for sustainable tourism which creates jobs, promotes local culture and products</p>	<p><b>129:</b> We will seek to develop and implement tools to mainstream sustainable development, as well as to monitor sustainable development impacts for different economic activities, including for sustainable tourism.</p>
<p><b>12.c.</b> rationalize inefficient fossil fuel subsidies that encourage wasteful consumption by removing market distortions, in accordance with national circumstances, including by restructuring taxation and phasing out those harmful subsidies, where they exist, to reflect their environmental impacts, taking fully into account the specific needs and conditions of developing countries and minimizing the possible adverse impacts on their development in a manner that protects the poor and the affected communities</p>	<p><b>31:</b> We reaffirm the commitment to rationalize inefficient fossil-fuel subsidies that encourage wasteful consumption by removing market distortions, in accordance with national circumstances, including by restructuring taxation and phasing out those harmful subsidies, where they exist, to reflect their environmental impacts, taking fully into account the specific needs and conditions of developing countries and minimizing the possible adverse impacts on their development in a manner that protects the poor and the affected communities.</p>
<p><b>Goal 13. Take urgent action to combat climate change and its impacts</b></p>	
<p><b>13.a.</b> implement the commitment undertaken by developed country Parties to the UNFCCC to a goal of mobilizing jointly USD100 billion annually by 2020 from all sources to address the needs of developing countries in the context of meaningful mitigation actions and transparency on implementation</p>	<p><b>60:</b> We recognize that, in the context of meaningful mitigation actions and transparency on implementation, developed countries committed to a goal of mobilizing jointly \$100 billion a year by 2020 from a wide variety of sources to address the needs of developing countries;</p>

and fully operationalize the Green Climate Fund through its capitalization as soon as possible	
	<p><b>61:</b> We welcome the successful and timely initial resource mobilization process of the Green Climate Fund, making it the largest dedicated climate fund and enabling it to start its activities in supporting developing country parties to the United Nations Framework Convention on Climate Change. We welcome the decision of the Board of the Green Climate Fund to aim to start taking decisions on the approval of projects and programmes no later than its third meeting in 2015 as well as its decision regarding the formal replenishment process for the Fund.</p>
<p><b>13.b.</b> Promote mechanisms for raising capacities for effective climate change related planning and management, in LDCs and SIDs, including focusing on women, youth, local and marginalized communities</p>	<p><b>115:</b> We call for enhanced international support and establishment of multi-stakeholder partnerships for implementing effective and targeted capacity-building in developing countries, including least developed countries, landlocked developing countries, small island developing States, African countries, and countries in conflict and post-conflict situations, to support national plans to implement all the sustainable development goals ... It is also critical to reinforce national efforts in capacity-building in developing countries in such areas as ... climate services, including planning and management for both adaptation and mitigation purposes.</p>
<p><b>Goal 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development</b></p>	
<p><b>14.a.</b> increase scientific knowledge, develop research capacities and transfer marine technology taking into account the Intergovernmental Oceanographic Commission Criteria and Guidelines on the Transfer of Marine Technology, in order to improve ocean health and to enhance the contribution of marine biodiversity to the development of developing countries, in particular SIDS and LDCs</p>	<p><b>121:</b> We will increase scientific knowledge, develop research capacity and transfer marine technology, taking into account the Criteria and Guidelines on the Transfer of Marine Technology adopted by the Intergovernmental Oceanographic Commission, in order to improve ocean health and to enhance the contribution of marine biodiversity to the development of developing countries, in particular small island developing States and least developed countries.</p>
<p><b>14.b.</b> provide access of small-scale artisanal fishers to marine resources and markets</p>	<p><b>108:</b> We will also provide access for small-scale artisanal fishers to marine resources and markets, consistent with sustainable management practices as well as initiatives that add value to outputs from small-scale fishers.</p>
<p><b>14.c.</b> Enhance the conservation and sustainable use of oceans and their resources by implementing international law as reflected in the United Nations Convention on the Law of the Sea, which provides the legal framework for the conservation and sustainable use of oceans and their resources, as recalled in paragraph 158 of “The future we want”</p>	<p><b>64:</b> We recognize that oceans, seas and coastal areas form an integrated and essential component of the Earth’s ecosystem and are critical to sustaining it and that international law, as reflected in the United Nations Convention on the Law of the Sea, provides the legal framework for the conservation and the sustainable use of the oceans and their resources.</p>
<p><b>Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss</b></p>	
<p><b>15.a.</b> mobilize and significantly increase from all sources financial resources to conserve and sustainably use biodiversity and ecosystems</p>	<p><b>63:</b> We encourage the mobilization of financial resources from all sources and at all levels to conserve and sustainably use biodiversity and ecosystems.</p>
<p><b>15.b.</b> mobilize significantly resources from all sources and at all levels to finance sustainable forest management and provide adequate incentives to developing countries to advance sustainable forest management, including for conservation and reforestation</p>	<p><b>63 cont:</b> We encourage the mobilization of financial resources from all sources and at all levels to conserve and sustainably use biodiversity and ecosystems, including ... promoting sustainable forest management ... We commit to supporting the efforts of countries to advance conservation and restoration efforts, such as the African Union Great Green Wall Initiative, and to providing support to countries in need to enhance the implementation of their national biodiversity strategies and action plans.</p>

