The Global Partnership for Sustainable Development Data Elements Paper Input: Data and statistics at the forefront of the Financing for Development agenda

***Strong data and statistical systems are essential for advancing the financing for development agenda**. FFD3 missed the mark by treating data and statistics mainly as an issue of monitoring rather than as an essential precondition for mobilizing domestic resources, mobilizing private finance, making aid more effective, managing debt, addressing systemic issues and leveraging technology and innovation. Data should be recognized as a cross-cutting issue in the FFD4 outcome.*

This paper responds to the call for inputs for the Elements Paper on Financing for Development which will lay the foundations for the outcome of the FFD4 negotiations.

A global financing framework (including cross-cutting issues)

Strong data and statistical systems are essential for advancing the financing for development agenda. FFD3 missed the mark by treating data and statistics mainly as an issue of monitoring rather than as an essential means of implementation for the SDGs.

The Addis Ababa Action Agenda (AAAA) affirmed the importance of high-quality data for decision-making and the central role of national statistical systems in generating, disseminating, and administering data.[i] Members committed to increase and use high-quality, timely and reliable data and to enhance capacity-building through technical and financial support to developing countries for this purpose.[ii]

However, these commitments were not realized. The 2024 Financing for Sustainable Development Report (FSDR) emphasizes that lack of national and international funding for data and statistics is particularly severe for low- and middle-income countries. National Statistical Offices report that lack of funding is one of the major reasons for them not being able to deliver on SDG monitoring.[iii] They are also struggling to meet requests from domestic policy makers for national indicators and data for decision-making, including in the economic sector. Moreover, the rapid pace of technological change is putting increasing pressures on government data systems and digital capacities, making data systems strengthening even more urgent for FFD4 than it was for the AAAA.

Member states should affirm that data is a central driver of informed financing for development and that strengthening national data systems is a critical means of implementation for the SDGs. Data should be recognized as a cross-cutting issue in the financing for development agenda.

Action areas

Domestic public resources

Sustainable systems for data and statistics are what allows countries to link revenue and expenditure towards targeted interventions for poverty reduction and reduced inequality. The 2024 FSDR emphasizes the importance of cooperation and information sharing between tax and customs

administrations[iv]. Moreover, tax policy units play an important role in fiscal management and tax transparency, and their work necessitates data and statistics to be able to assess the impacts of tax reforms. Through increased collaboration and data sharing between government entities, and particularly with national statistical offices, much more timely and granular information can be provided to identify revenue losses and make more effective use of tax administration budgets.

A cross-country statistical analysis conducted in 2023, showed that states with more capacity to gather and analyse information also tend to be those that are more effective at taxing their populations, and that this holds true when controlled for their differing socio-economic, political, and geographic characteristics.[v]

Member states should commit to make the necessary investments in administrative data, cross-government data sharing, and statistical systems to improve public financial management and establish the necessary information infrastructure for effective and efficient tax systems.

Domestic and international private business and finance

Data is crucial for attracting finance based on accurate risk assessments, identifying new investment opportunities, strengthening supply chains, and meeting environmental, social, and governance (ESG) criteria. The 2024 FSDR argues that, among other factors, "high-quality, exhaustive and comparable data are prerequisites for informed investment decisions"[vi].

Investment in public datasets on household access to energy helped Kenya-based Sun King demonstrate their viability to investors. This led to major private sector investment and rapid growth in their off-grid solar products, for better energy access and affordability, and the creation of new jobs. With better data, the company raised $260m in 2022, helping it to become the world's leading off-grid solar energy company.[vii]

Member states should take steps to strengthen national data and statistical systems to improve the quality, accessibility and reliability of market information. Multilateral development banks and development finance institutions should improve investment disclosure and make more granular default and recovery data in the Global Emerging Markets Database (GEMs) accessible to private investors and credit rating agencies to strengthen their risk assessments at both the country and sectoral level.

International development cooperation

While data are often available from a range of sources, they are not fully used to drive sustainable development due to poor quality, barriers to data sharing, and fragmented national systems. These challenges are exacerbated by fragmented and siloed international development cooperation that either does not allocate sufficient resources to data systems, duplicates efforts, or is targeted towards specific sectors or agencies with more focus on gathering data for international reporting than on strengthening national systems.[viii]

In Nigeria, lack of coordination and inefficient information sharing led to funders sponsoring ten separate efforts to update the country's health facility list, including surveying each state a minimum of four times.[ix]

Development partners should improve international assistance by stopping practices that collect data for monitoring without strengthening core national data systems. Development partners should commit to using national data and statistics where available, invest in building national

capacities where needed or where data do not exist, and refrain from parallel data collection processes. Member states should review global funding flows for data and statistics to reward integrated and cross-system support of national data and statistical systems.

