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### Follow-up to and implementation of the outcomes of the International Conferences on Financing for Development

## Follow-up to the International Conferences on Financing for Development

### Report of the Secretary-General\*\*

#### *Summary*

The present report, submitted pursuant to General Assembly resolution 70/192, provides an overview of steps taken towards the implementation of and follow-up to the Addis Ababa Action Agenda of the Third International Conference on Financing for Development. Following a scene-setting introduction, the report describes main developments since the Addis Conference concerning cross-cutting issues, the action areas specified in the Addis Agenda, and on data, monitoring and follow-up.

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\* [A/71/150](#).

\*\* The present report was prepared in consultation with staff of the major institutional stakeholders involved in the financing for development process. Responsibility for its contents, however, rests solely with the United Nations Secretariat.



## I. Introduction

1. The Addis Ababa Action Agenda provides a foundation to support the implementation of the 2030 Agenda for Sustainable Development, including its 17 Sustainable Development Goals. It constitutes an important step forward in reinvigorating and strengthening the United Nations financing for development follow-up process. The present report, submitted pursuant to General Assembly resolution 70/192, focuses on steps to implement the international agreements on financing for development that have been taken since the adoption of the Addis Ababa Action Agenda at the conclusion of the third International Conference on Financing for Development, held in Addis Ababa from 13 to 16 July 2015.

2. At the heart of a reinvigorated financing for development process is the newly established annual Economic and Social Council forum on financing for development follow-up. The forum, which met for the first time from 18 to 20 April 2016, is one of three important international forums established in the Addis Agenda. Its meeting was preceded by the inaugural Global Infrastructure Forum held in Washington, D.C., on 16 April 2016. The third institutional innovation, the multi-stakeholder forum on science, technology and innovation for the Sustainable Development Goals, held its initial meeting on 6 and 7 June 2016.

3. The inaugural financing for development forum brought together a large number of high-level participants, including 17 Ministers and Vice-Ministers and 29 senior officials from 19 international organizations. The heads of all major institutional stakeholders of the financing for development process participated and there was strong representation of civil society and the private sector. Its intergovernmentally agreed conclusions and recommendations (a) affirm strong commitment to the full and timely implementation of the financing for development outcomes; (b) recognize the close link between the Addis Ababa Agenda and the 2030 Agenda; (c) welcome the three-pronged approach set out in the report of the Inter-Agency Task Force (see below); and (d) call for timely agreement on the modalities of future financing for development forums.

4. To support the deliberations on the financing for development outcomes and the means of implementation of the Sustainable Development Goals at the financing for development forum and the High-level Political Forum on Sustainable Development, the Addis Agenda encouraged the Secretary-General to establish an inter-agency task force to report annually on progress in implementation. The Task Force, which is coordinated by the Financing for Development Office of the Department of Economic and Social Affairs in close collaboration with the major institutional stakeholders of the financing for development process, includes more than 50 United Nations agencies, as well as other relevant actors, such as the Financial Stability Board and the Organization for Economic Cooperation and Development (OECD). The Task Force's inaugural report, which was published in March 2016,<sup>1</sup> presents a monitoring framework for assessing progress in implementation of the Addis Agenda and the means of implementation of the Sustainable Development Goals.<sup>2</sup>

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<sup>1</sup> [www.un.org/esa/ffd/wp-content/uploads/2016/03/Report\\_IATF-2016-full.pdf](http://www.un.org/esa/ffd/wp-content/uploads/2016/03/Report_IATF-2016-full.pdf).

<sup>2</sup> Report of the inaugural session of the Economic and Social Council forum on financing for development follow-up (E/FFDF/2016/3), sect. I.

5. The present report complements that of the Task Force by providing an initial assessment of progress and by reviewing early experiences and other steps taken recently in the follow-up to and implementation of the outcomes of the International Conferences on Financing for Development, as requested by the General Assembly in resolution 70/192. It continues the series of annual reports of the Secretary-General on progress in implementation of the financing for development outcomes since the adoption of the Monterrey Consensus of the International Conference on Financing for Development in 2002. The 2016 report follows the chapters of the Addis Agenda, in line with the report of the Task Force. Given the limited space allotted, what follows is unavoidably incomplete. Nevertheless, it intends to give the reader a sense of recent developments, the range of actions being undertaken, and the spirit of cooperation at the policymaking level and across the United Nations system in the financing for development follow-up process.

6. In future years, when annual Task Force reports will comprehensively cover the implementation of the financing for development outcomes and the means of implementation of the Sustainable Development Goals, the present report will build on the outcomes of the financing for development forum and the High-level Political Forum, and could include thematic focus areas for priority review for the Task Force, and key questions to address by the international community to stay on track in implementing the financing for development outcomes for the follow-up and review cycle of the subsequent year.

## II. Cross-cutting issues

7. The Addis Agenda contains several cross-cutting initiatives that build on the synergies of the Sustainable Development Goals and address gaps in their delivery, including: (a) social protection and essential public services for all; (b) ending hunger and malnutrition; (c) a forum to bridge the infrastructure gap; (d) inclusive and sustainable industrialization; (e) full and productive employment and decent work for all; (f) protecting ecosystems; (g) peaceful and inclusive societies; (h) gender equality and the empowerment of women and girls; (i) children and youth; (j) countries in special situations; and (k) the global partnership for sustainable development.

8. A direct outcome of the Addis Agenda was the successful launch of the Global Infrastructure Forum on 16 April during the 2016 Spring Meetings of the International Monetary Fund (IMF) and the World Bank Group. The Forum was co-hosted by the multilateral development banks, including both established and new institutions, in close cooperation with the United Nations. It brought together, for the first time, the heads of all of the development banks and the United Nations Secretary-General, to talk about infrastructure. At the conclusion of the Forum, the multilateral development banks agreed to improve their alignment and cooperation, including by taking steps to improve data and information, promote compatible and efficient approaches, strengthen project preparation, and promote financing for infrastructure. They also set forth the next steps for the Forum, including that the responsibility for hosting it will rotate among the multilateral development banks, in close cooperation with the United Nations system, and report back to the financing for development Forum.<sup>3</sup>

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<sup>3</sup> [www.worldbank.org/en/topic/publicprivatepartnerships/brief/chairmans-statement-global-infrastructure-forum-2016](http://www.worldbank.org/en/topic/publicprivatepartnerships/brief/chairmans-statement-global-infrastructure-forum-2016).