<p><b>15.c.</b> enhance global support to efforts to combat poaching and trafficking of protected species, including by increasing the capacity of local communities to pursue sustainable livelihood opportunities</p>	<p><b>92:</b> We resolve to enhance global support for efforts to combat poaching and trafficking of protected species, trafficking in hazardous waste, and trafficking in minerals, including by strengthening both national regulation and international cooperation, and increasing the capacity of local communities to pursue sustainable livelihood opportunities.</p>
<p><b>Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</b></p>	
<p><b>16.a.</b> strengthen relevant national institutions, including through international cooperation, for building capacities at all levels, in particular in developing countries, for preventing violence and combating terrorism and crime</p>	<p><b>112:</b> We will strengthen regional, national and subnational institutions to prevent all forms of violence, combat terrorism and crime, and end human trafficking and exploitation of persons, in particular women and children, in accordance with international human rights law. We will effectively strengthen national institutions to combat money-laundering, corruption and the financing of terrorism, which have serious implications for economic development and social cohesion. We will enhance international cooperation for capacity-building in these areas at all levels, in particular in developing countries.</p>
<p><b>16.b.</b> promote and enforce non-discriminatory laws and policies for sustainable development</p>	<p><b>21:</b> We will promote and enforce non-discriminatory laws, social infrastructure and policies for sustainable development.</p>
<p><b>Goal 17. Strengthen the means of implementation and revitalize the global partnership for sustainable development</b></p>	
<p><b>Finance</b></p>	
<p><b>17.1.</b> strengthen domestic resource mobilization ...</p>	<p><b>20:</b> Building on the considerable achievements in many countries since Monterrey, we remain committed to further strengthening the mobilization and effective use of domestic resources.</p>
<p><b>17.1. cont.:</b> ... including through international support to developing countries to improve domestic capacity for tax and other revenue collection</p>	<p><b>22:</b> We recognize that significant additional domestic public resources, supplemented by international assistance as appropriate, will be critical to realizing sustainable development and achieving the sustainable development goals ... In this regard, we will strengthen international cooperation to support efforts to build capacity in developing countries, including through enhanced official development assistance (ODA).</p>
<p><b>17.2.</b> developed countries to implement fully their ODA commitments, including to provide 0.7% of GNI in ODA to developing countries of which 0.15-0.20% to least-developed countries; ODA providers are encouraged to consider setting a target to provide at least 0.20 per cent of ODA/GNI to LDCs</p>	<p><b>51:</b> ODA providers reaffirm their respective ODA commitments, including the commitment by many developed countries to achieve the target of 0.7 per cent of ODA/GNI and 0.15 to 0.20 per cent of ODA/GNI to least developed countries.</p>
<p><b>17.3.</b> mobilize additional financial resources for developing countries from multiple sources</p>	<p>cross-cutting</p>
<p><b>17.4.</b> assist developing countries in attaining long-term debt sustainability through coordinated policies aimed at fostering debt financing, debt relief and debt restructuring, as appropriate, and address the external debt of highly indebted poor countries (HIPC) to reduce debt distress</p>	<p><b>94:</b> We recognize the need to assist developing countries in attaining long-term debt sustainability through coordinated policies aimed at fostering debt financing, debt relief, debt restructuring and sound debt management, as appropriate. We will continue to support the remaining HIPC-eligible countries that are working to complete the HIPC process. On a case-by-case basis we could explore initiatives to support non-HIPC countries with sound economic policies to enable them to address the issue of debt sustainability. We will support the maintenance of debt sustainability in those countries that have received debt relief and achieved sustainable debt levels.</p>
<p><b>17.5.</b> adopt and implement investment promotion regimes for LDCs</p>	<p><b>46:</b> We resolve to adopt and implement investment promotion regimes for least developed countries.</p>
<p><b>Technology</b></p>	
<p><b>17.6.</b> enhance North-South, South-South and triangular regional and international cooperation on and access to</p>	<p><b>120:</b> We will encourage the development, dissemination and diffusion and transfer of environmentally sound technologies</p>

