

A photograph of the Secretary-General speaking at a podium. The podium has a sign that says "SECRETARY-GENERAL". A microphone is in front of him. The background is blurred.

ENSURING SUSTAINABLE FINANCING

Secretary-General briefs on "Our Common Agenda" Policy Briefs for the Summit of the Future, including on Reforms to the International Financial Architecture - Photo credit: UN Photo/Evan Schneider

... to mobilize the resources and investment for countries in need.

In a world where the great finance divide is worsening the debt overhangs that loom over many developing countries, UN DESA continued to support Member States in addressing the urgent need to inject SDG financing for those in need and move the needle forward to reform the international financial system for greater development impact.

UN DESA ...

- Supported Member States to reach consensus on a series of policy actions to scale up financing for sustainable development, including development cooperation, to address the multitude of crises affecting developing countries and support the most vulnerable.
- Led research and analytical work, proposing recommendations to finance sustainable transformations, and informing the Secretary-General's advocacy for an SDG Stimulus and proposals for reforms to the international financial architecture.
- Advanced dialogue and opportunities for mobilizing private investment for the SDGs, particularly for countries in special situations.
- Led and supported several capacity-building initiatives, including on taxation, domestic resource mobilization, integrated national financing frameworks and investing in forests.

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ENSURING SUSTAINABLE FINANCING

As the confluence of multiple global shocks continues, prospects for achieving the Sustainable Development Goals by 2030 remain dim without mobilizing stable and long-term financing and investment at sufficient scale to help countries and people most in need. Throughout the year, UN DESA continued to support the international community in navigating these challenges and delivering on the outstanding promise of the 2030 Agenda for Sustainable Development and the Addis Ababa Action Agenda.

Providing policy advice for financing sustainable transformations

UN DESA led the preparation of the 2023 *Financing for Sustainable Development Report*, in collaboration with more than 60 UN Agencies and international organizations. The report finds that SDG financing needs are growing, but development financing is not keeping pace. It calls on the international community to pursue action in three key areas. First, scale up development cooperation and SDG investment, supporting the Secretary-General's call for an SDG Stimulus. Second, strengthen the international financial architecture by bringing different ongoing

reform processes together, strengthening their effectiveness, and ensuring full alignment with the SDGs and climate action. Third, accelerate national sustainable industrial transformations, supported by integrated national financing frameworks (INFFs). If left unaddressed, a "great finance divide" will translate into a lasting sustainable development divide.

The report formed the basis for discussions at the ECOSOC Forum on Financing for Development follow-up, and informed the SDG Investment Fair, a platform which brings together government officials and investors for sustainable investment opportunities that support the achievement of the SDGs.



Raising ambition to scale up financing for sustainable development

UN DESA supported the 2023 ECOSOC Forum on Financing for Development follow-up, held in April 2023, which featured high-level political engagement to address pressing issues across all areas of the Addis Ababa Action Agenda. The outcome document of the 2023 Forum, adopted by consensus, advanced priorities in key areas, including the Secretary-General's proposal for an SDG Stimulus. The outcome served as an important step forward to address the intertwined crises affecting developing countries. It advances issues that require political momentum at the highest level and will feed into the overall follow up and review of the implementation of the 2030 Agenda for Sustainable Development at the High-level Political Forum in July 2023 as well as the SDG Summit and the



2023 Financing for Development Forum – Photo credit: UN DESA

High-level Dialogue on Financing for Development in September 2023.

Heads of State and Government, a Deputy Prime Minister and over two dozen Ministers and Vice-Ministers participated in the Forum. Throughout the four-day discussion, participants expressed the need to massively scale up financing for sustainable development, in line with the SDG Stimulus proposals. Participants also noted the need to cope with the multitude of challenges facing developing countries through increased development cooperation, more effective and inclusive international tax cooperation, a comprehensive

policy agenda on tackling debt vulnerability, and fundamental reforms to the international financial architecture.

Advancing SDG Stimulus and reform of the international financial architecture

UN DESA spearheaded the analytical work to inform the Secretary-General's advocacy for an SDG Stimulus and ambitious reform of the international financial architecture. This analysis built on the 2022 Financing for Sustainable Development Report, which identified a 'great finance divide' that prevents many developing countries to raise sufficient



Secretary-General of the UN delivers opening remarks at the 2023 Financing for Development Forum – Photo credit: UN DESA

resources and borrow affordably for investment in climate action, recovery and the SDGs.