9. Actions on other cross-cutting issues during the past year included steps to strengthen the social compact put forth in the Addis Agenda. The International Labour Organization (ILO) and the World Bank initiated a joint programme aimed at realizing universal social protection, making it available to all people in all countries.<sup>4</sup> Among other relevant steps taken, the European Union launched, in September 2015, a three-year Social Protection Systems Programme to assist 10 low- and middle-income countries to build sustainable and inclusive social protection systems.<sup>5</sup>

10. The first World Humanitarian Summit, held in Istanbul, Turkey on 23 and 24 May 2016, pertained to a number of the cross-cutting issues (see sect. II.C below). On 27 and 28 May 2016, the United Nations undertook the Midterm Review of the Istanbul Programme of Action for the Least Developed Countries, which reaffirmed donor commitments to reverse the decline in official development assistance (ODA) and increase “aid for trade” in particular to those countries. Of note, also, is that in January 2016, the Secretary-General announced the formation of the first-ever High-level Panel on Women’s Economic Empowerment to provide thought leadership and mobilize concrete actions aimed at closing economic gender gaps.

11. A fuller accounting of developments regarding these and other cross-cutting issues, such as updates from the United Nations Conference on Housing and Sustainable Urban Development (Habitat III), to be held from 17 to 20 October 2016 in Quito, will be contained in the 2017 report of the Inter-Agency Task Force.

### **III. Action areas**

#### **A. Domestic public resources**

12. Domestic public finance is a central component of financing the Sustainable Development Goals, as well as the social compact of the Addis Agenda. There is no single target for public revenue as a per cent of gross domestic product (GDP) that would be appropriate to all countries: potential differs, as do the views of governments on the appropriate level of taxation. There is increasing evidence, however, that it is hard to secure lasting growth with a tax ratio less than 15 per cent. The median tax ratio in low-income countries was around 13 per cent in 2013, with under 40 per cent of low-income countries having ratios below 15 per cent.<sup>6</sup>

13. One focus of the heightened attention on tax matters is on improving comparable and timely international data on tax revenues. In April 2016, IMF, OECD, the Intra-European Organisation of Tax Administrations and the Inter-American Centre of Tax Administrations launched the new International Survey on Revenue Administration to provide comparable information on tax administration in more than

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<sup>4</sup> ILO and the World Bank Group, “A shared mission for universal social protection: concept note” ([www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/genericdocument/wcms\\_378996.pdf](http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/genericdocument/wcms_378996.pdf)).

<sup>5</sup> [www.oecd.org/dev/inclusivesocietiesanddevelopment/social-protection.htm](http://www.oecd.org/dev/inclusivesocietiesanddevelopment/social-protection.htm).

<sup>6</sup> This paragraph was drawn from the IMF, OECD, the Department of Economic and Social Affairs and World Bank Group Inter-Agency Task Force Issue Brief: [www.un.org/esa/ffd/wp-content/uploads/2016/01/The-Platform-for-Collaboration-on-Tax\\_IMF-OECD-UN-WBG\\_IATF-Issue-Brief.pdf](http://www.un.org/esa/ffd/wp-content/uploads/2016/01/The-Platform-for-Collaboration-on-Tax_IMF-OECD-UN-WBG_IATF-Issue-Brief.pdf).

150 countries. This new dataset may be useful in highlighting where major challenges remain in many countries, be it in underresourcing, poor technology implementation, misallocation of funds, or weak capacities.

14. To ensure coherence among international organizations working on tax issues, IMF, OECD, the United Nations, and the World Bank Group have agreed to form a joint platform for collaboration on tax matters, to enable them to develop a common approach, deliver joint outputs, and respond to requests for a global dialogue on tax matters, including in the area of capacity-building and technical assistance.<sup>7</sup>

15. The international community is taking additional steps to enhance taxation capacities, strengthen anti-money-laundering measures, and arrange mutual legal assistance and the exchange of information between countries. The Addis Tax Initiative, which was announced during the Addis Conference, included a commitment by donors to double their support for capacity-building for taxation and revenue mobilization. Their first report, expected to be available by the end of 2016,<sup>8</sup> will draw on a new and narrower category of data that the OECD Development Assistance Committee (DAC) adopted in March 2016 to track donor assistance on domestic revenue mobilization in developing countries.<sup>9</sup> In addition, the joint project of OECD and the United Nations Development Programme (UNDP), called Tax Inspectors without Borders, which was also launched at the Addis Conference, initiated a number of projects aimed at building tax audit capacities in 2016.

16. Two major challenges in mobilizing domestic revenues are in reducing tax evasion and closing opportunities for tax avoidance. In October 2015, OECD conservatively estimated the global size of a major form of corporate tax evasion and avoidance, known as “base erosion and profit shifting” at between \$100 billion and \$240 billion. The report confirmed that profit shifting was occurring, was significant in scale and likely to be increasing, and created adverse economic distortions.<sup>10</sup>

17. The OECD Action Plan on base erosion and profit shifting was endorsed by the leaders of the Group of 20 (G20) at their November 2015 summit. The base erosion and profit shifting package includes guidance in 11 substantive areas, including on how multinational enterprises may allocate profits derived from intellectual property, accounting of management fees, and on other intra-group service provision charges, which have been used to shift profits to shell companies in low-tax or no-tax jurisdictions. OECD subsequently launched a framework on base erosion and profit shifting implementation, which included 83 countries as at July 2016. It seeks to ensure implementation of minimum standards arising from the base erosion and profit shifting Action Plan — on harmful tax practices, tax treaty abuses, country-by-country reporting, and dispute resolution mechanisms — which will be subject to a peer review process.

<sup>7</sup> [www.un.org/esa/ffd/wp-content/uploads/2016/04/concept-note-platform-for-collaboration-on-tax.pdf](http://www.un.org/esa/ffd/wp-content/uploads/2016/04/concept-note-platform-for-collaboration-on-tax.pdf).

<sup>8</sup> [www.addistaxinitiative.net/documents/Addis-Tax-Initiative\\_Monitoring-Note\\_EN.pdf](http://www.addistaxinitiative.net/documents/Addis-Tax-Initiative_Monitoring-Note_EN.pdf).

<sup>9</sup> Adjusting CRS Classifications in Light of the SDGs — Next Steps, DCD/DAC/STAT(2016)25, [http://search.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=DCD/DAC/STAT\(2016\)25&docLanguage=En](http://search.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=DCD/DAC/STAT(2016)25&docLanguage=En).

<sup>10</sup> OECD, *Measuring and Monitoring BEPS, Action 11 — 2015 Final Report*, OECD/G20 Base Erosion and Profit Shifting Project, Paris (<http://dx.doi.org/10.1787/9789264241343-en>).

18. The Addis Agenda called for further measures to strengthen international tax cooperation, including through the work of the United Nations Committee of Experts on International Cooperation in Tax Matters. At its meeting in October 2015, the Committee established two new subcommittees on taxation of royalties and on dispute avoidance and resolution. In addition, the Committee is considering which aspects of the base erosion and profit shifting Action Plan to bring into the forthcoming revision of the United Nations Model Double Taxation Convention. To strengthen the effectiveness and operational capacity of the Committee, Governments agreed in the Addis Agenda to increase the frequency of the Committee's meetings from a total of five days per year in one session to eight days per year in two sessions.

