UNFPA inputs to the FfD4 Elements Paper

Overarching

The urgency of financing for development has never been greater. With just six years remaining to reach the SDGs, global progress is alarmingly insufficient. Recognizing the urgency of providing predictable, sustainable, and sufficient development finance to low- and middle-income countries (LMICs) from all sources is crucial. Scalable sustainable financing, including domestic resources, is essential to ensure that we attain the SDGs, leave no one behind and reach the furthest behind first.

Financing for development needs to address investments in the UN system itself. Adequate funding of the UN is not just a matter of budgetary concern; it is an investment in global stability, sustainable development, and resilience. A well-funded and efficient UN system is key to delivering on the promise of the SDGs and securing a better future for all.

Demographic trends

In a world of 8 billion, demographic change is a key driver of sustainable development. Population growth, ageing, migration, and urbanisation - along with technological advances - are reshaping the development landscape and will continue to do so in the coming decades. The UN Secretary-General has identified demographic change as a megatrend that will profoundly impact progress toward the SDG. The Declaration on Future Generations underscores the need to address these trends, emphasising the "interlinkages between population issues and development across all regions" and calling for strengthened cooperation among States in their response to "demographic trends and realities, such as rapid population growth, declining birth rates and ageing populations".

Demographic change has significant implications for development financing, impacting both national budgets' expenditure and revenue sides, affecting dependency ratios and creating implications for private and social transfers**.** On the expenditure side, shifting demographics increase demand for essential services like healthcare, education, social protection, housing, and infrastructure, requiring substantial public and private investment. On the revenue side, demographic shifts influence labour markets, household incomes, and tax revenues, with changes in the working-age population affecting labour productivity and economic output. Realising a demographic dividend, particularly through investments in human capital development, can accelerate economic growth. However, without targeted investments, demographic change can place downward pressure on economic growth. Unlocking domestic financing mechanisms to invest in human development throughout the life course is essential to make the most of demographic opportunities.

The effects of demographic change on the financing for development are further exacerbated by its interactions with other megatrends, including digitization and climate change. The rise of AI, robotics, and automation, alongside the transition to low-carbon economies, will require significant upfront investment and will come with transition costs - especially in sectors like energy, labour, and infrastructure. These shifts will increase demand for social protection systems at a time when these systems are already under financial strain. As populations age and the nature of work changes, the need for social protection—including unemployment insurance, pensions, and healthcare—will increase, while governments may struggle to fund these systems adequately.

Human capital development

Investing in human capital across the life course is critical to sustaining economic growth, promoting inclusive societies, and ending extreme poverty. Strengthening human capital - particularly in health, education, gender equality, and youth empowerment - is essential for preparing a workforce equipped with the skills needed for the future economy and ensuring countries remain competitive in the rapidly changing global landscape. As such, there is a need to boost spending on countries' social sectors, protect fiscal space, and address efficiency gains to ensure that essential services, and financial support are available to leave no one behind.

Financing of women's health and well-being

Healthy women are the foundation of healthy families, vibrant communities, and prosperous economies. Addressing women's health gap – in which they currently spend 25 per cent more of their lives in poor health compared to men – will boost the global economy by US$1 trillion by 2040. That amounts to an increase in per capita GDP of nearly 2 per cent every year.

Investing in sexual and reproductive health is one of the most impactful ways to unlock women's potential. When women and girls have control over their sexual and reproductive health, they are more likely to complete their education, join the workforce, and contribute to sustainable development. In low- and middle-income countries, the number of people using modern contraceptives is projected to increase by 95.4 million, with 3.29 million additional births expected between 2023 and 2035. However, a significant financing gap - estimated at US$1.5 billion in the world's poorest countries by 2030 - threatens to undermine this progress.

Investing in sexual and reproductive health not only empowers women but also fuels economic growth. Every US$1 invested in family planning returns more than US$8 in benefits for families and societies. An additional US$79 billion investment in family planning and maternal health in developing countries from 2022 to 2030 could generate US$660 billion in economic benefits by 2050.