The *SDG Stimulus* calls for a significant increase in financing for development, of at least \$500 billion per year. It aims to accelerate progress towards the SDGs through greater investments in digital transformation, education and skills development, sustainable infrastructure, food systems, sustainable energy, nature-based solutions, and universal social protection. It also calls for reforms to the multilateral development banks (MDBs), improvements to the current debt treatment initiatives, and improvements in the global financial safety net and access to contingency financing.

The Secretary-General's *Policy Brief on reforms to the international financial architecture*, published in June 2023 in preparation for the Summit of the Future, builds on these calls in the SDG Stimulus. It adds an emphasis on medium- to longer-term structural and governance reforms that may be challenging to achieve in the short run but, when implemented, will make the financial architecture fit for purpose for the 21st century. The Policy Brief provides concrete recommendations in six key areas: global economic governance; debt challenges and the debt architecture; international public finance; the global financial safety net; financial and capital market regulation; and the international tax system.

 **Scaling up development cooperation to better support the most vulnerable**

Kicking off this year's SDG financing discussions, UN DESA supported the organization of Development Cooperation Forum (DCF), in which Member States

and other stakeholders identified concrete measures and built momentum for transformative action among all development partners to rescue the SDGs and strengthen the SDG Stimulus. Discussions emphasized the role of international development cooperation – such as official development assistance (ODA), South-South and triangular cooperation and philanthropy – in reducing risks among the most vulnerable countries and people. More risk-informed development cooperation will be increasingly critical in addressing crises linked to pandemics, global food and energy shocks and climate change, particularly in countries that face special structural vulnerabilities such as LDCs, LLDCs, SIDS and conflict-affected States. The recommendations delivered at the DCF will further inform the discussions at the SDG Summit, High-level Dialogue on Financing for Development and beyond.

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Leaving no one behind is a solemn commitment made in the 2030 Agenda for Sustainable Development, and the Development Cooperation Forum is indispensable for the attainment of this goal.
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by **Chen Chunjiang**
Assistant Minister of Commerce,
People's Republic of China

Enhancing the role of MDBs in catalyzing private investment for the SDGs

Throughout the year, UN DESA continued to support the Global Investors for Sustainable Development (GISD) Alliance and its engagement with multilateral development banks to enhance mobilization of private capital for the SDGs. At a side event during the World Bank Group/IMF Spring Meetings in April 2023, GISD Alliance members discussed with senior representatives from the UN, World Bank, shareholder governments and international organizations and recommended concrete actions to advance this agenda.

The discussion highlighted the urgency to develop new instruments and vehicles to address real and perceived risks for private investment, especially in low-income countries. The need to further strengthen the role of the MDBs in project pipeline development was also emphasized. In addition, GISD

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Realizing the full potential of MDBs as catalysts of private investment will require deeper collaboration between the MDBs, their shareholders and the private sector. I wish to thank the Global Investors for Sustainable Development Alliance for their work in providing a private sector perspective on how to scale up investment for sustainable development.

by **Amina Mohammed**
United Nations Deputy Secretary-General

members underscored the importance of quality data on investment opportunities in developing countries.



GISD Alliance discusses SDG Investing with the private sector in Western Asia - Photo credit: GISD Alliance

In February 2023, members of the GISD Alliance engaged with local private sector representatives from Western Asia during a set of panel discussions in Dubai, United Arab Emirates. Discussion focused on identifying actions to scale up green finance, including the role of COP28 in directing more private financial flows towards climate and other sustainable development objectives. It also considered ways to integrate long-term sustainability perspective into the investment ecosystem. Private sector representatives from the United Arab Emirates and other countries in the region welcomed this opportunity to exchange ideas on how the solutions developed by the GISD Alliance for scaling up investment in sustainable development could be applied at the regional level.

Convened by the Secretary-General, the GISD Alliance includes 28 members from among the world's largest investors, financial institutions and corporations.