19. Another dimension of international transparency concerns the exchange of information among national tax authorities. The Global Forum on Transparency and Exchange of Information for Tax Purposes now has 134 member countries and jurisdictions, while the Multilateral Competent Authority Agreements on the Common Reporting Standard has 95 signatories.<sup>11</sup>

20. The Addis Agenda also emphasized the importance of aligning government expenditure with sustainable development, for example, committing to rationalize inefficient fossil-fuel subsidies. According to a study released by IMF after the Addis Ababa conference, the global cost of energy subsidies had reached \$4.2 trillion by 2013, though with international energy prices having fallen, the effective subsidy has since declined, at least temporarily.<sup>12</sup> In 2009, the G20 countries committed to rationalize and phase out inefficient fossil fuel subsidies by 2020. While a G20 energy ministers' summit in June 2016 emphasized positive progress and cited peer reviews in five members, they did not agree to a joint timetable for full implementation.<sup>13</sup>

## **B. Domestic and international private business and finance**

21. The Addis Agenda emphasizes that business investment and innovation are major drivers of productivity growth, employment and structural transformation. It is thus disappointing that as of mid-2016, capital investment appears to be depressed in all major developed and developing economies.<sup>14</sup> Furthermore, cross-border private capital flows to developing countries turned sharply negative in 2015.

22. While there is a clear correlation between investment and growth, it remains important to distinguish between capital formation and ownership changes, long-term and short-term investment, and between investments that do and do not support sustainable development.

23. Direct investment, including foreign direct investment (FDI), has the potential to advance sustainable development. FDI to developing countries reached a new high of \$765 billion in 2015; however, FDI flows are expected to fall by 10 to

<sup>11</sup> For additional details, see the report of the Secretary-General on the international financial system and development (A/71/312).

<sup>12</sup> [www.imf.org/external/pubs/ft/wp/2015/wp15105.pdf](http://www.imf.org/external/pubs/ft/wp/2015/wp15105.pdf).

<sup>13</sup> <https://g20.org/wp-content/uploads/2015/10/Communiqu---G20-Energy-Ministers-Meeting.pdf>.

<sup>14</sup> United Nations, *World Economic Situation and Prospects: Update as of mid-2016* (www.un.org/en/development/desa/policy/wesp/wesp\_current/2016wesp\_update.pdf), p. 13.

15 per cent in 2016.<sup>15</sup> In addition, not all FDI has the same developmental impact. Greenfield investment tends to have a greater impact on jobs and development than other forms of FDI, but the increase in global FDI in 2016 was principally driven by a surge in cross-border mergers and acquisitions.<sup>16</sup>

24. Portfolio flows to developing countries, which are in large part intermediated by institutional investors and cross-border bank lending, remained volatile, with developing countries experiencing outflows of \$363 billion of portfolio flows in 2015. Outflows of other investments, including cross-border bank lending, are expected to reach \$676 billion in 2016.<sup>17</sup>

25. The Addis Agenda emphasizes the importance of long-term financing for sustainable development. It reiterates the emphasis on the importance of the enabling business environment for investment, but goes further to note that even with an enabling environment, markets may provide insufficient financing in sectors important for sustainable development. This typically happens when market prices do not reflect the full economic cost of environmental and social externalities, or when social returns exceed private returns but the risk-adjusted financial returns are not sufficient to attract adequate private investment. It is thus the responsibility of policy to set appropriate incentives, including through taxes and subsidies that change relative prices, regulations that guide behaviour, and risk-sharing instruments, including co-investments, public-private partnerships, and guarantees.

26. In particular, there has been much policy interest in increasing the participation of institutional investors with long-term liabilities, such as pension and mutual funds, in “buy and hold” investing in long-term assets. However, as noted above, institutional investors are a primary contributor to the short-term orientation and volatility of portfolio flows. For example, pension funds investing in the 19 largest country markets hold around 76 per cent of their portfolios in liquid assets.<sup>18</sup> Nonetheless, there has been a significant shift in asset allocation over the past decades in those markets towards more illiquid investments (such as real estate, private equity, hedge funds and infrastructure), increasing from around 5 per cent of their total portfolios in 1995 to 24 per cent in 2012. This shift in part reflects the “search for yield” in the current low interest rate environment, which would make it temporary and could imply a reversal of investor interest in these asset classes when interest rates fall; but it may also reflect structural changes and better alignment of investor assets and liabilities.

27. At the same time, there has been a growing effort by pension funds to integrate environmental, social and governance factors into their portfolio selections. There has also been an increase in environmental, social and governance reporting and disclosure, which is critical to the success of such measures. A recent study found that there were almost 400 sustainability reporting instruments in 64 countries in 2016, up from 180 instruments in 44 countries in 2013.<sup>19</sup> In over 80 per cent of countries studied, governments had implemented some type of regulatory sustainability reporting instrument. Around two thirds of the instruments were

<sup>15</sup> [http://unctad.org/en/PublicationsLibrary/wir2016\\_en.pdf](http://unctad.org/en/PublicationsLibrary/wir2016_en.pdf).

<sup>16</sup> [http://unctad.org/en/PublicationsLibrary/wir2016\\_en.pdf](http://unctad.org/en/PublicationsLibrary/wir2016_en.pdf).

<sup>17</sup> Department of Economic and Social Affairs calculations based on IMF *World Economic Outlook* data.

<sup>18</sup> [www.willistowerswatson.com/en/insights/2016/02/global-pensions-asset-study-2016](http://www.willistowerswatson.com/en/insights/2016/02/global-pensions-asset-study-2016).

<sup>19</sup> [www.carrotsandsticks.net/wp-content/uploads/2016/05/Carrots-Sticks-2016.pdf](http://www.carrotsandsticks.net/wp-content/uploads/2016/05/Carrots-Sticks-2016.pdf).

mandatory, and one third voluntary. Stock exchange and financial market regulators accounted for almost one third of all sustainability reporting instruments. Nonetheless, many regulations are not standardized, and it is unclear to which extent reporting has changed behaviour. In addition, as noted in the Addis Agenda, reporting and incentive changes are needed for the full array of actors along the investment chain.

28. As a step towards harmonization, the G20 requested the Financial Stability Board to establish a Task Force on Climate-related Financial Disclosures. The Task Force is developing recommendations for consistent, climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers, and other stakeholders that it will report to the Financial Stability Board in December 2016. While the standards will be voluntary, it is widely appreciated by observers that to scale up impact, consideration should be given to integrating proposed standards into the accounting rules and regulations that govern corporate reporting, particularly in the major financial centres of the world.

