

First session of the Preparatory Committee for the fourth International Conference on Financing for Development

Multi-Stakeholder Round Table Discussion on “Data, monitoring and follow-up”

Friday, 26 July 2024, 10:00 – 11:30

Issue Note

Background

Data, including data on financing, is crucial for assessing progress and guiding actions towards achieving the Sustainable Development Goals (SDGs) and its means of implementation. The Addis Ababa Action Agenda (Addis Agenda) emphasizes the importance of robust **data collection, use and standards** for achieving development goals, the need for **measures of progress on sustainable development that go beyond per capita income** and a dedicated **financing for development (FfD) follow-up and review mechanism**.

Reliable and timely data are critical for informing policy decisions, identifying gaps, and measuring the impact of policy interventions. The Addis Agenda emphasizes the importance of high-quality disaggregated data for decision-making, including in support of the 2030 Agenda and its means of implementation. Member States commit to increase and use high-quality, timely and reliable disaggregated data and to provide support to developing countries to strengthen their data and statistical systems, improve data quality, and ensure comprehensive and disaggregated data availability. The importance of transparent data dissemination and access to data and statistics is emphasized. Member States also commit to support efforts to make data standards interoperable, allowing data from different sources to be more easily compared and used.

The Addis Agenda also emphasizes the development of transparent measurements of progress on sustainable development that go beyond per capita income, recognizing poverty in all its forms and the social, economic, and environmental dimensions of development. Member States commit to develop and implement tools to mainstream sustainable development, as well as to monitor sustainable development impacts for different economic activities.

One of the key outcomes of the Addis Agenda was the establishment of a dedicated FfD follow-up and review mechanism. Member States established interlinked and mutually reinforcing components, including the Inter-agency Task Force (IATF) on Financing for Development, the annual ECOSOC Financing for Development Forum (FfD Forum) and the quadrennial General Assembly High-level Dialogue on Financing for Development.

The IATF, composed of the major institutional stakeholders and funds and programmes and specialized agencies United Nations system whose mandates are related to the follow-up, is mandated to report annually on progress in implementing the financing for development outcomes and the means of implementation of the 2030 Agenda and to advise the intergovernmental follow-up process on progress, implementation gaps and recommendations for corrective action.

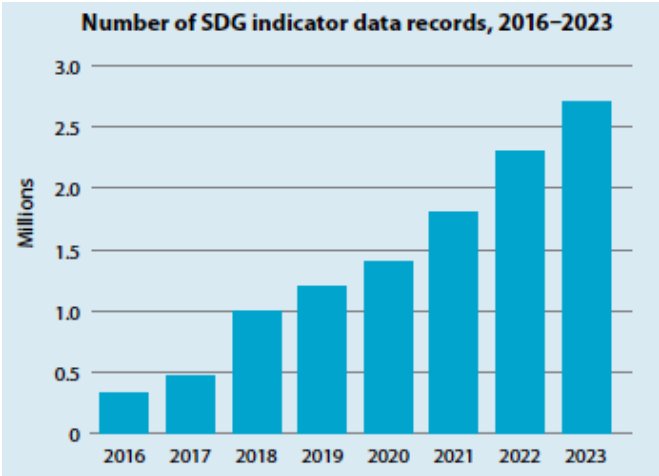
The ECOSOC FfD Forum is mandated to be up to five days, one of which is a Special High-level Meeting with the Bretton Woods Institutions (BWIs), WTO and UNCTAD, and up to four days dedicated to discussing the follow-up and review of the FfD outcomes and the means of implementation of the 2030 Agenda. Its intergovernmentally agreed conclusions and recommendations are fed into the high-level political forum on sustainable development (HLPF). The High-level Dialogue on Financing for Development of the General Assembly is held back-to-back with the SDG Summit when it is convened every four years.

How have we done?

Trends:

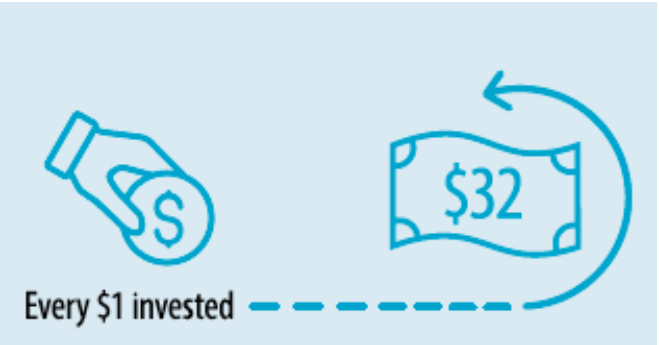
The SDG Indicator framework contains rich information on sustainable development progress beyond the information provided by GDP figures. By the time of the SDG Summit in September 2023, the SDG indicator database contained over 2.7 million records (figure 1).

Figure 1. Number of SDG indicator records, 2016-2023 (millions)



There is an average return of \$32 for every \$1 invested in strengthening data systems in developing countries (figure 2). Historic investment levels for data and statistics are less than half of what is needed to deliver on data for the SDGs. Investments in data from external sources have remained relatively static for several years, suffering from fragmentation and duplication of efforts.

