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.

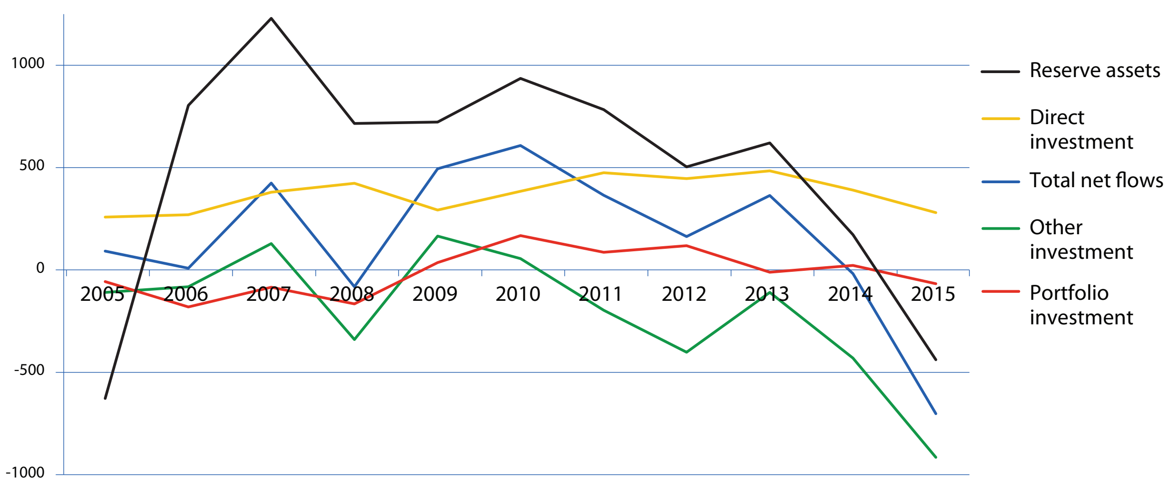
Moreover, the impact of sudden surges or exits of international private capital flows can seriously undermine sustainable development, as was seen in past financial crises. Indeed, in recent years, private capital flows to developing countries have been highly volatile. (See figure 3) At the same time, 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 counries 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 competitiveness. 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.[1] 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 process 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.[2] 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

2 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).

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 identity. 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 (IPPMD). 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 IPPMD 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 development 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.[3]

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 communiques 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 assessing 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 foundations 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.