GISD Alliance launches new initiative to enhance SDG-aligned sovereign bonds

The GISD Alliance, supported by UN DESA, has embarked on a new initiative in partnership with the UNDP, that aims to enhance the integrity and quality of thematic sovereign bond issuances by aligning them with the SDGs.

As part of this initiative, the GISD Alliance is developing integrated guidance for governments and investors interested in future issuances of sovereign SDG bonds. The guidance will consolidate lessons learnt and best practices emerging from bonds issued to date with a view to mobilizing longer-term finance for the SDGs.



Opening of the 8th SDG Investment Fair - Photo credit: Martin Fernandez Cardona

Mobilizing SDG investment where it is needed the most

The SDG Investment Fair continues to offer a platform for interactions between governments and private sector actors, peer-to-peer knowledge exchange and capacity building towards closing the SDG financing gap. In 2022-23, the SDG Investment Fair shifted from an annual to a continual platform to connect countries to private investors.

The 7th SDG Investment Fair, held in December 2022, opened with a high-level dialogue on mobilizing investment in LDCs as a prelude to the Private Sector Forum of the Fifth UN Conference on Least Developed Countries (LDC5) in Doha in March 2023. At the LDC5, the Fair brought senior

officials from Angola, Ethiopia, Malawi, and São Tomé and Príncipe to a side event, which focused on presenting policy reforms and projects that could attract investment in aid of LDC graduation.

At the 8th SDG Investment Fair in April 2023, several commercial banks, investment funds, and development finance institutions discussed solutions that could support investment risk sharing in vulnerable countries. A dozen projects and programmes were showcased, representing \$6 billion in deal flow. The Ethiopian Investment Holdings Co. and Mauritanian Investment Promotion Agency highlighted key projects in sustainable agriculture and infrastructure. Eswatini also featured prominently, with active participation from its Minister of Finance.



Pakistan launched over \$2.4 billion in new initiatives on climate finance at the 8th SDG Investment Fair – Photo credit: UN DESA

To date, roughly one-third of all participating countries are considered as LDCs, LLDCs or SIDS. More investors are signalling interest in these projects and emerging markets. A few recently presented projects in Namibia, Rwanda, Nigeria, and secured partial funding or started implementation. The Fair also provided technical advisory services to Kenya to design and enhance the bankability of three innovative SDG financing projects supported by three UN agencies.

Mobilizing SDG-aligned financing through integrated national financing frameworks

UN DESA continued to support a growing number of countries to incorporate integrated national financing frameworks (INFFs) in the planning of mobilizing and aligning financing for the SDGs. Development of INFFs was first committed to in the Addis Ababa Action Agenda, with a view to support countries in establishing nationally-owned sustainable development strategies. Building

on this commitment, the UN, under UN DESA's leadership, has developed analysis and guidance to help countries implement integrated financing approaches at the national level. In response to growing demand for capacity support – with more than 80 countries taking forward INFFs – UN DESA helped broker technical assistance, facilitate knowledge exchange and provide access to technical guidance on INFFs through an INFF Facility, which was launched together with UNDP, the OECD and UNICEF in February 2022.

UN DESA has further stepped up its support in this area, launching two flagship e-learning courses on INFFs during the 2023 ECOSOC Financing for Development Forum in April, and providing capacity support to selected countries. For example, UN DESA co-organized a four-day workshop on INFFs in Abuja, Nigeria, in September 2022, bringing together over 300 participants from 52 African countries, facilitating significant progress towards building an INFF community of practice in the region.



Participants of INFF workshop in Abuja, Nigeria, September 2022 – Photo credit: UN DESA

Mobilizing domestic resources and strengthening international tax cooperation

UN DESA's capacity development activities in tax and domestic resource mobilization for sustainable development have continued to support Member States in making effective use of practical guidance produced by the UN Tax Committee.

The treatment of payments for services is a matter of concern for many developing countries. The provision of services remotely by multinational enterprises that are not subject to taxation in the market jurisdiction not only erodes the tax base of that jurisdiction, but also can result in unfair competition with the local brick-and-mortar businesses that do pay taxes. To address these and other concerns regarding services, the 2021 UN Model Double Taxation Convention between Developed and Developing Countries (UN Model)

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Tax treaties are complex legal instruments that govern the taxation of cross-border transactions and investments. Attending a tax treaties workshop would give officials a deeper understanding of these treaties' principles, provisions, and practical implications. This knowledge would be valuable for officials involved in international taxation, tax policy formulation, negotiations, and compliance.

by a participant from the Workshop on Treatment of Services in the UN Model Taxation Convention

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Active participation during the UN Workshop on Services in Mexico – Photo credit: UN DESA

includes a number of provisions relating to services that preserve Market State taxing rights – the domestic law taxing rights of the place to which the services are provided – more than under most other Models.

