

**Inter-Agency and Expert Group on SDG Indicators:
Working Group on Measurement of Development Support**

Addis Ababa Action Agenda and the Measurement of SDG Target 17.3

Background Note

Prepared by the United Nations Department of Economic and Social Affairs (UNDESA)

Introduction

1. **The 2015 Addis Ababa Action Agenda (AAAA) is a global framework to support the implementation of the 2030 Agenda for Sustainable Development. The Addis Agenda is rooted in the Financing for Development (FfD) process, embodied by the 2002 Monterrey Consensus and 2008 Doha Declaration.** The First International Conference on Financing for Development took place in Monterrey, Mexico in 2002 and marked the starting point and anchor of international consensus on FfD issues. In 2008, a Follow-up Conference was held in Doha, Qatar. The Addis Agenda was agreed at the Third International Conference on FfD in Ethiopia in July 2015.

2. **The Addis Agenda provides the blueprint for financing for sustainable development and is linked to the means of implementation of the Sustainable Development Goals (SDGs).** As noted in the 2030 Agenda, the SDGs “can be met within the framework of a revitalized Global Partnership for Sustainable Development, supported by the concrete policies and actions outlined in the Addis Ababa Action Agenda. The Addis Ababa Action Agenda supports, complements, and helps to contextualize the 2030 Agenda’s means of implementation targets.” [para 62] The 2030 Agenda is organized around the SDGs, or around goals and outcomes, while the Addis Agenda follows the Monterrey Consensus, and is structured around different financial and non-financial means of implementation. Nevertheless, all the means of implementation of each of the SDGs and Goal 17 are included in the Addis Agenda.

3. **The rest of this note is structured as follows:** The next section provides a brief overview of the Addis Agenda and its evolution in the FfD process, as well as links to the SDGs. This is followed by providing an Addis Agenda perspective on the measurement for SDG Target 17.3 “mobilizing additional financial resources for developing countries from multiple sources”. The last section provides a brief conclusion.

Overview of the Addis Agenda and Links to the Means of Implementation for the SDGs¹

4. **Consistent with the Monterrey Consensus, the Addis Agenda recognizes that all sources of financing – public and private, domestic and international – are needed to finance development. The Addis Agenda goes beyond the Monterrey and Doha outcomes by considering a framework that aligns finance with sustainable development.** The Addis Agenda aims to mobilize public finance, set appropriate public policies and regulatory frameworks to unlock private finance, trade opportunities and technological development, and incentivize changes in consumption, production, and investment

¹ United Nations Inter-Agency Task Force on Financing for Development, “Addis Ababa Action Agenda: Monitoring Commitments and Actions: Inaugural Report 2016,” 2016, https://developmentfinance.un.org/sites/developmentfinance.un.org/files/Report_IATF-2016-full.pdf

patterns. It considers policy requirements for realizing all three dimensions of sustainable development — economic, social and environmental — in an integrated manner.

5. **The Addis Agenda also explicitly incorporates non-financial means of implementation along with the financial means.** The Monterrey Consensus and Doha Declaration touched on science, technology, and innovation (STI) and capacity building but did not provide any detailed treatment. The Addis Agenda accounts for these areas for delivering sustainable development, complementing and contextualizing them in a comprehensive framework.

6. **The Addis Agenda supports implementation of the SDGs.** As noted in the Addis and 2030 Agendas, the full set of action areas in the Addis Agenda, together, form a strong basis for implementation of the SDGs and support for the global partnership for sustainable development. The commitments and action items in the Addis Agenda are organized in seven main action areas and a concluding section on data, monitoring and follow up (see Annex). It also covers several cross-cutting thematic areas, such as social protection, infrastructure and gender equality. Although the Addis Agenda presents issues in terms of flows and means of implementation and the SDGs by outcomes, there are synergies across the frameworks. Each of the SDGs draw on inputs from across the Addis Agenda, while each of the Addis chapters speaks to different SDGs.²