Figure 2. Average return on investment in strengthening data systems in developing countries



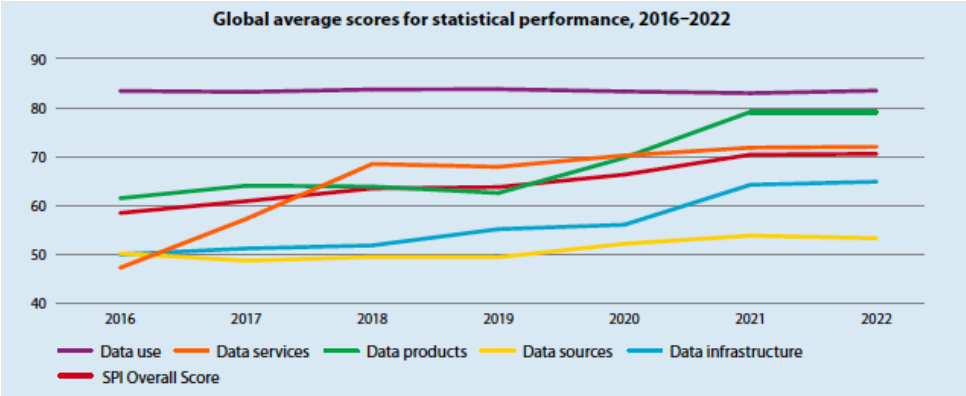
Overall, gender data is lagging behind, but it has improved. Fifty-one per cent of country data on gender-specific SDG indicators is now available, up from 26 per cent in 2016 (figure 3). Gender data gaps arise for diverse reasons and cannot be tackled by isolated, disjointed efforts. However, external funding for gender statistics has been stagnant since 2015.

Figure 3. Available country data on gender-specific SDG indicators (percentage)



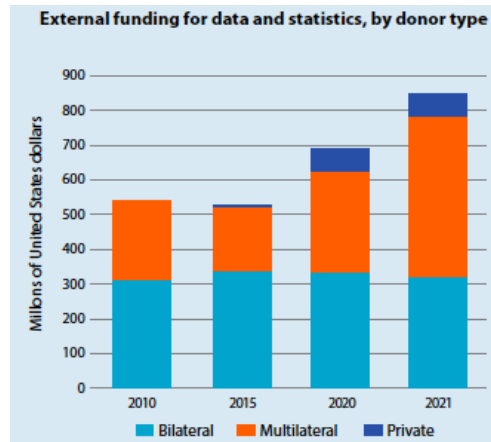
Countries have made significant strides in improving their national statistical systems: global average statistical performance score has crossed 70 out of 100 (figure 4). Progress in statistical systems has focused on expanding available data, but improvements to data sources remains a weak area.

Figure 4. Global average scores for statistical performance, 2016–2022 (Index)



There have been increased investments in data, and total external funding disbursed for data and statistics in 2021 reached nearly \$850 million (figure 5). In 2021, multilateral channels emerged as the predominant source of funding for the first time and loans for data and statistics also reached their highest level ever, at \$240 million, while the volume of grants declined for the third consecutive year.

Figure 5. External funding for data and statistics, by donor type, 2010–2021 (Millions of United States dollars)



Actions and Challenges

Data collection, use and standards

Since 2015, various global and regional data initiatives have been launched to support data availability and use. Comprehensive monitoring frameworks have been established to track progress towards the SDGs. These include indicators and targets that guide countries in measuring their achievements and identifying areas requiring attention. The SDG Indicator Framework, adopted by the United Nations Statistical Commission, is a key tool for monitoring global progress on the SDGs. The adoption of the indicator framework has spearheaded major efforts by the statistical community to develop internationally established methodologies or standards for all indicators and to produce data.

A coordinated global financing architecture is emerging to help unlock the potential of data for development and risk analysis at scale. These include initiatives to build robust data ecosystems, foster data partnerships, and promote the use of innovative technologies for data collection and analysis, such as the Cape Town Global Action Plan for Sustainable Development Data, the High-Impact Initiative on Unlocking the Data Dividend, the Clearinghouse for Financing Development Data and the Global Data Facility of the World Bank.

Significant efforts have also been made to enhance the statistical capacities of developing countries. International organizations have provided technical assistance and capacity-building programs to improve data collection, analysis, and reporting, which have led to better data quality and availability.

Despite progress, significant data gaps remain. Many countries lack the infrastructure and resources to collect, analyze, and disseminate high-quality data regularly. Data gaps are most pronounced in areas related to gender, climate change, and inequality. There is need for integrated national statistical systems and enhanced international cooperation. Ensuring the quality and timeliness of data remains a challenge, which is essential for responding to emerging challenges, such as pandemics and natural disasters.

In addition, despite the potential for substantial economic returns, there is underinvestment in public data systems and statistical activities. Member States have faced challenges such as lack of political prioritization, fragmented and siloed investments, and shortfalls in capacity, which continue to undermine the pursuit of sustainable development.