For example, by drawing on the UN Model, the Department organized in May 2023 a four-day workshop on tax policy and administration for countries in the Latin America and the Caribbean region. In cooperation with the Inter-American Center of Tax Administrations, the workshop provided a comprehensive review of the services provisions in the UN Model, including those related to technical and automated digital services. Participants from 18 countries in the region discussed practical examples illuminating key policy and administration risks, helping to build participants' tax treaty negotiation capacity and fiscal resilience.

Investing in forests for a greener future

Mobilizing additional financing for sustainable forest management is crucial for the achievement of the

Global Forest Goals, forest-related Sustainable Development Goals, and other international forest-related goals. UN DESA manages the Global Forest Financing Facilitation Network of the UN Forum on Forests. This provides capacity development support to countries and subregional organizations to develop bankable project proposals to gain access to financing for sustainable forest management and in the design of national forest financing strategies. The Network is currently supporting 15 countries and 1 sub-region. UN DESA is also working in collaboration with the Global Environment Facility (GEF) and the International Union for Conservation of Nature to prepare a USD 2 million medium-sized GEF-funded project on strengthening the conservation of primary forests. The project aims to raise the profile of primary forests among UNFF members and other stakeholders and highlight the need to increase investment in their management and conservation. In addition to providing capacity development support, the Network's Clearing House continues to provide online databases on funding opportunities, and practical information and learning materials on how to access existing resources, as well as best practices in mobilizing financing.

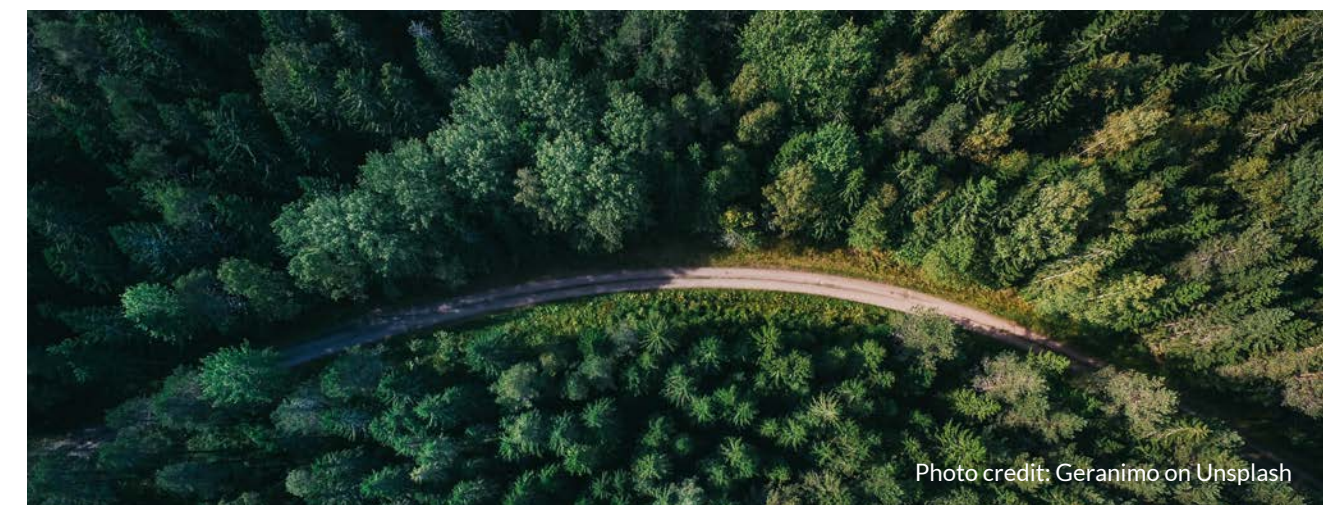


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