

# 2020 Financing for Sustainable Development Report

## Draft Outline

### Thematic Chapter: Financing for Sustainable Development in an Era of Transformative Technologies

1. Introduction – key technological developments
2. The impact of new technologies on societies and economies
  - 2.1. General properties
  - 2.2. Impacts on markets
    - Financial markets and access to finance
    - Product markets and changing market structure
    - Labour markets
  - 2.3. Impacts on sustainable development prospects
    - Economic growth
    - Social and equity considerations
    - Environmental impacts
3. Designing financing policy and institutional responses
  - 3.1. Public finance
    - Effectiveness of public administrations
    - Social protection
    - Development cooperation in the context of new technologies
    - Taxation of the digital economy and international tax cooperation
    - Combatting illicit flows
  - 3.2. Financial market development
    - Inclusive finance
    - Balancing access to finance with consumer protection and other policy objectives
  - 3.3. Trade and technology policies
    - Development pathways and integration into the global economy
    - Trade policies and global value chains
    - Innovation and technology diffusion
    - Data policies and data ownership

- Competition policies

#### 3.4. Macroeconomic policies and systemic issues

- Financial innovation and stability
- Crypto-assets and digital currencies
- Regulatory responses

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## Chapter III.A Domestic Public Resources

### 1. Overview, key messages and recommendations

### 2. Domestic resource mobilization

#### 2.1. Taxation trends and revenue targets/medium-term revenue strategies

- Data on tax
- Updates on MTRS

#### 2.2. Tax avoidance and evasion

- Revenue losses impact
- Estimates of revenue gap by region

#### 2.3. Tax administration

- ISORA aggregates
- Technology in tax administration

### 3. International tax cooperation

#### 3.1. Progress on tax transparency, BEPS etc

- Participation in various tax cooperation instruments
- Discussion of use of tax cooperation instruments

#### 3.2. Taxation of the digital economy

- Impact assessments of digital tax proposals

#### 3.3. Platform for Collaboration on Tax

#### 3.4. Capacity building efforts

- Lessons from experience
- Link to MTRS
- Aligning donor and country priorities

### 4. Illicit financial flows

#### 4.1. Volume estimates

- Channel & component specific
- Updates on SDG indicator work

#### 4.2. Policy measures for combatting tax-related IFFs

- Links to tax cooperation tools
- Technology for tax administrations

#### 4.3. Anti-money laundering and countering the financing of terrorism

#### 4.4. Tackling corruption and state capture

#### 4.5. Asset recovery and return

- Data on international cooperation

## **5. Expenditure and strategic procurement in public budgets**

### 5.1. Expenditure policy frameworks

### 5.2. Financial instruments for expenditure

- Income statement and balance sheet in public finance context
- Use of innovative financial instruments, such as social impact bonds

### 5.3. Procurement effectiveness and alignment with sustainable development strategies (incl social & environmental goals)

- Strategic procurement to support growth, industry and innovation
- Public investment in infrastructure
- Procurement resilience and integration of disaster risk into public investment
- Incorporating gender equality
- Tools on procurement integrity

### 5.4. Accountability and transparency in budgets

- Link back to MTRS and citizen engagement

## Chapter III.B. Domestic and International Private Business and Finance

### 1. Overview, key messages and recommendations

- Private financing flows can support the SDGs, but public policies unlock their potential and provide incentives to align them with sustainable development objectives.

### 2. Investment trends and foreign direct investments

### 3. Private sector development strategies (adapted to technological changes)

#### 3.1. Building a conducive legal and regulatory environment

- Trends in reducing administrative hurdles for companies to do business + addressing legal and policy barriers deterring women's entrepreneurship and labour force participation.
- Ensuring that facilitation measures go hand in hand with protecting labour rights and environmental and health standards.

#### 3.2. Providing infrastructure services while leveraging technology

- Infrastructure services are key for business development and international competitiveness (gap analysis). Technology can support infrastructure service delivery and enable innovative business models (e.g. pay-as-you go systems for solar energy).

#### 3.3. Accelerating financial inclusion (box on remittances transaction costs)

- Private sector development relies on proper access to finance. Trends in financial inclusion and regulatory implications (e.g. consumer protection).

#### 3.4. Promoting entrepreneurship and direct investment

- Policymakers role in promoting entrepreneurship and attracting foreign direct investment, for instance through investment promotion agencies or SEZs.

#### 3.5. Managing market power risks

- Technology has disrupted many industries and a small fraction of innovative companies has been able to charge higher mark-ups over marginal costs, signalling a rise in their market power.
- Policy measures to maintain market competition and limit anti-competitive behaviours.

### 4. Financial Instruments to mobilize private finance

- Ways financial instruments can address the challenges preventing capital to reach investment opportunities in developing countries and how policymakers can support them.
- Risks, opportunities and country context

### 5. Sustainable corporate practices and financial systems

#### 5.1. A new vision of corporate purpose

- Profits do not necessarily have to be the sole purpose of companies. Companies can focus on all stakeholders - customers, employees, suppliers, communities and shareholders.