Debt and debt sustainability

According to the 2024 FSDR, the collection and access to sovereign debt data is "crucial for addressing the debt challenges that many countries face."[x] Borrowers need data for risk assessment and to ensure a sustainable debt level, which can also reduce borrowing costs. With good data, creditors can more easily address debt distress. Greater transparency is essential, including consistent debt disclosure and common definitions and standards for debt data.

Borrowers should improve their debt recording and reporting systems as well as information sharing procedures. Creditors should encourage transparent financing practices and provide detailed information about their lending portfolios. These actions need to be underpinned by strong national data systems.

Addressing systemic issues

Strong data systems that deliver accurate, reliable, and timely macroeconomic data is critical for both domestic policy making and managing volatility in global markets. However, many countries are falling behind on GDP rebasing targets and have significant gaps in their macroeconomic statistics. This has wide-ranging effects on policy makers' understanding of the size and structure of their economy with significant implications for everything from public debt management to sectoral priorities. It also has implications for global economic cooperation where reliable macroeconomic statistics are essential for early warning of financial crises and addressing volatility.

Member states should work to meet GDP re-basing targets and commit to step up investment from domestic and international sources in national data systems that can deliver timely, accurate and reliable macroeconomic data.

Science, technology, innovation and capacity building

Since the adoption of the AAAA, the rapid pace of technological change has made data an increasingly valuable asset for sustainable development. Without strong data systems, governments cannot take full advantage of digital tools and emerging technologies, deepening the digital divide and leaving them at risk of being left further behind. Achieving the SDGs requires digital transformation along with systematic investment in data systems, including infrastructure for data storage, exchange and computation, investment in technical capacity and widespread data literacy, and the development of frameworks for governing data effectively.

In 2016, the Ministry of Finance of Costa Rica started using predictive modeling to identify the behavioral patterns of companies and individuals that could be evading taxes. The model cross-references tax and other declarations with data from the civil registry, national property registry, and social security databases. Such tools, which depend on high quality public datasets, can dramatically reduce tax evasion.[xi]

Member states should commit to share experience and provide technical assistance to strengthen data infrastructure, capacities and governance mechanisms to ensure that data are handled and used responsibly and effectively in digital tools and digital public infrastructure. This includes increasing responsible data sharing to maximize the benefits of data generated through digital systems while maintaining safety and confidentiality. When successful, this can improve policy making, service delivery and domestic resource mobilization in the digital age.

Data, monitoring and follow-up

Since 2015, various global and regional data initiatives have been launched to support data availability and use. Significant efforts have also been made to enhance the statistical capacities of developing countries. International organizations, civil society and development partners 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 this progress, significant gaps remain in capacities, infrastructure and available data. Chapter IV of the 2024 FSDR, dedicated to "Data, monitoring and follow-up" states that "Member States have not been able to capitalize on the power of data due to a lack of political prioritization, fragmentation, inadequate and siloed investment, and shortfalls in capacity."[xii]

Recalling the commitment in the Pact for the Future (para 23 (f)) to "create a more enabling environment at the global, regional and national levels to increase the mobilization of domestic resources and enhance the capacities, institutions and systems of developing countries at all levels to achieve this goal, including through international support, to increase investment in sustainable development." Member states should reaffirm the importance of high-quality data and statistics for decision-making and the central role of national statistical systems in generating, disseminating, and administering data to inform sustainable financing and other key national information needs. They should commit to step up investment from domestic and international sources in high-quality, timely and reliable data and to enhance capacity-building through technical and financial support to developing countries for this purpose.

To strengthen and build on the follow-up processes established by the Addis Agenda, member states should recommend that the United Nations Statistical Commission (UNSC), which brings together the Chief Statisticians of member states annually, is among the entities given the mandate to follow up on the data-related commitments in the FFD4 outcome. Robust, independent official statistics are essential to the core functioning of government and sustainable financing. Part of the follow up could be to explore which national, regional and global initiatives are best suited to support implementation of the FFD4 commitments. The Power of Data High Impact Initiative, launched at the SDG Summit in 2023, offers a powerful vehicle to ensure action and accountability at the national and global level.

