

# THE ROLE OF DEVELOPMENT AGENCIES, INTERNATIONAL FINANCIAL INSTITUTIONS, AND INTERNATIONAL ORGANIZATIONS IN SUPPORTING SDG 16 AND THE VNRS

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## WHAT IS IT?

Political and financial investments are critical to accelerating progress on SDG 16. Development agencies, international financial institutions (IFIs) and international organizations (IOs) are fundamental to this acceleration.

While their roles in supporting SDG 16 through NDPs and VNR processes differ, relevant to all three is the need for [political support, technical expertise, and financing](#).

## OFFICIAL DEVELOPMENT ASSISTANCE

While Official Development Assistance (ODA) [rose to an all-time high in 2020](#), up 3.5% in real terms from 2019 due, in part, to additional spending mobilized to help developing countries deal with the COVID-19 crisis, increased financing needs, coupled with a decline in resources, has widened the SDG financing gap in developing countries.

- The SDG financing gap is estimated to have increased by at least 50% due to the pandemic, to 3.7 trillion in 2020 US dollars.
- Most donors do not, and have not, lived up to their pledge of directing 0.7 percent of GDP to ODA.

With less than a decade left of the 2030 Agenda, this calls for international actors to step up and better coordinate their support for SDG 16 implementation - as an enabler for the Agenda as a whole and as an important foundation for COVID-19 recovery.

In directing support, SDG 16-related recommendations and findings in a country's VNR, as linked to NDPs and as reflective of meaningful stakeholder engagement, provide guidance for development partners.

## A BRIEF BREAKDOWN - DEVELOPMENT AGENCIES, IFIS, THE UN, AND OTHER IOS

Within country development agencies, approaches to supporting SDG 16 and VNR/post-VNR processes vary. The [Republic of Korea's International Cooperation Agency](#), for example, [mainstreamed SDG 16](#) into its ODA. Germany, more broadly focused on the 2030 Agenda, [is supporting peer-learning on VNR monitoring and review processes](#) in partner countries. Others engaged in this support include U.K., Switzerland, Sweden, and the Netherlands. This list is far from exhaustive.

Development agencies also support CSOs, albeit larger outfits, and generally have more flexibility in doing so as compared to IFIs. However, they also face limitations, particularly [in terms of policy mandates, accountability towards taxpayers, and public opinion](#).

IFIs, such as the World Bank or the African or Asian Development Banks, often provide significant financial backing to member states which can support SDG 16 implementation, even if not specifically targeted for SDG 16 (as related to prevention and forced displacement, e.g.). As such, IFIs, broadly, often have the ear of finance ministers, who often lead or hold leadership roles related to national budgets, NDPs and VNRs. IFIs have also recently increased their funding for issues related to SDG 16. For ex., the [World Bank](#) has significantly increased its support for fragile and conflict-affected countries and in 2018, [the International Monetary Fund's Executive Board approved a new framework for enhanced governance](#), including as related to governance vulnerabilities, such as corruption.

The UN is also, of course, critical to mobilizing action on SDG16 and to responding to country demand for support at HQ and country levels. [UN Development System reforms](#) have focused on strengthening the UN at the country level, incentivizing accountable leadership, partnerships, and improved financing. Related to NDPs and VNRs, UN Resident Coordinators at the country level are tasked with coordinating UN operational activities (including on SDG16) and preparing [UN Sustainable Development Coordination Frameworks \(UNSDCFs\)](#). These are based on national development priorities and feature partnerships with the government and other stakeholders. [UN custodian agencies for SDG 16](#) indicators include: UNODC, WHO, DESA, OHCHR, UNDP, UNESCO, UNICEF, UNCTAD, UNODA, OECD and UNSD, with UN Women and UNFPA acting as partner agencies.

Other IOs with direct SDG 16 relevance, such as the [Organization for Economic Cooperation and Development \(OECD\)](#) or the International Development Law Organization ([IDLO](#)), support their member states in achieving the SDGs and have also developed various tools and analysis to measure and strengthen progress towards the 2030 Agenda.