29. The Addis Agenda also noted the potential in blended finance and public-private partnerships, while emphasizing that careful consideration must be given to the appropriate structure and use of blended finance instruments, and that projects should be structured to share risks and reward fairly, be transparent, include clear accountability mechanisms and meet social and environmental standards. The Agenda commits Member States to holding inclusive, open and transparent discussions when developing guidelines and model documentation for the use of public-private partnerships. Important initiatives have been under way in different forums in developing principles for public-private partnerships and for sharing knowledge. The need remains to pull together these various initiatives in a coherent and inclusive manner.

30. The Addis Agenda also stresses the role of financial inclusion in poverty eradication and sustainable development. The 2011 Maya Declaration is a set of commitments to financial inclusion made by developing and emerging market financial regulators and policymakers. By 2016, 57 national authorities had made commitments related to the Maya Declaration, with quantified targets ranging from account usage to availability of services.<sup>20</sup> In about half of the countries included in a Bank for International Settlements survey, the prudential banking supervisor has a formal or working definition of financial inclusion.<sup>21</sup>

### **C. International development cooperation**

31. Recognizing the important role that international public finance and development cooperation play in financing sustainable development, the Addis Agenda contains a range of commitments and actions to increase mobilization of ODA, as well as South-South cooperation, and other concessional and non-concessional international public financing. It also aims to increase their sustainable development impact and effectiveness.

32. DAC member countries provided \$131.6 billion of ODA in 2015, representing an increase of 6.9 per cent in constant prices and exchange rates (“real terms”) over

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<sup>20</sup> [http://www.afi-global.org/sites/default/files/publications/2015\\_maya\\_report\\_rev.1\\_low\\_res.pdf](http://www.afi-global.org/sites/default/files/publications/2015_maya_report_rev.1_low_res.pdf).

<sup>21</sup> [www.bis.org/bcbs/publ/d310.pdf](http://www.bis.org/bcbs/publ/d310.pdf).

2014, although the overall ratio of ODA to gross national income (GNI) of DAC members remained constant at 0.3 per cent. Six countries — Denmark, Luxembourg, the Netherlands, Norway, Sweden and the United Kingdom of Great Britain and Northern Ireland — met or exceeded the United Nations target of providing ODA equivalent to 0.7 per cent of GNI. ODA played a major part in supporting the immediate response to the refugee crisis. Excluding aid devoted to refugees — in particular, in-country costs of assisting refugees in donor countries — ODA increased by 1.7 per cent in real terms.

33. The Addis Agenda also addressed the need for coherence of developmental and humanitarian finance. Global funding reported to the Financial Tracking Service of the Office for Coordination of Humanitarian Affairs of the Secretariat, which includes all public and private international humanitarian aid, reached \$17 billion in 2015.<sup>22</sup> However, this level of funding is not viewed as sufficient to address rapidly increasing global needs. At the same time, allocating an increasing share of ODA for emergency responses risks diverting resources from long-term investments in sustainable development.

34. At the first World Humanitarian Summit in Istanbul, Turkey in May 2016, commitments were made to increase resources for humanitarian action, including by increasing the Central Emergency Response Fund to \$1 billion, which will provide additional resources for an immediate humanitarian response in case of natural disasters and armed conflict. In addition, as of June 2016, 18 donor agencies and 19 international agencies had adopted a “grand bargain” launched at the Summit containing 51 recommendations on more efficient, transparent, accountable and effective work.<sup>23</sup>

35. Reflecting a priority set out in the Addis Agenda, preliminary figures indicate that ODA to the poorest countries increased in 2015 for the first time in several years. Bilateral aid to the least developed countries rose by 4 per cent in real terms in 2015 from the previous year, amounting to \$25 billion.<sup>24</sup> While the data for 2015 is not yet available, ODA from DAC members to least developed countries in 2014 was \$41 billion or 0.09 per cent of GNI, significantly below the United Nations targets of 0.15-0.20 per cent. Denmark, Finland, Luxembourg, Norway, Sweden and the United Kingdom provided ODA to least developed countries in excess of 0.2 per cent of their GNI, while Belgium and Ireland provided between 0.15 and 0.2 per cent. The 2015 data will reflect the recent rise in ODA to least developed countries, and the OECD survey of donor spending plans through 2019 suggests that ODA flows to least developed countries will continue to rise.<sup>25</sup>

36. The Addis Agenda appreciated the South-South cooperation as an increasingly important element of international development cooperation. While comprehensive data are not available, the Department of Economic and Social Affairs estimates that concessional South-South cooperation may have exceeded \$20 billion in 2013 and

<sup>22</sup> Office for the Coordination of Humanitarian Affairs, 2015, Global Humanitarian Overview 2016, [www.unocha.org/2016appeal/](http://www.unocha.org/2016appeal/).

<sup>23</sup> Office for the Coordination of Humanitarian Affairs, Global Humanitarian Overview 2016, June status report, available from [www.unocha.org/stateofaid/assets/2016GHO\\_MYR.pdf](http://www.unocha.org/stateofaid/assets/2016GHO_MYR.pdf).

<sup>24</sup> See: OECD, 2016, “Development aid in 2015 continues to grow despite costs for in-donor refugees”, available from [www.oecd.org/dac/stats/ODA-2015-detailed-summary.pdf](http://www.oecd.org/dac/stats/ODA-2015-detailed-summary.pdf).

<sup>25</sup> See: [www.oecd.org/dac/financing-sustainable-development/global-aid-prospects-and-projections.htm](http://www.oecd.org/dac/financing-sustainable-development/global-aid-prospects-and-projections.htm).

may have further increased in 2014, owing to a scale-up by Saudi Arabia.<sup>26</sup> OECD, which estimates “ODA-like” flows from countries that are not members of DAC, arrived at a comparable figure of \$23.5 billion in 2013.<sup>27</sup>

37. The share of development assistance allocated to least developed countries by development assistance providers that are not members of DAC but report to it varies significantly from year to year, but was below 10 per cent on average between 2005 and 2014, and thus lower than for DAC members, which allocated around a third of their ODA to least developed countries.<sup>28</sup> Recently, several large South-South cooperation providers, including some that do not report to DAC, such as China, have committed to expand their cooperation with least developed countries.<sup>29</sup>

38. The Addis Agenda invited the multilateral development banks and other international development finance institutions to continue providing both concessional and non-concessional stable, long-term development finance to support the 2030 Agenda. It encouraged the multilateral development banks to update and develop their policies in support of the Sustainable Development Goals and make “optimal use” of their resources and balance sheets. The G20 put forth a similar call in their Antalya Summit Leaders’ communiqué in November 2015. In response, multilateral development banks have undertaken a number of actions. Five institutions with regional concentrations of loans have collaborated in establishing a framework for exchanging loans in order to further diversify their portfolios. The institutions are also evaluating options for reducing risk exposure in their loans and investments with private partners.

