**Inputs for an Elements Paper on Financing for Development**

**By the Statistics Division of the Department of Economic and Social Affairs (DESA)**

***I. A global financing framework (including cross-cutting issues)***

***Investment in data and in official statistics should be integrated into the core action areas of the FFD agenda and the outcome document as a cross-cutting issue. Strong national data and statistical systems are essential for advancing the financing for development agenda as they are the building blocks that are needed to understand society in its social, economic and environmental dimensions***, including government finance, the banking sector, private sector investments and the ESG factors of financing.

National data and statistical systems must receive consistent funding, aligning with economic planning and fostering sustainable development. To make these investments effective, Member States should embed them directly into national budgeting processes and establish dedicated financing mechanisms to support statistical and data capacity. In this regard, enhancing the capacity of National Statistical Offices (NSOs) for data governance and innovation across national data ecosystems is essential for building an inclusive, open, and sustainable digital future*.*

***II. Action areas:***

***a. Domestic public resources***

***Member states should further commit to make the necessary investments in national data and statistical systems, including on capacity development and technical infrastructure development, and data governance frameworks to facilitate sharing of administrative data and in using these to produce relevant data and statistics to improve public financial management****.*

Reliable access to granular and timely data and statistics is a precondition for understanding domestic revenue generation and for making sound policy decisions and investments. **To help ensure that high-quality data and statistics are available to decision-makers, the government should facilitate data sharing and reuse between government agencies**. Empowering NSOs and other concerned government entities to lead digital innovation and data governance efforts is critical to enhancing these practices, ensuring that data collection is efficient, integrated, and free from duplications. This will also address existing data gaps while enabling the integration of technologies such as big data and AI into policymaking processes. A robust data-sharing infrastructure, ideally coordinated through the NSOs and other concerned government entities, supports a broader digital transformation across government operations. In this process, confidentiality and privacy must remain paramount, underpinned by appropriate legal frameworks.

***c. Domestic and international private business and finance***

Investments in national data and statistical systems can help overcome weak information infrastructure, data gaps and inconsistencies, which currently limit the ability of investors to

make informed decisions. If properly supported, the national statistical offices and central banks can work with the Global Reporting Initiative (GRI), the International Sustainability Standards Board (ISSB) and others to improve the availability of relevant data at company level.

***f. Addressing systemic issues***

***The availability of reliable and trusted data and statistics should be supported by domestic and all other sources of funding and necessary capacity building efforts and recognized as a key success factor for an effective financing for sustainable development agenda, including climate action, across all action areas*.**

Investments should be made in national data and statistical systems to collect and compile more information on the escalating climate crisis, which has led to growing interest in how financial market regulation and supervision can incorporate questions of environmental sustainability. Efforts are underway through the third data gap initiative developed under the G20 umbrella, but more investments at national level are needed.

Countries should further consider the establishment of a global framework for the measurement of development finance, building on the existing SDG indicator framework and related work. In 2022, a new indicator 17.3.1 on additional financial resources mobilized for developing countries from multiple sources was adopted and with it an initial framework for the measurement of South-South Corporation. Countries of the South need to undertake the required efforts and investments to measure South-South cooperation supported by the required capacity building efforts. The Statistical Commission may be requested to regularly review the financing in support of data and statistics based on information provided by others.

***h. Science, Technology, Innovation and Capacity-building***

***Innovation and modernization of national data and statistical systems can deliver more efficient, rapid and reliable resilient information and enable better decision-making during and after shocks***. For example, data can enhance the planning, design and maintenance of resilient infrastructure by supporting more accurate projections of population growth, urbanization and climate change impacts. The Internet of Things helps to collect, communicate and process real-time data, generating faster warnings and enabling more rapid emergency and policy responses. Mobile phone-based communication and alert systems help to enhance risk-informed communication, which improves the accuracy and timeliness of disaster risk information and has increased community participation in disaster risk reduction. AI allows machines to learn and accumulate experience. This can help to automate the process of improving data collection and processing. For example, drones for remote automated collection of videos and photographs can use AI algorithms to instantaneously interpret the condition of infrastructure, enabling more accurate real-time assessment of hazardous conditions.