Measures of progress on sustainable development that go beyond per capita income

New measures and tools have been developed to quantify structural vulnerability at the national level and across the multiple dimensions of sustainable development. For example, a high-level panel of experts developed the Multidimensional Vulnerability Index (MVI) and submitted its final report to the President of the General Assembly in September 2023. Small Island Developing States (SIDS), Least Developed Countries (LDCs) and landlocked developing countries (LLDCs) emerge as the most vulnerable groups, on average, highlighting their structural vulnerability and lack of resilience.

There is renewed political momentum to develop and adopt metrics that go beyond GDP. Measures of progress on sustainable development that go beyond GDP is one of the global governance topics being discussed in the context of the Summit of the Future, to be held in September 2024.

Nonetheless, the development and adoption of transparent and comprehensive measurements that go beyond per capita income and recognize the multi-dimensional aspects of poverty and development remain complex tasks. Ensuring these metrics are effectively integrated into national and international monitoring frameworks poses an ongoing challenge. GDP per capita continues to impact eligibility for official development assistance, decisions on debt relief and concessional financing, and the identification of LDCs. As a result, key dimensions of sustainable development are not sufficiently considered in the functioning of the international financial architecture, with serious consequences for the sustainable development of all countries, in particular middle-income countries and SIDS.

FfD follow-up and review mechanism

The follow-up process established by the Addis Agenda has strengthened the review and monitoring of FfD commitments and new developments. The Inter-Agency Task Force on Financing for Development, was convened by the Secretary-General in 2016. The Financing for Sustainable Development Office of the UN Department of Economic and Social Affairs serves as the coordinator and substantive editor, working closely with the major institutional stakeholders of the Financing for Development process -- the World Bank Group, IMF, WTO, UNCTAD and UNDP – and over 60 United Nations agencies, programmes and offices, regional economic commissions and other relevant international institutions. Since it was formed, the IATF has furnished Member States with the most up to date FfD data and analysis. The annual *Financing for Sustainable Development Report (FSDR)* and its recommendations serve as a key substantive input to the FfD Forum and its intergovernmentally-negotiated outcome.

The ECOSOC FfD Forum, which reviews progress, identifies challenges, and promotes the sharing of experiences and best practices, has aligned the FfD follow-up process with the broader 2030 Agenda for Sustainable Development, creating a cohesive approach to development financing and sustainable development. The Forum has strengthened the participation of Ministers of Finance and Central Bank Governors in the UN finance discussions. It has also helped strengthen in-depth dialogue and collaboration between the governing bodies of UN and the BWIs through the Special High-level Meeting with the BWIs and the ECOSOC Bureau's annual consultation with the BWI Boards in Washington, D.C., which precedes the Forum each year.

The negotiations of FfD Forum outcome documents have kept the FfD agenda under annual review by Member States, which has not only sustained momentum but also allowed Member States to provide guidance on emerging trends and development. The FfD Forum also serves as an anchor for multistakeholder partnerships through the extensive involvement of CSOs and the private sector in the

Forum and its side events. On the margins of the Forum, the SDG Investment Fair has been organized since 2017, leading to growing engagement of the private sector around the FfD Forum.

The General Assembly High-level Dialogue on Financing for Development, a one day-event held back-to-back with the SDG Summit every four years, has served to galvanize commitment and action at the highest political level, including through the announcement of concrete financing commitments.

Despite the success of the FfD follow-up mechanism established by the Addis Agenda, there are a number of areas that are ripe for improvement. Due to limited resources, only a small number of developing countries can be financially supported to participate in the ECOSOC FfD Forum. The level of participation from developed countries and systemically important economies could also be improved. The negotiations of the Forum outcome have been frequently confronted with tight timelines, which at times prevented Member States from negotiating the document thoroughly and in-depth.

Furthermore, the engagement between ECOSOC and the Executive Directors of the BWIs could be further expanded beyond the annual consultations in Washington, D.C. and the Special High-level Meetings during the ECOSOC FfD Forum. Regional perspectives in the FfD follow-up process could also be strengthened through more linkages with regional bodies and organizations focused on regional trade, trade, investment and development cooperation.

The way forward and guiding questions for discussion

Data collection, use and standards

1. What are the most pressing actions needed to address data gaps and improve the quality and timeliness of data in developing countries? How can existing initiatives be leveraged to achieve this?
2. How can the experience of the SDG indicator framework inform targets and indicators that would support the FfD follow-up process?
3. How can international organizations and development partners enhance their support to developing countries in building robust national statistical systems?

Measures of progress on sustainable development that go beyond per capita income

1. How can measures of progress on sustainable development that go beyond GDP become more embedded in the decision-making frameworks of international financial institutions and other international organizations?
2. What new measures are needed to recognize poverty in all of its forms and dimensions or how can existing initiatives be built on, and what measures are needed to capture the social, economic and environmental dimensions of domestic output and structural gaps?

FfD follow-up and review mechanism

1. How can the FfD follow-up process be enhanced to increase the extent and level of participation?
2. How can dialogue and collaboration between the UN and international financial institutions be further deepened?
3. What steps and initiatives would help incorporate a wider range of perspectives and inputs into the FfD follow-up process?