science, technology and innovation, and enhance knowledge sharing on mutually agreed terms ...	to developing countries on favourable terms, including on concessional and preferential terms, as mutually agreed. We will endeavour to step up international cooperation and collaboration in science, research, technology and innovation, including through public-private and multi stakeholder partnerships, and on the basis of common interest and mutual benefit, focusing on the needs of developing countries and the achievement of the sustainable development goals.
<b>17.6. cont.:</b> ... including through improved coordination among existing mechanisms, particularly at UN level ...	<b>122:</b> We invite specialized agencies, funds and programmes of the United Nations system with technology-intensive mandates to further promote the development and diffusion of relevant science, technologies and capacity-building through their respective work programmes. We commit to strengthening coherence and synergies among science and technology initiatives within the United Nations system, with a view to eliminating duplicative efforts and recognizing the many successful existing efforts in this space.
<b>17.6. cont.:</b> and through a global technology facilitation mechanism	<b>123:</b> We decide to establish a Technology Facilitation Mechanism. The Mechanism will be launched at the United Nations summit for the adoption of the post-2015 development agenda in order to support the sustainable development goals.
<b>17.7.</b> promote development, transfer, dissemination and diffusion of environmentally sound technologies to developing countries on favourable terms, including on concessional and preferential terms, as mutually agreed	<b>120:</b> We will encourage the development, dissemination and diffusion and transfer of environmentally sound technologies to developing countries on favourable terms, including on concessional and preferential terms, as mutually agreed.
<b>17.8.</b> fully operationalize the Technology Bank and STI (Science, Technology and Innovation) capacity building mechanism for LDCs by 2017 ...	<b>124:</b> We look forward to the recommendations of the Secretary-General's High-level Panel on the Technology Bank for Least Developed Countries on the feasibility and organizational and operational functions of a proposed technology bank and science, technology and innovation capacity-building mechanism for least developed countries. We will take into account the High-level Panel's recommendations on the scope, functions, institutional linkages and organizational aspects of the proposed bank, with a view to operationalizing it by 2017, and will seek to promote synergies with the Technology Facilitation Mechanism.
<b>17.8. cont.:</b> ... and enhance the use of enabling technologies in particular ICT	<b>114:</b> We will promote the development and use of information and communications technology (ICT) infrastructure, as well as capacity-building, particularly in least developed countries, landlocked developing countries and small island developing States, including rapid universal and affordable access to the Internet.
<b>Capacity building</b>	
<b>17.9.</b> enhance international support for implementing effective and targeted capacity building in developing countries to support national plans to implement all sustainable development goals, including through North-South, South-South, and triangular cooperation	<b>115:</b> We call for enhanced international support and establishment of multi stakeholder partnerships for implementing effective and targeted capacity-building in developing countries, including least developed countries, landlocked developing countries, small island developing States, African countries, and countries in conflict and post-conflict situations, to support national plans to implement all the sustainable development goals.
<b>Trade</b>	
<b>17.10.</b> promote a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the WTO ...	<b>79:</b> We will continue to promote a universal, rules-based, open, transparent, predictable, inclusive, non-discriminatory and equitable multilateral trading system under the World Trade Organization (WTO).
<b>17.10. cont.:</b> ... including through the conclusion of negotiations within its Doha Development Agenda	<b>83:</b> As a means of fostering growth in global trade, we call on WTO members to redouble their efforts to promptly conclude