## 5.2. Impact and sustainable investing

- Latest trends and development and links with financial performance.

## 5.3. Impact measurement and sustainability reporting

- Challenges to measure the impact of sustainable investing and the need to better measure to what extent individual corporates contribute to sustainable development issues.

## 5.4. Regulatory and policy implications (including long-term orientation) and national initiatives to develop sustainable capital markets

- Policy actions are instrumental improve transparency on sustainability issues (e.g. TCFD) and ensure that sustainable issues have a material impact on corporate financial performance.

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## Chapter III.C. International Development Cooperation

### 1. Key messages and recommendations

### 2. ODA

#### 2.1. By DAC members

- By Recipient (country groups)
- By Type (budget support, project-type etc.)
- By Sectors (including debt relief & humanitarian finance)

#### 2.2. Climate finance

#### 2.3. ODA modernisation

### 3. Trends in other flows

#### 3.1. Non-DAC ODA

#### 3.2. Blended finance

#### 3.3. Philanthropy

#### 3.4. TOSSD

### 4. South-south and triangular cooperation

### 5. Multilateral Development Banks

#### 5.1. Trends in Lending

#### 5.2. Optimisation of resources

#### 5.3. Links to NDBs

### 6. Public finance instruments

#### 6.1. Securitisation of ODA commitments

#### 6.2. Mechanisms that mitigate risk

#### 6.3. Solidarity taxes

#### 6.4. Global funds

### 7. Graduation and access to concessional finance

#### 7.1. Impact of graduation

#### 7.2. Transition support

#### 7.3. Addressing vulnerability and building resilience

### 8. Quality, impact and effectiveness of development cooperation

#### 8.1. Development coordination/cooperation

#### 8.2. Tax treatment of donor-financed projects

#### 8.3. Multi-stakeholder partnerships

#### 8.4. Inter-relation between IDC and INFFs

## **Chapter III.D. International trade as an engine for development**

### **1. Key messages and recommendations**

### **2. Developments in international trade**

- 2.1. Trends in world trade (volume, price and economic diversification, update on the political environment surrounding international trade and its potential impact upon FfD and development, trade in services)
- 2.2. Trade restricting and facilitation measures (including tariffs and NTMs) [possible inputs from ESCAP on Non-Tariff Measures and Sustainable Development]
- 2.3. LDC in international trade (including market access conditions facing LDCs and the state of export diversification)

### **3. The multilateral trading system**

- 3.1. Progress on multilateral trade negotiations / WTO reform
- 3.2. Plurilateral negotiation on e-commerce

### **4. Bilateral and regional trade and investment agreements (including a box on African Continental Free Trade Agreement (ECA) / policy coherence in trade**

- 4.1. Bilateral and regional trade agreements
- 4.2. Bilateral and regional investment agreements

### **5. Facilitating international trade**

- 5.1. Trade finance gaps and instruments (as per request from the FFD Forum outcome document)
- 5.2. Aid for trade (including updates on the global review process)
- 5.3. Trade facilitation (including how digitalization can reduce trade costs) [inputs from the 2019 results of the UN Global Survey on Digital and Sustainable Trade Facilitation (ESCAP)]

### **6. Promoting international trade that is consistent with the SDGs in an era of disruptive technologies**

- 6.1. Impact of technological changes on GVCs
- 6.2. E-commerce and MSMEs
- 6.3. Trade, jobs, and inequality
- 6.4. Women as producers and traders [input from UN Women]
- 6.5. Addressing challenges related to illegal wildlife trade, illegal unreported and unregulated fishing, illegal logging and illegal mining



## Chapter III.E. Debt and debt sustainability

### 1. Key messages and recommendations

### 2. Debt trends

#### 2.1. Global debt trends

- Linked to the global economic situation (global context chapter)
- Covering total developing country debt trends (public, private, domestic, external)

#### 2.2. Public debt trends in developing countries

- Changes in debt levels
- Composition of debt
- Debt service burdens and SDG expenditure

#### 2.3. Analysis of private debt trends in developing countries

- Total private debt
- Corporate debt
- Household debt

#### 2.4. External debt trends in developing countries

#### 2.5. Additional risk factors (e.g. falling ratios of short-term debt/ international reserves, etc.)

#### 2.6. Developments of debt distress risk assessments of developing countries

### 3. Sustainable and responsible borrowing and lending for the SDGs

#### 3.1. Debt sustainability and SDG investments

- SDG investment and expenditure requirements and debt sustainability
- productive investments, productive assets, debt sustainability and SDG progress: towards a balance sheet approach?