39. After their formal establishment in 2015, the New Development Bank and the Asian Infrastructure Investment Bank initiated their first lending and held their first annual meetings in 2016. The New Development Bank approved over \$800 million in investments in the first half of 2016, while the Asian Infrastructure Investment Bank approved over \$500 million for four projects in the same period.

40. The Addis Agenda also sought to increase the transparency of international development cooperation, including official outlays that do not qualify as ODA. DAC is considering a new statistical measure, called Total Official Support for Sustainable Development (TOSSD), which would include all officially supported resource flows to promote sustainable development at developing country, regional and global levels where the majority of benefits are destined for developing countries, including those resources that support development enablers or address global challenges.<sup>30</sup> In addition to ODA, it could thus include non-concessional

<sup>26</sup> The estimates include concessional loans and grants, as well as debt relief and technical cooperation provided within the South for development purposes (see [E/2016/65](#)).

<sup>27</sup> Estimates of gross flows, including countries that report to DAC and estimates from published national sources for countries that do not (such as Brazil, China and India). See: OECD, “Providers of development co-operation beyond the DAC: Trends and profiles”, available from [www.oecd-ilibrary.org/development/development-co-operation-report-2015/providers-of-development-co-operation-beyond-the-dac-trends-and-profiles\\_dcr-2015-55-en;jsessionid=67h2usmmhiai2.x-oecd-live-02](http://www.oecd-ilibrary.org/development/development-co-operation-report-2015/providers-of-development-co-operation-beyond-the-dac-trends-and-profiles_dcr-2015-55-en;jsessionid=67h2usmmhiai2.x-oecd-live-02).

<sup>28</sup> Department of Economic and Social Affairs calculations based on OECD data.

<sup>29</sup> See United Nations, 2016, “Review of Progress made in implementing the Buenos Aires Plan of Action” ([SSC/19/1](#)).

<sup>30</sup> TOSSD Compendium, available from [www.oecd.org/dac/financing-sustainable-development/TOSSD%20Compendium2016.pdf](http://www.oecd.org/dac/financing-sustainable-development/TOSSD%20Compendium2016.pdf).

official flows and flows addressing global public goods. It could also include in its statistics the volume of private finance “mobilized” by official interventions, on the assumption that those private flows would not have materialized without public support. The Addis Agenda had called for open and inclusive discussions on TOSSD. In this context, OECD has published a TOSSD Compendium<sup>31</sup> for public consultation, which was also discussed by the Inter-Agency Task Force in an internal technical discussion in July.

41. In the Addis Agenda, Member States reaffirmed their commitment to improve the quality, impact and effectiveness of their development cooperation. Both the 2030 Agenda and the Addis Agenda emphasize the importance of national implementation strategies, to which development cooperation efforts must be aligned. Two intergovernmental forums regularly monitor effectiveness and work to improve it. At the United Nations, the Development Cooperation Forum of the Economic and Social Council focuses its biennial discussion in part on the results of a periodic Secretariat survey of “mutual accountability”. The fourth global survey, presented at the fifth High-level Development Cooperation Forum on 21 and 22 July 2016 in New York, found that few incentives existed for development partners to align with the policies and systems of developing countries. This notwithstanding, 86 per cent of the 58 respondent countries have institutional structures for dialogue, such as national development cooperation forums, which were said to help build trust among stakeholders, advance negotiations on development cooperation, align it with national policymaking and promote knowledge-sharing.<sup>32</sup> The second forum, the Global Partnership for Effective Development Cooperation, assesses adherence of aid providers and recipients to the principles of effective development cooperation that had been adopted at the Fourth High-level Forum on Aid Effectiveness at Busan, Republic of Korea in 2011. The Global Partnership will hold its second high-level meeting from 28 November to 1 December 2016 in Nairobi, when progress in implementing the principles will be reported and discussed.

42. The Addis Agenda also encouraged consideration of climate and disaster resilience in development financing. Subsequently, Member States decided in Paris in December 2015 at the twenty-first session of the Conference of the Parties to the United Nations Framework Convention on Climate Change that developed countries would extend from 2020 to 2025 their goal of jointly mobilizing \$100 billion a year in funding from a wide variety of sources. They also agreed that, prior to 2025, the Conference of the Parties would set a new aggregate goal, viewing the \$100 billion per year as a floor. Governments also agreed to establish an enhanced transparency framework for monitoring climate action and support, including on financial cooperation. This would improve the ability to track progress against countries’ commitments on mitigation, adaptation and support. All countries would be required to report biennially, with developed countries required to include information on financial and technology transfer and capacity-building support provided to developing country parties. This reporting would be subject to technical expert review, and the Conference of the Parties would develop guidelines for accounting, reporting and verification by 2018.

43. While it is recognized that the “greening” of development finance can lead to multiple benefits across the three dimensions of sustainable development, there are

<sup>31</sup> [www.oecd.org/dac/financing-sustainable-development/tossd-public-consultation.htm](http://www.oecd.org/dac/financing-sustainable-development/tossd-public-consultation.htm).

<sup>32</sup> See [E/2016/65](#), para. 52.

also concerns about additionality of climate and development finance. Climate finance remains tilted towards mitigation activities, which benefits donor and recipient countries alike, and international assistance targeting global carbon emissions has been heavily concentrated in middle-income countries. The challenge for international development cooperation is to meet the large financing needs for climate mitigation while at the same time assuring that sufficient development finance remains available for the poorest countries.

#### **D. International trade as an engine for development**

44. International trade is an important engine for inclusive economic growth and poverty reduction. With supporting policies, infrastructure and an educated work force, trade can contribute to achieving the Sustainable Development Goals. Developing countries have sharply increased their participation in global trade since 2000, reaching over 40 per cent in 2015. In many low-income countries, exports of goods and services account for 50 per cent or more of their GDP. However, the volume of world exports has grown by less than 3 per cent per year since 2012. World commodity prices remain weak, creating economic stress in many commodity-exporting developing countries.<sup>33</sup>

45. Slow global growth challenges Member States to maintain their political commitment to open markets. According to the latest report of the World Trade Organization (WTO) on trade-related developments, from mid-October 2015 to mid-May 2016, WTO members applied 154 new trade-restrictive measures, amounting to 22 new measures per month, bringing the total number of restrictive measures still in place today to 2,127.<sup>34</sup>

46. At the tenth Ministerial Conference of WTO, held in December 2015 in Nairobi, members reaffirmed the pre-eminence of WTO as the global forum for the setting of trade rules and governance. The Nairobi Ministerial Declaration contains a commitment by all members to advance negotiations on the remaining Doha issues. It acknowledges that this work shall maintain development at its centre and that provisions for special and differential treatment shall remain integral. Nevertheless, WTO members have different views on how to address the negotiations.