	the negotiations on the Doha Development Agenda and reiterate that development concerns form an integral part of the Doha Development Agenda, which places the needs and interests of developing countries, including least developed countries, at the heart of the Doha Work Programme.
<b>17.11.</b> increase significantly the exports of developing countries, in particular with a view to doubling the LDC share of global exports by 2020	<b>82:</b> We will endeavour to significantly increase world trade in a manner consistent with the sustainable development goals, including exports from developing countries, in particular from least developed countries with a view towards doubling their share of global exports by 2020 as stated in the Istanbul Programme of Action.
<b>17.12.</b> realize timely implementation of duty-free, quota-free market access on a lasting basis for all least developed countries consistent with WTO decisions, including through ensuring that preferential rules of origin applicable to imports from LDCs are transparent and simple, and contribute to facilitating market access	<b>85:</b> We call on developed country WTO members and developing country WTO members declaring themselves in a position to do so to realize timely implementation of duty-free and quota-free market access on a lasting basis for all products originating from all least developed countries, consistent with WTO decisions.
<b>Systemic issues</b>	
<b>Policy and institutional coherence</b>	
<b>17.13.</b> enhance global macroeconomic stability including through policy coordination and policy coherence	<b>105:</b> We will continue to strengthen international coordination and policy coherence to enhance global financial and macroeconomic stability.
<b>17.14.</b> enhance policy coherence for sustainable development	<b>9:</b> We commit to pursuing policy coherence and an enabling environment for sustainable development at all levels and by all actors, and to reinvigorating the global partnership for sustainable development;
	<b>103:</b> We recognize the importance of policy coherence for sustainable development and we call upon countries to assess the impact of their policies on sustainable development;
	<b>105:</b> We will continue to strengthen international coordination and policy coherence to enhance global financial and macroeconomic stability.
<b>17.15.</b> respect each country's policy space and leadership to establish and implement policies for poverty eradication and sustainable development	<b>9:</b> We will respect each country's policy space and leadership to implement policies for poverty eradication and sustainable development, while remaining consistent with relevant international rules and commitments.
<b>Multi-stakeholder partnerships</b>	
<b>17.16.</b> enhance the global partnership for sustainable development complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technologies and financial resources to support the achievement of sustainable development goals in all countries, particularly developing countries	<b>9:</b> We commit to ... reinvigorating the global partnership for sustainable development;
	<b>10:</b> The enhanced and revitalized global partnership for sustainable development, led by Governments, will be a vehicle for strengthening international cooperation for implementation of the post-2015 development agenda. Multi-stakeholder partnerships and the resources, knowledge and ingenuity of the private sector, civil society, the scientific community, academia, philanthropy and foundations, parliaments, local authorities, volunteers and other stakeholders will be important to mobilize and share knowledge, expertise, technology and financial resources, complement the efforts of Governments, and support the achievement of the sustainable development goals, in particular in developing countries.



