



ENSURING SUSTAINABLE FINANCING

...that invests today for a resilient tomorrow.

UN DESA supported Member States and the global community in addressing the urgent issues of financing for sustainable development, with focus on staving off the debt and liquidity crises exacerbated by COVID-19, the growing climate emergency and disruptions to the food and fuel markets.

UN DESA ...

- Recommended Credit Rating Agencies to be more transparent on their methodology, incorporate ESG factors into ratings and develop longer-term ratings, enhance dialogue with governments and for financial markets to promote a more accurate use of ratings through institutional changes.
- Worked with UN Tax Committee experts, observers and partners to produce and disseminate practical guidance and strengthen capacities of developing countries to deal with complex tax issues for sustainable development.
- Helped countries to prepare and present SDG-aligned projects to investors across a range of priority development sectors.
- Helped governments and their development partners to advance risk-informed development cooperation, strengthening developing countries' capacities to address both short- and long-term risks.
- Released UN Handbook on infrastructure asset management (IAM) in 10 languages and expanded technical assistance on IAM to 10 project countries.
- Launched a global facility on integrated national financing frameworks (INFFs).

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The COVID-19 pandemic, the climate crisis and the war in Ukraine continue to send shock waves through the world's economies. In crisis situations, access to long-term financing enables countries to respond and recover. UN DESA, through its work, continues to support countries to respond to these crises and foster long-lasting financing for sustainable development.

Advancing global consensus on financing response and recovery

The 2022 ECOSOC Forum on Financing for Development (FfD) took place amid interconnected crises caused by COVID-19, conflict and climate. The forum succeeded in adopting an outcome document calling for urgent solutions to scale up financing for development. The agreement proved the unique strength of the United Nations in finding solutions at times of growing polarization.

The 2022 FfD Forum featured high-level political engagement including eight Heads of State. The discussion focused on key challenges, including the need to reform the international financial architecture. Within the outcome there is an agreement to consider multidimensional vulnerability as a criterion for both concessional finance and debt relief eligibility, using a UN-developed index geared to capture the unique challenges faced by small island developing States. Member States also called for expanded debt relief and enhancements to the G20 Common Framework. They

also committed to expand investment in social protection floors as a percentage of national budgets. To follow-up on the outcome document, UN DESA will advance policy dialogue and analysis in these areas in collaboration with the UN system and bring the policy recommendations to other important fora, such as the G20.



Making the money move to the Sustainable Development Goals

The Global Investors for Sustainable Development (GISD) Alliance, convened by the UN Secretary-General, includes 30 members from among the world's largest investors and financial institutions. UN DESA continued to support GISD as a vehicle to advocate for and scale-up sustainable finance to achieve the SDGs. The Alliance continued to shape and influence the global investment ecosystem for better alignment with the SDG Agenda, collaborating with key policy-making bodies, standard setters, regulators, and multilateral and regional development banks. The common definition of Sustainable Development Investing (SDI) and standardized sector-specific metrics for measuring the degree of SDG-alignment of investments, produced with support from UN DESA, has gained much traction. In October 2021, the GISD published a report with recommendations for development banks and the global development community for increasing private finance flows towards the SDGs. In June 2022, GISD launched an updated model mandate in partnership with the International Corporate Governance Network that seeks to ensure that asset owners' stewardship and sustainability objectives are reflected in the contract with their

asset manager. Work is also underway to establish a pioneering Sustainable Infrastructure Investment Platform (SIIP) in cooperation with the Global Infrastructure Facility. This fund will be structured as a blended finance vehicle to pool a range of public and private investors to co-invest in high-impact sustainable infrastructure in emerging and frontier economies.

Connecting the private sector to investment opportunities in sustainable development

As the private sector continues to embrace principles for sustainable and responsible investment, demand is growing for a dedicated space to connect investors with impactful business opportunities. The SDG Investment Fair is a UN DESA platform that fills this niche. It connects investors around the world to SDG-aligned projects in emerging and frontier markets. Through project-pitching sessions, investor networking, and peer learning, Member States are building the knowledge, skills, and awareness on how to prepare bankable SDG investments and how to tap a growing market for sustainable investments. With the growing demand, in 2021 the fair transitioned from an annual event to a year-round platform.