Annex: Ongoing processes

Important work is already happening on the global agenda to harness the power of data through building strong national data and statistical systems. It is important that the FFD agenda does not compromise on what has already been achieved but aligns with existing processes:

- **Cape Town Global Action Plan for Sustainable Development Data (CTGAP):** Informally launched at the first World Data Forum in January 2017 and adopted by the General Assembly in July 2017, the CTGAP provides a framework for planning and implementing the statistical capacity building activities needed to achieve the scope and intent of the 2030 Agenda and to mobilize funding for the modernization of national statistical systems.[xiii]

- **UN Statistical Commission (UNSC):** The UNSC established in 1946, is the highest body of the global statistical system bringing together the Chief Statisticians from member states from around the world. It is the highest decision-making body for international statistical activities, responsible for setting of statistical standards and the development of concepts and methods, including their implementation at the national and international level. The Statistical Commission is a Functional Commission of the UN Economic and Social Council and oversees several expert groups on statistics, including the Inter-Agency and Expert Group on SDG indicators, which is responsible for developing and implementing the global indicator framework for the SDGs, and several expert groups on economic and business statistics.[xiv]

- **Global Digital Compact:** At the Summit of the Future, member states adopted the Pact for the Future which includes the Global Digital Compact (GDC). The GDC is the first comprehensive global framework for digital cooperation. Grounded in human rights and international law, the GDC includes commitments on connectivity, online safety, AI governance, and data. Specifically, one of the five objectives of the GDC is to "Advance equitable and interoperable data governance". A key element of this is to strengthen national data and statistical systems, including through, increased financing improved data exchanges and standards. It also tasks the Commission on Science Technology and Development with establishing a working group to "engage in a comprehensive and inclusive multistakeholder dialogue on data governance at all levels as relevant for development".[xv]

- **Beyond GDP**: Many have argued for a more inclusive economic measure. The United Nations System Chief Executives Board for Coordination (CEB) in November 2021 started a process on measuring progress beyond gross domestic product (GDP).[xvi] The work was concretized by member states at the Summit for the Future through a commitment in the Pact for the Future to "develop a framework on measures of progress on sustainable development to complement and go beyond gross domestic product."[xvii] The Pact requests the UN Secretary-General to establish an indepent high-level expert group to development recommendations and present them to the General Assembly at its eightieth session.

- as the Declaration of future generations of the Summit of the future, para 36, states: *Transforming our systems of national and global accounting, including by promoting the use of forward-looking, evidence-based impact assessments, developing stronger anticipatory risk analyses and using measures of progress on sustainable development that complement and go beyond gross domestic product*.[xviii]

- **Power of Data**: The Power of Data is one of twelve High Impact Initiatives launched at the SDG Summit in 2023 as part of the push to accelerate SDG progress. It works to address the problem of insufficient and fragmented investment in national data systems by establishing

national data partnerships which maximize existing assistance and mobilizing new investments in response to country priorities and plans for data systems strengthening[xix].

- **G20 Data Gaps Initiative**: The Data Gaps Initiative (DGI) was launched in 2009 by the G20 Finance Ministers and Central Bank Governors (FMCBG) to close the policy-relevant data gaps identified following the global financial crisis. The third phase of the initiative (DGI-3) includes 14 recommendations aimed at improving the availability and quality of economic and financial data and statistics, addressing four areas (i) climate change; (ii) household distributional information; (iii) Fintech and financial inclusion; and (iv) access to private sources of data and administrative data, and data sharing.[xx]

- **Collaborative on administrative data (CAD):** was established in 2020 to help increase the use of administrative data collected by governments and service providers in their day-to-day business for the production of official statistics. It aims to help increase collaboration between government entities to reduce current challenges related data quality, and standardization and data sharing. Member states and international partners work collaboratively in developing practical tools based on identified gaps and priorities of member states.

Endnotes

[i] United Nations. 2015. Addis Ababa Action Agenda (AAAA), para. 125.
[ii] AAAA, para. 126.
[iii] United Nations. 2024. Financing for Sustainable Development Report (FSDR), p.217.
[iv] FSDR 2024, p.50
[v] Vom Hau, M., Peres-Cajías, J. A. & Soifer, H. D. 2023. No taxation without informational foundation: on the role of legibility in tax state development. Journal of Institutional Economics 19: 426–443. Available at: https://doi.org/10.1017/S1744137422000534
[vi] FSDR, p.85.
[vii] Global Partnership for Sustainable Development Data. 2023. How Data Helps the Money Flow: Leveraging public sector data to catalyze private sector investment. Available at: https://www.data4sdgs.org/resources/how-data-helps-money-flow
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[x] FSDR 2024 p.220
[xi] CentralAmericaData. 2016. Costa Rica Improves Anti Evasion Controls. Available at: https://en.centralamericadata.com/en/article/home/Costa_Rica_Improves_Anti_Evasion_Controls
[xii] FSDR 2024, p.208
[xiii] United Nations. 2017. Cape Town Global Action Plan. Available at: https://unstats.un.org/sdgs/hlg/cape-town-global-action-plan
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[xviii] United Nations, Declaration on Future Generations. Available at: https://www.un.org/sites/un2.un.org/files/sotf-declaration-on-future-generations-rev2.pdf
[xix] Power of Data: Unlocking the Data Dividend for the SDGs (data4sdgs.org)
[xx] https://www.imf.org/en/News/Seminars/Conferences/g20-data-gaps-initiative