<p><b>17.17.</b> encourage and promote effective public, public-private, and civil society partnerships, building on the experience and resourcing strategies of partnerships</p>	<p><b>76:</b> We recognize that genuine, effective and durable multi-stakeholder partnerships can play an important role in advancing sustainable development. We will encourage and promote such partnerships to support country-driven priorities and strategies, building on lessons learned and available expertise;</p>
	<p><b>46:</b> We encourage the use of innovative mechanisms and partnerships to encourage greater international private financial participation in LDCs, LLDCs, SIDS, many MICs and countries in conflict and post-conflict situations;</p>
	<p><b>48:</b> We recognize that both public and private investment have key roles to play in infrastructure financing, including through ... tools and mechanisms such as public-private partnerships;</p>
	<p><b>117:</b> We will encourage knowledge-sharing and the promotion of cooperation and partnerships between stakeholders, including between Governments, firms, academia and civil society, in sectors contributing to the achievement of the sustainable development goals.</p>
<p><b>Data, monitoring and accountability</b></p>	
<p><b>17.18.</b> by 2020, enhance capacity building support to developing countries, including for LDCs and SIDS, to increase significantly the availability of high-quality, timely and reliable data disaggregated by income, gender, age, race, ethnicity, migratory status, disability, geographic location and other characteristics relevant in national contexts</p>	<p><b>126:</b> We will seek to increase and use high-quality, timely and reliable data disaggregated by sex, age, geography, income, race, ethnicity, migratory status, disability, and other characteristics relevant in national contexts. We will enhance capacity-building support to developing countries, including for least developed countries, landlocked developing countries and small island developing States, for this purpose and provide international cooperation, including through technical and financial support, to further strengthen the capacity of national statistical authorities and bureaux.</p>
<p><b>17.19.</b> by 2030, build on existing initiatives to develop measurements of progress on sustainable development that complement GDP,</p>	<p><b>129:</b> We further call on the United Nations system, in consultation with the international financial institutions, to develop transparent measurements of progress on sustainable development that go beyond per capita income, building on existing initiatives as appropriate. These should recognize poverty in all of its forms and dimensions, and the social, economic and environmental dimensions of domestic output and structural gaps at all levels.</p>
<p><b>17.19. cont.:</b> and support statistical capacity building in developing countries</p>	<p><b>126:</b> We will seek to increase and use high-quality, timely and reliable data disaggregated by sex, age, geography, income, race, ethnicity, migratory status, disability, and other characteristics relevant in national contexts. We will enhance capacity-building support to developing countries ... for this purpose and provide international cooperation, including through technical and financial support, to further strengthen the capacity of national statistical authorities and bureaux.</p>

# Appendix B

## Voluntary initiatives and commitments announced in conjunction with the Addis Ababa conference

In the context of the Third International Conference on Financing for Development, multiple voluntary initiatives and commitments were announced. These announcements complement the commitments in the Addis Agenda and are expected to support its implementation. Announcements were made by all actors – governments, international organizations, including development banks, businesses, civil society, and the philanthropic community. Several initiatives also form new partnerships among different actors that join forces to achieve shared goals.

These initiatives and commitments cover virtually all action areas of the Addis Agenda, with a particular concentration in domestic public resources, private business and finance, international development cooperation, and science, technology, innovation and capacity building. From a sector perspective, initiatives are focused on - but not limited to - tax, infrastructure finance, private sector investment risk reduction, financing of social needs, in particular health and education, climate change and data.

In future years, the Task Force will include updates on these voluntary initiatives and commitments in its reporting on the Addis Agenda as a separate appendix. The Task Force invites leaders from all initiatives to actively report on the progress achieved, to describe how their initiatives contribute to the financing for development process and to share lessons learned. Reporting on the voluntary initiatives will support the implementation of the Addis Agenda by ensuring accountability, giving visibility to success stories and allowing actors to benefit from each other's experience.

A full list of the initiatives directly submitted to the United Nations Department of Economic and Social Affairs (DESA) by governments or other actors can be retrieved from the website of the Addis Conference: <http://www.un.org/esa/ffd/ffd3/commitments.html>. More details about the direct submissions can be also found in the forthcoming publication on side events and voluntary commitments from the Addis Ababa conference. However, the list should not be seen as complete. While it covers most of the initiatives announced directly at the Addis Ababa conference, it does not include other announcements made in conjunction with the conference. Furthermore, as much as the implementation of the Addis Agenda is a dynamic process, additional initiatives and commitments will emerge in the coming years, for example during the annual ECOSOC Forum on Financing for Development Follow-up.