## **WHY IS IT IMPORTANT?**

Even before the outbreak of COVID-19, [one in five countries was likely to see per capita incomes stagnate or decline in 2020](#). The 2018 OECD States of Fragility report predicted that by 2030 [more than 80 percent of the world's poorest could be living in fragile contexts](#) unless more concerted action takes place. Now, an [estimated 1.6 billion informal economy workers](#) in global labor markets have lost their capacity to earn a decent living.

Enhanced international cooperation is needed to ensure that sufficient means of implementation exist and are well-targeted to provide countries the opportunity to achieve the SDGs and to address the short- and long-term effects of COVID-19. Investments in SDG 16, with its focus on governance, service delivery and an improved social contract, provide a relevant conduit to do so.

As highlighted by the UN Secretary-General's 2021 report, "[The interconnected global economy requires a global response to ensure that all countries, developing countries in particular, can address compounding and parallel health, economic and environmental crises and recover better. Strengthening multilateralism and global partnerships is more important than ever](#)".

Given its proven return on investment, galvanizing international actors to support SDG 16 through post-VNR processes is important, not just for SDG 16, but for all SDGs.

## PROVEN RETURNS ON INVESTMENT AND THE COST OF CORRUPTION

The Secretary-General's [prioritization of prevention](#) and the joint UN-World Bank [Pathways for Peace](#) make clear that prevention of violent conflict saves lives and money—up to US\$70 billion per year on average. Similarly, the [Taskforce on Justice has argued that](#) every dollar invested in justice is likely to return at least US\$16 in benefits from reduced conflict risk.

However, and in addition to all other financial challenges, fragile and low-income countries often see [domestic resources drained by illicit outflows](#). As highlighted by the UN Secretary-General's Roadmap for Financing the 2030 Agenda (2019-2021), illicit financial flows have [seriously negative consequences](#), highlighting the need to [prevent receipt, assist in repatriating, prosecute, and enhance sustainable financing strategies and investments](#) at regional and country levels.

## ODA AND SUPPORTING COVID-19 RECOVERIES THROUGH SDG 16

ODA plays an important role in complementing national efforts to mobilize domestic public and private resources, particularly in the least-developed and most-vulnerable countries. However:

- Least-developed country graduates have repeatedly voiced concern on the impact of declining ODA on their development paths.
- The World Bank has estimated that from [20 percent to 40 percent of ODA](#) is lost to high levels of corruption every year.
- And, [“ODA is still too concentrated in a handful of places and is not always well-aligned to the unique and multi-dimensional needs of fragile contexts”](#) according to the OECD's 2018 States of Fragility Report.

Responding to global crises, such as COVID-19, is an obvious imperative. In so doing, however, it is also important to predictably support building peace, providing justice, and strengthening institutions in protecting the most marginalized, in addition to immediate health concerns and crises.

Not mutually exclusive, [new aid packages are looking to halt the pandemic, protect the vulnerable from its economic effects and bolster healthcare systems while maintaining focus on the most essential ingredients to preserving social fabric, inclusion and bettering the social contract](#).

## PARTNERSHIPS

Partnerships involving multilaterals, IFIs and other global stakeholders that address COVID-19 and SDG 16 in crisis-affected situations continue to be key to recovery efforts.

One such effort entails a joint UNDP, Islamic Development Bank (IDB) COVID-19 response plan that includes socio-economic impact assessments and recovery initiatives in Yemen, Iraq, and Syria, where the compound effects of violence, instability and a global economic downturn are bringing fragile economies to a standstill and devastating people's ability to provide for their basic needs.

Another such example involves [UNDP, UNOPS, the IDB and the Government of Cameroon in the fight against COVID-19](#).

## GUARDING AGAINST SHOCK

Several 2020 VNRs highlighted the link – also echoed by the UN Secretary-General – [between advances in SDG implementation and higher resilience to COVID-19](#).

This reinforces the critical importance of SDG 16 investments especially in strengthening responsive and effective governance systems also for recovery plans as they are being adopted. [Integrating post-VNR activities with COVID-19 socio-economic recovery plans and policies](#), provides an important avenue for longer-term impact.