Over 19 countries across all regions have been showcased as SDG investment destinations to date. In 2021, Kenya, Jamaica, Ghana, Pakistan, Rwanda, Dominican Republic, Namibia, and Ukraine presented over \$10 billion in investment opportunities to financial institutions and companies. In 2022, the fair featured Colombia, Equatorial Guinea, El Salvador, Guatemala, Nigeria, and Malawi with opportunities in sustainable infrastructure, healthcare, manufacturing, green energy, and agri-business. A special investor matchmaking event was also held in April 2022 at the Permanent Mission of Namibia to the United Nations where new investors and technology partners were mobilized to support Namibia's strategic SDG investments.



Providing policy advice to bridge the financing divide

UN DESA led the preparation and analytical work for the 2022 *Financing for Sustainable Development Report* (FSDR), a product of the Inter-agency Task Force on Financing for Development. Outreach efforts resulted in broader geographic coverage, doubling the share of readers in African countries, with over 300 news hits around the world, and growth in unique website viewers coupled with a higher share of those viewers outside the host country. Most readers (74.4 %) considered the quality of the report as 'good' or 'excellent', with the highest ratings from national governments/ministries, followed closely by academia. The 2022 FSDR identifies a "great finance divide" – the inability of poorer countries to raise sufficient resources and borrow affordably for

investment, which will lead to a bigger gap or divide between developed and developing countries. The report recommended three sets of actions to bridge the finance divide. First, the report called for urgent measures to address rising costs of borrowing and heightened debt risks. Second, there is a need to increase public financing for investment in public policy priorities and effectively spend mobilized resources on the SDGs and productive investment. Finally, the report highlighted the importance of enhanced transparency and a more complete information ecosystem to strengthen the ability of countries to manage risks and use resources well and in line with sustainable development. The messages of the FSDR were amplified by targeted policy briefs on cost of borrowing, crypto currencies and complementary measures to GDP for access to concessional finance.

Credit ratings for long-term sustainable investing

UN DESA led exploration on the role of credit rating agencies in supporting investment in developing countries and enhancing sustainability. In a response to a call from Member States, the Department organized a [High-Level Meeting on the Role of Credit Rating Agencies in the Implementation of the 2030 Agenda for Sustainable Development](#) in March 2022. Recommendations put forward during the event include: (i) more transparency in rating methodologies; (ii) the incorporation of ESG factors into ratings and production of long-term ratings; (iii) more informed dialogue between governments and credit rating agencies; and (iv) institutional changes to promote a more accurate use of ratings. UN DESA will continue to support Member States and engage all relevant stakeholders to advance these recommendations in the relevant platforms.

Supporting Member States to implement integrated national financing frameworks

In April 2022, in the margins of the ECOSOC Financing for Development Forum, UN DESA launched the INFF Facility in collaboration with UNDP, OECD, the European Union and the

Governments of Italy and Sweden. The INFF Facility aims to bring together international partners to align and magnify support for implementation of INFFs in more than 80 countries. UN DESA also continued to lead the UN work to develop guidance on the implementation of INFFs and supported various regional training workshops in collaboration with UNDP and the regional commissions. UN DESA is also working with UN partners to develop online self-paced training programmes, explainer videos and various communications products. The Department, in collaboration with the regional commissions and UNCTAD, continues to support INFF development in 10 countries (Belarus, Burkina Faso, Colombia, Costa Rica, Egypt, Indonesia, Jordan, Kyrgyzstan, Pakistan, Zambia). With the support of the Government of Italy, UN DESA also embarked on targeted INFF support for small island developing States.



UN DESA supported the Committee of Experts on International Cooperation in Tax Matters in translating its ambitious agenda into prioritized plans of work. The 24th Session had a heavy schedule due to its 11 subcommittees and 4 groups, which tackle a breadth of issues related to the effect of the COVID-19 pandemic on international taxation. Strong fiscal policies and international tax cooperation are critical to pandemic recovery and to avert a lost decade of sustainable development. This work is critical for developing countries. Fiscal policies can help the simultaneous achievement of multiple goals such as reduction of inequalities and promotion of sustainable consumption and production.