Therefore, DESA and the Task Force in the future may also include additional initiatives in its reporting that are particularly relevant to the financing for development process and means of implementation. DESA and the Task Force want to encourage all actors to continue sharing information not only about existing initiatives, but also about newly established initiatives in support of the financing for development process. This will enable the compilation of an extensive and systematic database that will make a meaningful contribution to the monitoring and follow-up mechanism of the Addis Agenda, the overall financing for development process and the means of implementation of the SDGs.

	II.A Domestic public resources	II.B Domestic and international private business and finance	II.C International development cooperation	II.D International trade as an engine for development	II.E Debt and debt sustainability	II.F Addressing systemic issues	II.G Science, technology, innovation and capacity-building
Goal 1. End poverty in all its forms everywhere	Social compact (12), progressive tax systems (22), ...	Financial inclusion (39), remittance costs (40), ...	ODA focus on those with greatest needs (52), South-South cooperation and poverty eradication (57), ...	Trade as engine for poverty eradication, to promote productive employment (79), ...	Consideration of debt relief for countries experiencing shocks (102), ...	Coordination to reduce spillovers from financial crises (105), ...	Addressing digital divide (114), research and development of vaccines and medicines (121), ...
Goal 2. End hunger, achieve food security and improved nutrition, and promote sustainable agriculture	Increasing public investment in research, infrastructure, pro-poor initiatives (13), ...	Responsible investments in agriculture (13), support to agricultural banks (39), FDI in agriculture (45) ...	Coordination of international efforts to support smallholders, women farmers (13), ...	Correction and prevention of trade restrictions, distortions in world agricultural markets (93), ...	Borrowing as an important tool for financing SDGs (93), ...	Measures to ensure proper functioning of food commodity markets (108), ...	Capacity development for agriculture productivity (115), cooperation for agricultural research (121), ...
Goal 3. Ensure healthy lives and promote well-being for all at all ages	Investments in public services, including health (12), price and tax measures on tobacco (32), ...	Foster a dynamic and well-functioning business sector, while protecting health standards (37), ...	International support to social compact (12), health strengthening (68), strengthening health systems (77), ...	TRIPS Agreement not to prevent members from taking measures to protect public health (86), ...	Debt-to-health swaps (102), ...		Support research and development of vaccines and medicines (121), ...
Goal 4. Ensure inclusive and equitable quality education and promote life-long learning opportunities for all	Investments in public services, including education (12), ...		Scaled up international cooperation to allow all children to complete education (78), ...		Borrowing as an important tool for financing SDGs (93), ...	Recognition of migrants (111), ...	Scaled up investment in STEM education, enhanced technical, vocational, tertiary education (119), ...
Goal 5. Achieve gender equality and empower all women and girls	Enforcement of non-discriminatory laws (21), gender responsive budgeting (30), ...	Removing barriers for women's participation in economy (41), equal rights for women to economic resources (41), ...	Reporting allocations for gender equality (53), development bank safeguards on gender equality (75), ...	Address specific challenges of women in trade (90), ...		Gender-based selection of heads of financial institutions (106), ending human trafficking of women (112), ...	Promote access to technology for women (114), equal access to STEM education for women and girls (119), ...
Goal 6. Ensure availability and sustainable management of water and sanitation for all	Investments in public services, including water and sanitation (12), strengthen capacities of municipalities (34), ...		International support to social compact (12), ...		Management of contingent liabilities for infrastructure investment (48), ...		Capacity building for water and sanitation (115), ...
Goal 7. Ensure access to affordable, reliable, sustainable, and modern energy for all	Investments in public services, including energy (12), development bank investment in energy infrastructure (33), ...	Promoting private investment in clean energy technology, increasing share of renewable technology (49), ...	International support to social compact (12), MDB financing for infrastructure (75), ...		Management of contingent liabilities for infrastructure investment (48), ...	Promote investment in clean energy technologies (49), ...	Promote investment in clean energy technologies (49), ...
Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Include full and productive employment and decent work for all in national development strategies (18), ...	Private business as a driver of economic growth and job creation (35), ...	Lending by MDBs (70), ...	Trade as an engine for growth (79), regional integration to promote growth (87), ...	Durable solutions to debt problems to promote growth (99), ...	Reducing spillover effects of financial crises (104), enhancing global financial and macro stability (105), ...	Development and diffusion of innovations (114), dissemination of financial and technologies to SMEs (116), ...