47. WTO Ministers reached an important decision on export competition in Nairobi, which aims to eliminate export subsidies and establish new rules relating to export credits, international food aid and exporting by state trading enterprises. The decision should help to level the playing field in agriculture, aiding farmers in many developing countries, including least developed countries. The most recent valuation by OECD of export subsidies in the European Union found that they were worth 437 million euros in 2010, dramatically down from around 10 billion euros in the early 1990s. However, the agreement did not address domestic support to agriculture and market access issues, which means that there remains work to be done to eliminate all restrictions and distortions in agricultural markets.

<sup>33</sup> See United Nations, *World Economic Situation and Prospects, Update as of mid-2016*, op. cit.

<sup>34</sup> WTO, "Report on G20 trade measures, mid-October 2015 to mid-May 2016", Geneva, 21 June 2016 ([www.wto.org/english/news\\_e/news16\\_e/trdev\\_22jul16\\_e.htm](http://www.wto.org/english/news_e/news16_e/trdev_22jul16_e.htm)).

48. Almost half of world trade takes place between countries that have signed regional trade agreements with one another (based on data of 2014). Virtually all countries belong to at least one regional trade agreement, although some countries are more active in forming bilateral and regional trade agreements than others. In February 2016, 12 nations, accounting for 40 per cent of gross world product, signed the Trans-Pacific Partnership agreement, but ratification is pending. Negotiations are also ongoing between the European Union and the United States of America on the Transatlantic Trade and Investment Partnership. The Nairobi Ministerial Declaration instructs the Committee on Regional Trade Agreements to discuss the systemic implications of regional trade agreements for the multilateral trading system and its relationship with WTO rules.

49. The Addis Agenda acknowledged that bilateral and regional investment treaties embodied a challenge when it stated, “The goal of protecting and encouraging investment should not affect our ability to pursue public policy objectives”. The World Investment Forum, held at the time of the fourteenth session of the United Nations Conference on Trade and Development (UNCTAD) in Nairobi in July 2016, included a consultation with chief negotiators of these agreements, representatives of international organizations and civil society on policy reform options. UNCTAD will continue development of its road map for reform of international investment agreements.<sup>35</sup>

## E. Debt and debt sustainability

50. Global debt increased by \$57 trillion between 2007 and the second quarter of 2014, with average (public and private) external debt of developing countries rising from 22.7 per cent in 2007 to around 25.6 per cent of GDP in 2015.<sup>36</sup> Average public debt-to-GDP ratios in a sample of 74 low-income countries have risen modestly to levels broadly similar to those of 2007. Nonetheless, the risk of sovereign debt crises has fallen for low-income countries as a group. The share of low-income countries classified by IMF and the World Bank as at high risk of debt distress or in distress declined from 43 per cent in 2007 to 29 per cent in 2015.<sup>37</sup> However, public debt-to-GDP ratios have continued to rise in small States, reflecting sizeable fiscal deficits and generally sluggish growth.<sup>38</sup> At the same time, emerging market corporate debt has risen from \$4 trillion in 2004 to well over \$16 trillion in 2014.<sup>39</sup>

51. The staff of IMF and the World Bank are currently reviewing the debt sustainability framework for low-income countries, taking into account the changing financing landscape and less favourable external conditions.<sup>40</sup> Technical assistance to strengthen debt management capacity continues to be provided by

<sup>35</sup> See UNCTAD, *World Investment Report, 2015* (United Nations publication, Sales No. E.15.II.D.5).

<sup>36</sup> Calculations based on data from the IMF World Economic Outlook Database.

<sup>37</sup> International Monetary Fund-The World Bank (2015), “Public Debt Vulnerabilities in Low-Income Countries: the Evolving Landscape”. See [www.imf.org/external/pp/longres.aspx?id=5004](http://www.imf.org/external/pp/longres.aspx?id=5004). List of country assessments: [www.imf.org/external/pubs/ft/dsa/dsalist.pdf](http://www.imf.org/external/pubs/ft/dsa/dsalist.pdf).

<sup>38</sup> International Monetary Fund (2015), “Macroeconomic Developments and Selected Issues in Small Developing States”. See [www.imf.org/external/np/pp/eng/2015/030915.pdf](http://www.imf.org/external/np/pp/eng/2015/030915.pdf).

<sup>39</sup> IMF (2015) *Global Financial Stability Report: Vulnerabilities, Legacies, and Policy Challenges*.

<sup>40</sup> IMF last reformed the framework for market-access countries in 2011, which was implemented, though, in 2014.

these institutions, UNCTAD, through its Debt Management and Financial Analysis System (DMFAS), the Commonwealth Secretariat, and other bodies.

52. The UNCTAD DMFAS will start collecting data on the use and implementation of some of the UNCTAD principles on responsible borrowing and lending across its coverage of developing countries from 2017.

53. Moreover, in response to the invitation in the Addis Agenda to create a central data registry that would include information on debt restructurings, IMF has been collecting information on recent sovereign debt restructurings as part of its review of debtor-creditor engagement in sovereign debt restructurings and its “Lending-into-Arrears” policy. Both reviews are expected to be completed by early 2017.

54. Reforms to strengthen the effectiveness of sovereign debt contracts have been introduced in recent years. In 2014, IMF endorsed key features of collective action and pari-passu clauses in international sovereign bond contracts to reduce their vulnerability to hold out creditors in case of a debt restructuring. IMF estimated in September 2015 that over 60 per cent of new issuances of sovereign bonds (in nominal principal terms) included clauses consistent with the new recommendations.<sup>41</sup> While this should facilitate future debt restructurings, the stock of outstanding bonds without enhanced collective action clauses, estimated at around \$915 billion, leaves risks for disorderly debt workouts in the coming years. In July 2016, G20 Finance Ministers called upon IMF to explore and report on the cost and feasibility of incorporating enhanced clauses in the existing stock of sovereign debts.<sup>42</sup>

55. Additional reforms have been introduced since the Addis Conference. In December 2015, IMF revised its policy on lending into arrears to official bilateral creditors. The revised policy encourages official bilateral creditors to reach agreement through the Paris Club or other representative forums, consistent with the parameters of the IMF programme. If a representative agreement cannot be reached and creditor consent is not in place, IMF can still consider lending into arrears owed to official bilateral creditors under carefully circumscribed circumstances.<sup>43</sup> The revised policy is expected to strengthen incentives for collective action among official bilateral creditors and promote more efficient resolution of sovereign debt crises. Preliminary evidence suggests that the policy is promoting dialogue between member countries and their official bilateral creditors.