The session pointed out the preference expressed by developing countries for simple, administrable solutions to taxing multinational enterprises and other non-residents. It also initiated work on options for a multilateral instrument, overlaid on existing bilateral treaties, to speed up implementation of the UN model bilateral tax treaty responses to taxing income from digital services. The committee recognized that developing countries will benefit from policies and actions that have the goal to curb trade mis-invoicing and other illegal practices that lead to illicit financial flows in the extractive industries. Looking ahead, UN DESA will support the committee in its plans for practical guidance on the interaction of carbon taxes with other national measures in the context of broader fiscal reform and transition to renewable energy sources.

Building capacity in tax administration to reduce risk and build resilience

UN DESA organized several capacity-building activities aimed at enhancing the capability of developing countries to deal with complex tax issues and help them in their efforts to reduce risk and build resilience. The integrated tax policy and capacity-building programme administered by UN DESA complements the normative guidance products of the Committee of Experts on International Cooperation in Tax Matters.

The workshop on the beneficial ownership concept (a key treaty anti-abuse rule) brought together 16 participants from 7 developing countries. This workshop is part of a series focused on intermediate and advanced tax treaty topics aimed at creating communities of practice where developing countries can share their practical experiences and discuss cross-cutting issues. A follow-up satisfaction survey revealed that 100% of participants either agreed or strongly agreed that the workshop increased their technical knowledge and skills in the negotiation and/or administration of tax treaties.

A related workshop on the mutual agreement procedure (MAP), attracted 25 participants from 15 developing countries. The MAP promotes the fulfilment of treaty obligations and prevents obstacles to international trade and investment.

These efforts go a long way to address key messages from the 2022 ECOSOC Special Meeting on International Cooperation in Tax Matters held in April, including advancing fair and effective tax systems (with a particular focus on taxation in an increasingly

digitalized and globalized economy) and addressing the tax aspects of illicit financial flows. UN DESA will hold a global workshop on digital taxation in September 2022.

Enhancing the sustainability, resilience and accessibility of infrastructure investments



UN DESA expanded its capacity development programme on infrastructure asset management (IAM) for local and central government officials in developing countries in support of the SDGs. The initiative supports public sector officials in shaping strategies, policies and actions that maximize the financial and service performance of publicly owned and/or managed infrastructure assets, such as roads, water and sanitation, waste management facilities and natural assets and also strengthen their sustainability, resilience and accessibility for present and future generations.

The IAM programme draws on the 2021 UN DESA publication *Managing Infrastructure Assets for Sustainable Development: A Handbook for Local and National Governments* and its

corresponding toolkits-now available in all six UN languages and several local languages following strong country demand. Training has reached over 2,500 public sector officials and resulted in 150 multi-year Asset Management Action Plans designed by local governments around the world. 10 beneficiary countries are now receiving direct technical assistance on IAM.

The recommendations of the Committee of Experts on Public Administration (CEPA) added impetus to the Department's work in this area. In its 21st session, held in April 2022, CEPA emphasized transparent, accountable and participatory management of public finances as a key element of effective governance, even more so during the COVID-19 pandemic, when governments around the world face decreasing revenues and increasing expenditures.

Forwarding risk-informed development cooperation

Following the call at the 2021 ECOSOC Development Cooperation Forum (DCF) for stronger country-level data and evidence on innovation in development cooperation in the COVID-19 context, 53 developing countries – the majority being LDCs and SIDS – participated in the 2021-2022 DCF Survey. The subsequent 2022 DCF Survey Study explored the impact of the triple crises triggered by the pandemic, climate change and conflict on development cooperation and progress on the SDGs. The survey highlights the need for developing countries to adopt a systemic approach to dealing with an increasingly interrelated and complex risk landscape by designing risk-informed national policies, strategies and frameworks and ensuring their effective alignment with both national policies and regional agendas, and by effectively engaging a growingly diverse set of partners and stakeholders in development cooperation processes. The study included proposals that draw from best practices on the ground in developing countries to enhance the quality and impact of development cooperation for crises response and long-term recovery.