	II.A Domestic public resources	II.B Domestic and international private business and finance	II.C International development cooperation	II.D International trade as an engine for development	II.E Debt and debt sustainability	II.F Addressing systemic issues	II.G Science, technology, innovation and capacity-building
Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	National development bank lending for infrastructure, industrialization (33), support cities in infrastructure (34), ...	Overcoming impediments to private investments in infrastructure (47), FDI for structural transformation(45), ...	Blended finance for infrastructure (54), WDB financing (75), ...	Integration of SMEs in global value chains (87), ...	Management of contingent liabilities for infrastructure investment (48), ...		Dissemination of technologies for industrial diversification (116), ...
	Add social compact (12), ...	Full and equal access to financial services (39), Incentivize FDI to LDCs (45) ...	Focus of concessional resources on those with greatest needs (52), ...	Special and differential treatment of developing countries in WTO (84), ...	Workouts from sovereign debt crises (98), ...	Voice and participation of developing countries in international economic decision-making (106), ...	Development, dissemination and transfer of environmentally sound technologies to developing countries (120), ...
Goal 10. Reduce inequality within and among countries	Strengthen capacities of municipalities and other local authorities, municipal bond markets (34), ...	Incentivize private sector to adopt sustainable practices, foster long-term quality investment (36), ...	Strengthen capacity of local actors to manage and finance disaster risk reduction (62), ...		Establish or strengthen municipal bond markets (34), ...		
	Corporate transparency, accountability in extractive industries (32), rationalize inefficient fossil-fuel subsidies (31), ...	Businesses to shift to more sustainable consumption and production patterns (85), FDI to promote sustainable patterns of production, consumption (45), ...	Social and environmental safeguards systems by development banks (75), ...	Combat poaching, trafficking of protected species, trafficking in hazardous waste (92), ...		Take account of environmental challenges in enhancing policy coherence (103), ...	Strengthen scientific and technological and institutional capacity for sustainable patterns of consumption and production (120), ...
Goal 12. Ensure sustainable consumption and production patterns	Rationalize inefficient fossil fuel subsidies (31), cities implementing mitigation and adaptation policies (34), ...	Businesses take account of environmental and social impacts (37), ...	Meeting climate finance commitments (60), consider climate, disaster resilience in development financing (62), ...			Take account of climate change in enhancing policy coherence (103), ...	Capacity building for climate services (115), development, transfer of environmentally sound technologies (120), ...
	Coherent policy, financing, trade and technology frameworks to protect, manage and restore marine ecosystems (17), ...	Voluntary Guidelines on Responsible Governance of Tenure of Land, Fisheries, Forests (13), ...	Commit to restoring, the health, productivity and resilience of oceans and marine ecosystems (64), ...	Strengthen disciplines on subsidies in the fisheries sector (83), ...		Provide access for small-scale artisanal fishers to marine resources and markets (108), ...	Capacity building for fisheries (115), increase scientific knowledge, research, transfer marine technology (121), ...
Goal 13. Take urgent action to combat climate change and its impacts	Coherent policy frameworks to protect, manage and restore terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	Sustainable corporate practices, integrating environmental, social and governance factors into company reporting (37), ...	Mobilization of financial resources to conserve and sustainably use biodiversity and ecosystems (63), ...	Combat poaching of protected species, trafficking in plants, animals and trafficking in minerals (92), ...	Debt-to-nature swaps (102), ...	Strengthen coherence, consistency of multilateral financial investment ... environment institutions (113), ...	Development, dissemination and transfer of environmentally sound technologies (120), ...
	Goal 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development	Build transparent, predictable investment climates (36), ...	Coherence of developmental and humanitarian finance (66), financing for development in the post-conflict context (67), ...	Commitment to strengthening multilateral trade system (80), ...		Voice and participation of developing countries in international economic decision-making (106), ...	Capacity-building for public finance and administration (115), ...
Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	Strengthen domestic enabling environments, rule of law, combatting corruption (20), supreme audit institutions (30), ...						
	Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels						