***IV. Data, monitoring and follow-up***

***Financing for sustainable development must include financing for the essential statistical infrastructure required for informed decision-making. Statistics and data should be included as a line-item for financing of sustainable development and supported by commitments from governments, development finance institutions, bilateral donors, and international organizations to allocate dedicated funds for building and maintaining a robust data and statistical infrastructure.***

Population and housing censuses, civil registration-vital statistics systems and other administrative records, household and business surveys, economic statistics, including GDP, environmental statistics including indicators on climate change and biodiversity constitute the basic statistical infrastructure that inform policy makers, citizens and businesses in their daily decision making: Statistical data is required for the planning, execution, monitoring and evaluation of the necessary policy decisions for achieving the SDGs and leaving no one behind. Statistical data is also essential for the economic planning and decisions of households and businesses hereby driving well-being and private sector development. Trusted statistical data is a key enabler for sustainable development during these times of crisis and widespread misinformation. National statistical systems (NSSs) and national statistical offices (NSOs) as its coordinator must be funded from domestic and other sources to provide essential information about the social, economic and environmental situation in countries. NSOs must be empowered to lead the NSSs in leveraging innovative data sources and methods to modernize statistical processes.

***There should be major long-term investments into the modernization and transformation of statistical and data systems including its digital infrastructure to harness the power of data. Parallel and uncoordinated efforts and structures must be avoided***.

Data and statistics are not only for monitoring and follow-up. They are a key factor of sustainable development. Therefore, there must a major long-term investment for the legal, institutional and technical modernization of statistical and data systems and its digital infrastructure in countries to support evidence-based decision-making during times of crisis, data driven government action and service provision, and the transformation to a digital economy which assures equitable access to the benefits of this transformation to all. Improved data governance frameworks that foster the responsible use of data while protecting the rights of individuals, improved coordination within the national statistical and data system, increased access and use of administrative data and novel and big data sources, the use of geospatial information systems and of the System of Environmental and Economic Accounting, scaled-up data sharing and integration and increased use of data science and AI are all key components for this modernization and transformation in support of sustainable development. The modernization of statistical and data systems and the upgrade of the necessary digital infrastructure requires major long-term investments from domestic and all other sources. Those investments must include funding for national statistical offices. They also must be coordinated and not flow into new and parallel structures and efforts, hereby ensuring a sustainable integration of digital tools such as AI.

***International agreements must be underpinned by statistical capacity building programs that allow their effective monitoring and robust follow-up mechanisms***. Statistics are important for evidence-based decision making and for the effective implementation and monitoring of international multilateral agreements. Therefore, it is crucial that resource mobilization and capacity building efforts explicitly include financing for data and statistics and the strengthening of the national statistical systems that allow the monitoring of those agreements.

***Investments in data must be prioritized to reap the data dividend*.** Underinvestment in public data systems and statistical activities continues to undermine the pursuit of sustainable development. Despite the potential for substantial economic returns, 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. Fully using data and unlocking the data dividend for the Sustainable Development Goals (SDGs) will require both political leadership and financial commitments.

***Countries must facilitate access and use of innovative sources of data for statistical and other purposes through responsible and equitable data governance arrangements.*** Technological progress and the use of electronic devices have led to the creation of an ever-increasing amount of digital data, including from social media, mobile phone records, point-of-sale terminals, global positioning system devices and satellite imagery. There is an increasing use of administrative data sources and a growing trend in the collection and use of citizen-generated data for developing policy-relevant information. These and other innovative data sources, if harnessed and utilized effectively, represent an opportunity to generate information in real time, complementing official statistics that bring depth of detail and representation through validated surveys and censuses. While these innovative sources can provide rich evidence for economic and financial policymaking, they also have potential applications in humanitarian work, peacekeeping and human rights.