Financing of gender equality

Financing for gender equality is key to unlocking human potential, driving economic growth, and building a more just and equitable world for all. It involves strategically allocating resources to empower women and girls and dismantle systemic barriers to equality. This includes public financing mechanisms such as gender-responsive budgeting, where governments integrate gender considerations into budget planning to ensure public funds—raised through domestic resources and taxation—address gender disparities and promote equality. Such investments also target essential services like education, healthcare, including sexual and reproductive health, and social protection, ensuring equal access for women and girls. Infrastructure development that benefits women and girls - such as hospitals, safe transportation, and clean water and sanitation, and accessible public spaces - is also critical to creating an enabling environment for women and girls to thrive.

Other forms of financing include private financing through gender lens investing which enables businesses and initiatives to promote gender equality and women's empowerment. Impact investing makes the most of financial returns alongside positive social and environmental impact, including gender equality outcomes. Microfinance and credit access have also been leveraged to provide women entrepreneurs with access to financial services and capital, and lead to greater health and social outcomes. Models around innovative financing mechanisms such as gender bonds which raise capital specifically for projects that advance gender equality whether that is related to education, health, economic empowerment, and blended finance, which combines public and private funds, to leverage greater investment in gender equality initiatives. Gender equality is also financed through philanthropy such as grantmaking and donations from foundations and individuals supporting gender equality causes.

Financing gender responsive digital inclusion

Financing gender-responsive technologies - that are safe by design, promote inclusion, and protect women and girls from harm - is critical for achieving gender equality and for closing the gender digital divide. In a world where technology and science shape our future, we must ensure that women and girls are not only statistically visible but also actively included in the design and development of solutions. Investments must prioritise digital literacy, education, and women's participation in STEM and include survivor-centred responses to technology-facilitated gender-based violence.

Youth empowerment

Supporting young people's engagement, agency and leadership contributes to accelerating the achievement of the SDGs. The Pact of the Future recognises the need for investments in essential services for young people, with an emphasis on health, education, employment opportunities, and social protection. These investments enable young people to secure their lifelong well-being, realise their economic potential, and effectively contribute to their communities, further enabling countries to reap the demographic dividend as both an enabler and driver for sustainable development.

Sustainable financing for youth-responsive development is imperative. Governments and international partners must scale up investments in evidence-based youth programming, ensuring that resources are allocated to areas where they can have the greatest impact on both present and future generations.

Data and monitoring

With just six years remaining to reach the SDGs, global progress is alarmingly insufficient. To address the financial shortfalls, it is crucial to prioritise strategic investments in data and statistical capacity. This investment will enable more rigorous tracking and monitoring of progress, ensuring effective resource allocation aligned with urgent global needs.

Analysis shows that every dollar invested in data systems creates an average of $32 in economic benefits. And yet data systems remain severely underfunded. To reap the data dividend, with a focus on securing data for at least 90 per cent of the SDGs targets by 2027, the UN recommends increasing domestic financing for data and statistics by 50 per cent from current levels, and encourages donors to increase the share of ODA for data to at least to 0.7 per cent by 2030. The transformative power of data necessitates increased national and global investments, by embedding data financing and capacity in all social sectors.

Underinvestment in public data systems continues to undermine the development of statistical activities. Lack of national funding for statistics is especially a challenge for low- and middle-income countries. In 2021, not a single low-income country had a fully funded national statistical plan. Shortages in financial resources are consistently reported by National Statistical Offices as one of the major challenges in producing the statistical outputs needed for the monitoring of the SDGs.

Planning and adjusting to demographic change is critical, and disaggregated population data is essential in that regard. Population disaggregated data is vital for understanding the changing characteristics and needs of different population groups, and ensuring evidence-based decision making.

Investments and use of integrated population data across censuses, surveys, administrative, satellite imagery, mobile phone and social media data and operations and implementation science need to inform and guide decision-making and to bridge the humanitarian and development data divide.