7. **The Addis Agenda does not lay out specific indicators and targets.** Current reporting on commitments in the Addis Agenda are done by the Inter-Agency Task Force on Financing for Development (IATF) through the Financing for Sustainable Development Report (FSDR), by action area (see Annex). The Addis Agenda called on the Secretary General to set up the IATF to bring together the latest thinking on financing issues throughout the UN system and follow up on the agenda. The Task Force, which was established in 2016, is comprised of over 60 United Nations agencies, programmes and offices, regional economic commissions and other relevant international institutions. The Task Force is led by UNDESA with the major institutional stakeholders of the FfD process, the World Bank Group, IMF, WTO, UNCTAD and UNDP, also taking a central role. The IATF reports annually on progress in implementing FfD outcomes and the means of implementation of Agenda 2030 [para 133], through the annual FSDR. The FSDR monitors FfD commitments, developments in the different action areas, and reports on data issues, pulling together all the latest data reported by IATF members. While indicators are not specified in the Agenda per se, several indicators are nonetheless used to track progress on the action areas, including relevant SDG indicators. Research results and qualitative assessments are used to supplement areas where international standard data/sources are lacking.

8. **In the Addis Agenda, Member States committed that discussions on TOSSD would be held in an open, inclusive and transparent manner, and that the measure should not weaken existing commitments.** The Addis Agenda called for ‘open, inclusive and transparent discussions on the modernization of the ODA measurement and on the measure of [TOSSD]’ and affirmed ‘that any such measure will not dilute commitments already made’ [para 55].

² See Appendix A (linkages between the means of implementation of the SDGs and AAAA) and C (mapping of select Addis commitments and actions in support of the SDGs) in United Nations Inter-Agency Task Force on Financing for Development (2016)

Addis Agenda Perspective on the Measurement for SDG Target 17.3

9. **As the anchor for FfD issues, the Addis Agenda can provide insights on SDG Target 17.3, to “Mobilize additional financial resources for developing countries from multiple sources”. The Addis Agenda highlights the importance of all sources of finance by all actors for developing countries.** The Agenda recognizes that all sources of financing – public and private, bilateral and multilateral [para 60], concessional and non-concessional [para 48, 50, 70] – are needed to finance sustainable development, particularly for developing countries [para 4]. It also recognizes the importance of addressing the diverse needs and challenges faced by African countries, least developed countries, landlocked developing countries and small island developing States [para 8].

10. **The Addis Agenda action areas cover the full range of sources of finance.** The Addis Agenda calls for additional resources from domestic public resources [para 22, 77]; private sources [para 48] including foreign direct investment [para 35], portfolio investment [para 44], remittances [para 40], and philanthropic giving [para 42]; and development cooperation including official development assistance [para 51] and other forms of development cooperation, as well as strengthening South-South cooperation [para 57]. It also calls on increased uses of innovative finance [para 69] and lays out underlying principles for blended finance [para 48, 54, 69].

11. **One of the main objectives of the Addis Agenda is to strengthen financing for sustainable development by aligning all resource flows and policies with economic, social, and environmental priorities.** The Addis Agenda aims to ‘strengthen the framework to finance sustainable development and the means of implementation’ for the SDGs [para 2]. It recognises the importance of ‘integrating the economic, social and environmental dimensions of sustainable development’ [para 11].

12. **Central to the Addis Agenda is not just the size of financing flows, but their impact on achieving the SDGs. Different flows have different impact on sustainable development, which makes aggregation difficult from an analytical perspective. Different compilation methodologies also make aggregation difficult from a technical perspective.** The Addis Agenda recognises that different types of flows may have different developmental impacts. For example, portfolio investment and ODA flows into a country both contribute to foreign exchange earnings and help sustain its balance of payments, but portfolio flows’ contribution can be into fossil fuels and other areas that may not contribute to the SDGs (and may have negative impacts). Hence, as financing flows impact sustainable development differently, a simple sum of volumes can be misleading as to their sustainable developmental impact. In addition, the methodologies for sub-components may vary and be difficult for aggregation.

13. **More concrete indicators could help in the collection of more consistent high-quality data in some areas.** IATF reporting has found a lack of sufficient data in many of the action areas monitored. For example, although there are currently a range of initiatives on SDG reporting, data on impact is limited.³ There is good data on external flows, such as ODA and foreign direct investment, where the IATF reports on annually. It is more difficult to track domestic resource mobilization efforts due to changes in and uneven implementation of the system of national accounts, discontinuities in time series, differences between federal and non-federal systems, differences between budgetary and other central government information, and different measures of GDP as reported by different institutions. These

³ See work by the Global Investors for Sustainable Development (GISD) Alliance on sustainable development investing: <https://www.gisdalliance.org/our-work/create-impact>.

challenges create difficulties in measuring trends over time, as well as in aggregation. Hence, the IATF looks at sources of finance separately, classified by action area.