# HOW IS IT APPROACHED?

Approaches used by development partners in supporting SDG implementation include:

- Conflict-sensitive technical assistance,
- Alignment with national priorities,
- Multi-donor funding schemes, and
- Inclusive reporting.

## TECHNICAL ASSISTANCE

[The 2030 Agenda re-focused UN and donor attention on the importance of technical assistance](#) (policy support, capacity development and country accompaniment), including for SDG 16 implementation.

Especially challenging areas where technical assistance is sought include conflict-sensitive policies and programmes, supporting human-rights-based approaches including gender equality mainstreaming, participatory planning, and accountability mechanisms and monitoring.

Much of this assistance is provided by multilateral (including regional) and bilateral institutions and from global and regional civil society.

UN country programmes are particularly geared toward 2030 Agenda outcomes, with many of them focused on SDG 16+ targets. Relatedly, [the UN Joint SDG Fund](#) is an interagency, pooled mechanism for strategic financing and integrated policy support, targeting programmes that work across the SDGs as a means of accelerating progress.

## ALIGNING WITH NATIONAL PRIORITIES

However, [development partners have room to improve](#) in better focusing on partner country priorities as articulated by national strategies or plans. Supporting post-VNR processes may further help to do so.

**Mutual accountability frameworks** can ensure that all actors are working towards coherent results on nationally defined priorities.

**IOs and technical assistance** providers should offer support that is grounded, sequenced, coordinated with other donors and domestic programmes, financed sustainably, and that does no harm. Cross-country learning, and accompanying countries in piloting approaches and taking successful initiatives to scale should also be pursued.

## FINANCING, STRATEGIES, MULTI-DONOR FUNDING SCHEMES, AND CIVIL SOCIETY SUPPORT

The [World Bank Group's Fragility, Conflict and Violence \(FCV\) Strategy](#) (2020-2025) aims to enhance its effectiveness in supporting countries in addressing the drivers and impacts of FCV and strengthen their resilience, especially for the most vulnerable populations.

To this end, the WBG is scaling up the volume and types of financial support it provides for addressing FCV in low- and middle-income countries. Often, this translates into support for SDG 16.

More innovative funding schemes across stakeholders, such as the [OGP Multi-Donor Trust Fund](#), the EU and UN's [Spotlight Initiative](#), and the [UN's Peacebuilding Fund](#), offer catalytic and targeted support. However, earmarking, a lack of flexibility and significant administrative barriers to entry, particularly for civil society, often hinder their full impact.

To this end, CSOs have repeatedly highlighted the need for similar, SDG 16 specific funding mechanisms to encourage grassroots ownership and mobilization of SDG 16+ through **flexible, non-earmarked funding**.

There is a clear need to better support civil society and grassroots approaches in their implementation of SDG 16 and their engagement with the VNR.

## FILLING IN THE GAPS: COMPARABLE APPROACHES TO ODA AND SDG SUPPORT IN-COUNTRY

The OECD developed approaches to mapping financial contributions to the SDGs ([Financing Lab](#)) and to [fragile states](#). Both approaches use donor-generated data from the OECD Development Assistance Committee Creditor Reporting System on donors' ODA distribution across sectors.

However, spending patterns are not informing discussion on how financing actually relates to achieving certain SDGs and targets from a strategic vantage.

To this end, there is no standardized, global approach to mapping ODA to the SDGs or their respective targets in-country that allows for comparable monitoring of financial contributions.

Such information would have significant steering potential, particularly for SDG 16 as an enabler of all other SDGs, improving alignment and prioritization of support as reflected in NDPs and VNRs.

## GOING FORWARD: TAKING CUES FROM INCLUSIVE VNRS, NDPS, AND LOCAL CIVIL SOCIETY

- A country's VNR, as linked to NDPs and COVID recovery priorities, and based on inclusive, multi-stakeholder processes, offers clear direction in how to best support SDG 16 implementation at national and subnational levels.
- Civil society and local actors should be prioritized and [local donor delegations should see themselves as fully vested and full-fledged stakeholders](#) in the VNR process.
- Particular attention should be paid to addressing [short-term financing, earmarking, and politicized commitments](#).