56. Furthermore, in January 2016, IMF approved an important reform of its policy on large-scale financing in order to make its lending framework more flexible and efficient in preventing and resolving sovereign debt crises. The reform removed the “systemic exemption” that was created in 2010 and proved to be ineffective in resolving debt crises or preventing contagion. It also introduced a less disruptive option for debt operations (“debt reprofiling”, i.e., a short extension of maturities falling due during the IMF programme, generally without a reduction in principal or coupons) for country members requesting large-scale financing and whose debt is assessed to be sustainable but not with high probability.<sup>44</sup>

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<sup>41</sup> International Monetary Fund (2015), “Progress Report on Inclusion of Enhanced Contractual Provisions in International Sovereign Bond Contracts”. See [www.imf.org/external/np/pp/eng/2015/091715.pdf](http://www.imf.org/external/np/pp/eng/2015/091715.pdf).

<sup>42</sup> Communiqué of G20 Finance Ministers and Central Bank Governors, Chengdu, China.

<sup>43</sup> International Monetary Fund (2015), “Reforming the Fund’s Policy on Non-Tolerance of Arrears to Official Creditors”. See [www.imf.org/external/np/pp/eng/2015/101515.pdf](http://www.imf.org/external/np/pp/eng/2015/101515.pdf).

<sup>44</sup> See [www.imf.org/external/np/sec/pr/2016/pr1631.htm](http://www.imf.org/external/np/sec/pr/2016/pr1631.htm) and [www.imf.org/en/News/Articles/2015/09/28/04/53/sopol012916a](http://www.imf.org/en/News/Articles/2015/09/28/04/53/sopol012916a).

57. The issue of creditor-debtor engagement is under consideration at IMF in the context of its lending into arrears policy, as well as in other forums. However, the take-up of the international capital markets association's proposed clause to make creditor committees a provision in bond contracts has been weak, and past restructurings show that creditor committees can always be formed without a contractual provision and that their usefulness depends on the composition of debt. The Department of Economic and Social Affairs has set up a study group to look into the problems in debtor creditor engagement and examine options for moving forward.

## **F. Addressing systemic issues<sup>45</sup>**

58. The Addis Agenda reflects Monterrey's emphasis on the importance of coherence and consistency of the international financial, monetary and trading systems, but it goes further to integrate the three dimensions of sustainable development into the coherence agenda, including environmental and social issues, such as the international movement of people. The Economic and Social Council Forum on financing for development follow-up was created to facilitate such coherence discussions among Member States, international institutions and policy experts in consultation with other relevant stakeholders.

59. In the Addis Agenda, governments also reiterated their commitment to strengthen the voice and participation of developing countries in international economic decision-making and norm-setting and global economic governance. In an important development, the IMF quota and governance reforms, agreed to in 2010, became effective in January 2016. Another round of reform, which was originally to be completed by January 2014, has been targeted for agreement by the 2017 Annual Meetings of IMF. The World Bank also concluded a shareholding review in 2015, and agreed upon a road map for adopting a dynamic formula for shareholding by the 2016 Annual Meetings and consideration of a selective capital increase to accomplish shareholding realignment in 2017, with a decision by the 2017 Annual Meetings.

60. Strengthening international financial regulation is one crucial way to reduce risks in the international financial system. The financial regulatory agenda of policy changes agreed at the Financial Stability Board is nearing completion. However, the agreed regulatory reforms for financial institutions and markets have been given long lead-in times and thus many elements of the package are still being implemented.

61. The development and implementation of international financial regulation would also benefit from greater representation of and participation by developing countries in international financial regulatory bodies. The Addis Agenda invited the Basel Committee on Banking Supervision and other main international regulatory bodies to continue efforts to increase the voice of developing countries in norm-setting processes.

62. The Addis Agenda made clear the necessarily broad scope of "systemic" issues by including paragraphs on migration, violence and terrorism. The imperative of

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<sup>45</sup> For a detailed discussion on systemic issues, see the report of the Secretary-General on the international financial system and development (A/71/312).

international cooperation to ensure safe, orderly and regular migration has been heightened by recent events, which have led to the convening of the Summit for Refugees and Migrants on 19 September 2016. The Summit will be the starting point of a two-year process to strengthen global cooperation, culminating in new global compacts on refugees and on migration to be adopted during an intergovernmental conference in 2018. The Addis Agenda recognized the positive contribution of migrants for inclusive growth and sustainable development in countries of origin, transit and destination. Indeed, an inclusive global society needs to allow for the movement of people, albeit in an appropriately managed manner. One requirement for this is timely and quality data, including data on the human development of migrants disaggregated by legal status. Appropriate management will also require systematic information on migration policies; in this regard, the International Organization for Migration and the Department of Economic and Social Affairs are developing one or more indicators for the global monitoring of target 10.7.2 calling for “well-managed migration policies”.

## G. Science, technology, innovation and capacity-building

63. By adding science, technology, innovation and capacity-building as a new action area in the Addis Ababa Action Agenda, Member States stressed its importance for sustainable development and economic growth. The Addis Agenda notes with concern the uneven innovative capacity, connectivity and access to and ability to use technology within and between countries. Accordingly, Member States committed to addressing these inequalities, incentivize research and innovation and promote greater access to technologies through domestic policy and international cooperation.

64. An illustration of the challenge may be seen in the continued inequalities in use of information technology. The International Telecommunications Union estimates that 4 billion persons in developing countries are offline. In least developed countries, less than 10 per cent of the population uses the Internet.<sup>46</sup> In addition, the Internet user penetration rate in 2015 was about 11 per cent lower for women than for men, with even bigger gaps observed in developing countries (15 per cent) and least developed countries (29 per cent).<sup>47</sup> Substantial divides persist between urban and rural areas in many countries.<sup>48</sup>

65. In the Addis Agenda, Member States committed to considering setting up innovation funds to support innovative enterprises, particularly during research, development and demonstration phases. Several such funds have been established, both before and after the Addis Conference. The Government of Viet Nam set up the National Technology Innovation Foundation with starting capital of \$46 million in 2015.<sup>49</sup> The Government of Peru added a fund to promote innovation of micro-, small- and medium-sized enterprises to its existing innovation fund portfolio.<sup>50</sup> The

<sup>46</sup> International Telecommunication Union, *Measuring the Information Society Report 2015*, 2015.

<sup>47</sup> Report of the Secretary-General on progress towards the Sustainable Development Goals (E/2016/75).

<sup>48</sup> Report of the Secretary-General on progress made in the implementation of and follow-up to the outcomes of the World Summit on the Information Society (A/71/67).

<sup>49</sup> [www.vista.gov.vn/UserPages/News/detail/tabid/73/newsid/11069/seo/Launching-the-National-Technology-Innovation-Fund/language/en-US/Default.aspx](http://www.vista.gov.vn/UserPages/News/detail/tabid/73/newsid/11069/seo/Launching-the-National-Technology-Innovation-Fund/language/en-US/Default.aspx).