Conclusion

14. **The Addis Agenda can provide broad guidance for the measurement of SDG Target 17.3.** The Addis Agenda recognises the importance of all resource flows from all actors for developing countries. A key feature of the Addis Agenda is the recognition that there are different associated benefits and risks of the different financing flows. It promotes the alignment of all resource flows and policies with all three dimensions of sustainable development (economic, social and environmental). It calls for following up on a wide range of financing for development flows, but also underscores that different flows have different impacts. As a result, the IATF has made the decision to report on all flows using the best available data, but to do so separately and avoid aggregation, given the lack of an appropriate methodology. More concrete indicators could help in the collection of more consistent high-quality data to better analyse and monitor the impact of finance on sustainable development.

Annex - Action Areas of the Addis Agenda

Action Area	Coverage
A. Domestic public resources	Domestic public finance is essential to providing public goods and services, increasing equity and helping manage macroeconomic stability. It is a central component of financing across the sustainable development goals (SDGs), as well as the social compact of the Addis Agenda. The Addis Agenda underscores that implementation needs to be supported by international actions and cooperation.
B. Domestic and international private business and finance	The Addis Agenda emphasizes that private business activity, investment and innovation are major drivers of productivity, inclusive economic growth and job creation. The Addis Agenda also emphasizes the importance of mobilizing stable longer-term private finance, both domestic and international, in ways that further sustainable development. In addition, it includes commitments aimed at facilitating the flow of international remittances, emphasizing the relationship between remittances and inclusive finance.
C. International development cooperation	The 2030 Agenda places significant demands on public budgets and capacities, which require scaled up and more effective international support, including both concessional and non-concessional financing. To mobilize this support, the Addis Agenda contains a range of commitments and actions on official development assistance (ODA). It also contains commitments and actions on South-South cooperation, lending by multilateral development banks (MDBs) and other international development cooperation efforts.
D. International trade as an engine for development	The Addis Agenda acknowledges that international trade is an engine for inclusive economic growth and poverty reduction. It notes that, with appropriate supporting policies, infrastructure and an educated work force, trade can also help to realize productive employment and contribute to achieving the sustainable development goals, among other objectives.
E. Debt and debt sustainability	Borrowing is an important tool for financing investment critical to achieving sustainable development, including the Sustainable Development Goals. Since the Monterrey Consensus, strengthened macroeconomic and public resource management has led to a substantial decline in the vulnerability of many countries to sovereign debt distress. The goal of long-term debt sustainability is one of the salient features of the Addis Agenda, which recognizes the need to assist countries in attaining long-term debt sustainability through coordinated policies aimed at fostering debt financing, debt relief, debt restructuring and sound debt management.
F. Addressing systemic issues	The Addis Agenda includes commitments and action items related to institutional structures and governance of the international financial architecture, building on the Monterrey Consensus and Doha Declaration. The Addis Agenda 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, alongside economic issues. In the Addis Agenda, Governments also reiterated their commitment from Monterrey to further governance reform in international economic decision making.

Action Area	Coverage
G. Science, technology, innovation and capacity building	In a major expansion of the Monterrey Consensus, the Addis Agenda stresses the importance of STI for economic growth and sustainable development and highlights the need for capacity building. The Addis Agenda notes with concern the uneven innovative capacity, connectivity and access to technology that exists within and between countries. Thus, commitments in this area aim to address these inequities, incentivize research and innovation for sustainable development and promote greater access to technologies through domestic policy and international cooperation.
Data, monitoring and follow-up	The Addis Ababa Action Agenda emphasizes the importance of high-quality disaggregated data for policy making and monitoring of commitments, and it prioritizes capacity building, encompassing a range of commitments.
Cross-cutting issues	The Addis Ababa Action Agenda contains several key cross-cutting initiatives that build on the synergies of the sustainable development goals (SDGs) and addresses critical gaps in their delivery – delivering social protection and essential public services, ending hunger and malnutrition, closing the infrastructure gap, Promoting inclusive and sustainable industrialization, generating full and productive employment for all, Protecting ecosystems, promoting peaceful and inclusive societies, gender equality and women's empowerment, investing in children and youth, addressing the diverse needs and challenges faced by countries in special situations, and global partnership.