#### 3.2. Early warning systems and debt analysis tools

#### 3.3. Updates to IFI debt and borrowing tools

#### 3.4. Public debt management

#### 3.5. Debt data and transparency

#### 3.6. Principles for responsible borrowing and lending: exploring complementarities and differences of different approaches

### 4. Debt relief and debt crisis resolution

#### 4.1. Progress and challenges in the market-based approach to debt crisis resolution

- Update on use of aggregated CACs, modified pari passu clauses

#### 4.2. Gaps and challenges in the existing debt restructuring framework

#### 4.3. Opportunities for reform and progress beyond market-based approaches

- Interim regulatory and institutional mechanisms
- Basic elements to facilitate swift and fair sovereign debt resolution

4.4. Discussion of debt relief initiatives

## **5. Debt instruments and the SDGs - lessons learned, areas ripe for progress**

5.1. Updates on state-contingent debt instruments, if any: hurricane clauses, GDP linked bonds, related instruments

5.2. Debt swaps and targeted debt relief initiatives (placement to be determined)

5.3. Collateralized lending

5.4. Partial guarantees, other new MDB financing modalities, and other proposals

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## Chapter III.F. Addressing systemic issues

### 1. Key messages and recommendations

### 2. Strengthening global governance

- 2.1. Governance reforms at the IFIs
- 2.2. Governance at regional bodies
- 2.3. Governance at standard-setting bodies

### 3. Improving cooperation, coordination and policy coherence

- 3.1. The need for policy coherence and international coordination
- 3.2. Possible case study

### 4. Macroeconomic stability and international architecture

- 4.1. Trends in capital and financial flows, and the impact of global liquidity conditions
- 4.2. Integrated policy frameworks, capital account policies and macroprudential management
- 4.3. Global financial safety net
- 4.4. Digitalisation of currencies and implications for monetary policy, financial stability, and sustainable development
  - Central bank digital currencies
  - Crypto-assets and private digital currencies

### 5. Financial regulation

- 5.1. Implementation of agreed reforms
  - Basel III & associated reforms
- 5.2. Financial policies for climate change mitigation
  - TCFD update
  - Financial and macroprudential policy options
- 5.3. Financialisation, global markets and regulation

## Chapter III.G. Science, technology, innovation and capacity building

### 1. Key messages and recommendations

### 2. Key trends in science, technology and innovation

#### 2.1. Quantitative and qualitative assessment of key science and technology trends

- R&D expenditure
- ICT investment and access
- ICT relevant skills

### 3. New and emerging technologies and the SDGs

#### 3.1. Big data, Internet of Things, Artificial Intelligence

#### 3.2. Blockchain, 5G

#### 3.3. Robotics, 3D printing

#### 3.4. Nanotechnology, renewable energy technology, drones, gene editing

### 4. Fintech and financial inclusion

#### 4.1. Fintech and financial inclusion

#### 4.2. Addressing regulatory challenges related to fintech

- Key challenges (new consumers, new providers and new business models)
- Effective regulatory approaches
- Cryptocurrencies/ crypto-assets and risks to financial integrity (tax evasion and other illicit flows) and financial stability (volatility, money creation outside the banking system and impact on monetary policy)

### 5. Access to technology, development cooperation and UN actions on STI

#### 5.1. Technology diffusion and transfer in the context of new and emerging technologies (linked to the thematic chapter)

#### 5.2. Development cooperation, ODA and South-South cooperation for STI

#### 5.3. The Technology Facilitation Mechanism

#### 5.4. Other UN actions to support STI: Commission on Science and Technology for Development, LDC Technology Bank, and related efforts

## Chapter IV: Data, monitoring and follow-up

### 1. Introduction/Executive Summary: key messages and recommendations

### 2. Funding for data for sustainable development

#### 2.1. Priority areas of the Cape Town Global Action Plan for Sustainable Development Data (CTGAP)

- Six priority areas for strengthening national statistical systems to achieve the 2030 Agenda [*short*]
- Capacity building and funding needs to implement the CTGAP

#### 2.2. Innovative funding mechanism for the data needs for the 2030 Agenda

- Dubai Declaration: call for the establishment of an innovative funding mechanism
- State of discussions
- Lessons learned from other global funds: success factors
- Recommendations

### 3. New sources of data and evolving national statistical systems (NSS)

#### 3.1. Opportunities and challenges around new sources of data

- Potential to discuss different approaches in different regions/jurisdictions
  - What is the impact of these approaches on smaller countries and developing countries?

#### 3.2. The changing role of NSS in accessing and processing a wide variety of data sources; creating partnerships and acting as data stewards for national governments

#### 3.3. Capacity building to make NSS fit for purpose

### 4. Progress in strengthening data frameworks, collection and processing

#### 4.1. Progress on the SDG indicator framework

- Progress of the work of the Inter-agency Expert Group on SDG Indicators (IAEG-SDGs)
- Incorporating the SDGs into national/country strategies
- Local (subnational) indicator frameworks

#### 4.2. Gender statistics

#### 4.3. Monitoring the financial sector

- G20 Data Gaps Initiative
- Improved debt statistics
- Other issues?