<sup>50</sup> [www.innovateperu.gob.pe/historia](http://www.innovateperu.gob.pe/historia).

Indonesian Science Fund, which aims to strengthen Indonesia's capacity in science and technological innovation, was legally established in February 2016.<sup>51</sup>

66. One of the major outcomes of the Addis Agenda was the decision to establish a Technology Facilitation Mechanism, comprising three elements: (a) an inter-agency task team on science, technology and innovation for the Sustainable Development Goals, which met for the first time in March 2016, with a supporting group of 10 eminent representatives from civil society, the private sector and the scientific community; (b) an online platform, which is in the planning stage and will provide an overview of science, technology and innovation initiatives and promote matching of technology supply and demand; and (c) a multi-stakeholder forum on science, technology and innovation for the Sustainable Development Goals.

67. The first science, technology and innovation forum was held on 6 and 7 June 2016 in New York. Participants discussed the mobilization of science, technology and innovation for the Sustainable Development Goals, options for strengthening science, technology and innovation capacity and literacy, policy coherence, and the role of international cooperation in strengthening science, technology and innovation, among other issues.<sup>52</sup> In the forthcoming years, the forum should strengthen the dialogue between governments and other stakeholders by exchanging ideas and building new partnerships and initiatives.

68. In the Addis Agenda, Member States also looked forward to the recommendations of the Secretary-General's High-level Panel on the Technology Bank for the least developed countries. In September 2015, the Panel presented its report to the Secretary-General, highlighting the bank's potential to strengthen national capabilities, support negotiated agreements and provide expertise to the least developed countries. The Panel stressed that the establishment of the technology bank was both feasible and necessary. The General Assembly requested the Secretary-General to take the steps necessary to launch and operationalize the technology bank by 2017. As per another Panel recommendation, the Secretary-General appointed, in May 2016, a 13-member Governing Council, which will become the bank's governing body. In addition, the Secretary-General has set up an interim trust fund for the preparatory phase of the technology bank, which will comprise two units: a science, technology and innovation support mechanism and an intellectual property bank.

69. Capacity-building is an integral part of the global partnership for sustainable development and has been a part of the financing for development process since the Monterrey Consensus. In addition to the overarching commitment as part of the chapter on science, technology, innovation and capacity-building, the Addis Agenda contains detailed commitments to capacity-building in each of its seven action areas. In 2014, net ODA provided for capacity-building and national planning amounted to \$23 billion.<sup>53</sup>

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<sup>51</sup> [www.dipi.id/en/about-us/](http://www.dipi.id/en/about-us/).

<sup>52</sup> See "Multi-stakeholder forum on science, technology and innovation for the Sustainable Development Goals: summary by the Co-Chairs", Note by the President of the Economic and Social Council (E/HLPF/2016/6).

<sup>53</sup> Report of the Secretary-General on progress towards the Sustainable Development Goals (E/2016/75).

## IV. Data, monitoring and follow-up

70. The United Nations Statistical Commission led a considerable effort in the past year on developing a set of indicators for measuring progress in reaching the targets of the Sustainable Development Goals.<sup>54</sup> In its session in March 2016, the Commission agreed to a proposal by the Inter-Agency and Expert Group on the development of a global indicator framework for the goals and targets of the 2030 Agenda. The Commission also decided that all estimates used for the compilation of global indicators for the Sustainable Development Goals would be produced in full consultation with national statistical offices.

71. The Statistical Commission noted that improvements to the framework would be made as warranted. Thus far, a tier system has been agreed on, with tier I including indicators with an established methodology and data widely available; tier II including indicators with an established methodology but insufficient data coverage; and tier III including indicators for which a methodology is still being developed.

72. The Statistical Commission, together with the High-level Group for Partnership, Coordination and Capacity-building for Statistics for the 2030 Agenda for Sustainable Development, is expected to regularly assess data availability for the Sustainable Development Goal indicators and their adequacy and comparability, as well as foster statistical capacity-building. The fourth meeting of the Expert Group will be held in October 2016 in Addis Ababa.

73. There are also plans for a new global data initiative in the form of the first United Nations World Data Forum, to be held in Cape Town, South Africa in January 2017. The forum will serve as a platform for increasing data cooperation for sustainable development, with participation of a wide range of stakeholders, including information technology professionals, geospatial information managers, data scientists, users and civil society.

74. In the area of financing for development and the means of implementation of the Sustainable Development Goals, the first report of the Inter-Agency Task Force on financing for development detailed a monitoring framework, including availability and quality of relevant data and other methods of monitoring, such as qualitative and contextual analysis and case studies.<sup>55</sup> The outcome document of the financing for development Forum endorsed a three-pronged approach for its future reports, including (a) discussion of the global context and its implications for financing for development follow-up; (b) an overview of each chapter of the Addis Agenda, with more detailed reporting contained in an online annex; and (c) analyses of thematic issues. As an initial step towards its 2017 report, members of the Task Force have also prepared issue briefs on their areas of expertise.<sup>56</sup>

75. Inter-Agency Task Force reports will draw upon the statistical indicators that are being developed by the Statistical Commission, while also providing contextual analysis on the means of implementation and addressing progress on the additional commitments in the Addis Agenda. As the Addis Agenda includes a number of requests for further analytical work by the international system, the Task Force

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<sup>54</sup> Ibid.

<sup>55</sup> See footnote 2 above.

<sup>56</sup> See [www.un.org/esa/ffd/ffd-follow-up/inter-agency-task-force.html](http://www.un.org/esa/ffd/ffd-follow-up/inter-agency-task-force.html).

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provides a space for international organizations to coordinate their work on these and related work streams, which may further the policy coherence agenda.

76. The Addis Agenda also encouraged regional bodies to mobilize their expertise as part of the follow-up process. The Economic and Social Commission for Asia and the Pacific, in cooperation with the Republic of Korea, held the first High-level Follow-up Dialogue on financing for development in Incheon in March 2016, at which a number of regional priorities were identified, including regional tax cooperation (including the role and framework of the proposed Asia-Pacific Tax Forum) and enhancing financial inclusion.<sup>57</sup> The outcomes were presented at the financing for development Forum. The Economic Commission for Europe has been preparing draft international standards for public-private partnerships in support of the Sustainable Development Goals.

77. As at the end of its 2016 session, members of the Economic and Social Council had not decided on the dates for the 2017 forum on financing for development follow-up. A timely decision on dates, themes and other organizational matters of the 2017 forum, as agreed in the outcome of the 2016 forum, will facilitate preparatory work by the Secretariat and by the Inter-Agency Task Force.

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<sup>57</sup> See note verbale dated 19 April 2016 from the Embassy of the Republic of Korea in Thailand addressed to the secretariat of the Economic and Social Commission for Asia and the Pacific (E/ESCAP/72/9).