Financing is about transforming lives not just economies
Introducing the iBIT Artificial Intelligence Integrated Budget (Coming Soon 2023)

Featured
SDG-Costing and Financing Simulators

“The difficulty lies not so much in developing new ideas, but in escaping old ones”
John Maynard Keynes

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ESCWA FfD Gateway and Signature Tools
Motives

There is currently:

No single platform that provides detailed analysis and measures of financing for development for the Arab region.

No single electronic window that documents progress across financing for development channels for the Arab region (public, private, domestic and international; traditional and innovative financing).

No single hub that connects and enriches global, regional and national financing workstreams and solutions.

No consistent methods applied to capture financial and non-financial means of implementation of the 2030 Agenda for Sustainable Development.

No Arab multi-stakeholder medium to foster the exchange of ideas on emerging financing for development challenges.

No digital solutions that furnish nationally tailored empirical tools and assessments to support financing decisions for the Sustainable Development Goals (SDGs).

Solutions

The Financing for Development Gateway serves as a depository for new knowledge that aims to place the Arab region on a sustained trajectory to finance the 2030 Agenda.

Through the Gateway, ESCWA transforms the wealth of its research findings and empirical assessments into interactive and mutually re-enforcing web-based tools for policymakers.

The Gateway hosts an array of dynamic tools to assess the impact of financing decisions and their outcomes; identify financing needs; estimate financing potentials and simulate their trajectories; assess the costs of national sustainable development targets; and estimate the gains from synergizing and prioritizing the implementation of the SDGs.

The Gateway offers pathways to support SDG-financial management and tracking; and paves the way for the transition to SDG-centric budgeting, the development of integrated national financing strategies, and the formulation of the necessary medium-term revenue and expenditure frameworks.

The Gateway also pools resources of relevance to Arab contexts that have been developed by United Nations Development System entities to promote open data and management. The Gateway also provides a medium to disseminate the results of its analysis in a timely manner to respond to new financing challenges and effectively contribute to shaping the Arab financing landscape.
SDG Financing Resources

SDG-resources: A set of published resources analysing the following:

- The status of financing in the Arab region.
- Illicit financial flows and fiscal policy in the Arab region.
- Thematic policy briefs assessing developments and challenges facing the mobilization of the various financing for development channels available to the Arab region.
- SDG-costing approaches advanced by United Nations SDG-custodians, international financial institutions and think tanks.
- Domestic resource mobilization analysis, taxation and debt sustainability.

SDG Financing Solutions

SDG-financing simulators: National financing simulators offer dynamic mediums to estimate financing potentials and densities to achieve national sustainable development priorities. The simulators identify sources to bridge SDG-financing gaps, and serve as interactive modules to project financing propensities and capture the plausible efficiency gains from optimizing financing decisions.

SDG Financing Solutions

SDG-Costing Assessments

SDG-costing simulators: Dynamic tools that draw on a range of disciplines and methods advanced by SDG-custodian agencies to estimate the cost of achieving the SDGs. Tools are tailored to national contexts, and render estimates of future spending requirements and their optimal simulated trajectories to achieve national priorities to determine SDG-financing gaps, including user-input cost features.
**INTEGRATED NATIONAL FINANCING FRAMEWORKS (INFFs)**

Dashboard for integrated national financing frameworks (INFFs): INFFs provide a framework and financing reform agenda to achieve national sustainable development goals. Through summative research and drawing on a toolbox of empirical models and dynamic simulations, the dashboard helps countries strengthen planning processes and overcome existing impediments to financing sustainable development and the SDGs at the country level.

**SDG OPTIMIZING TOOL**

**SDG-optimizing tool:** An econometric tool that captures the efficiency gains resulting from the optimization of SDG-interlinkages (synergies and trade-offs). The tool supports the sequencing of policies and renders estimates of efficiencies to be accrued from optimizing investment policy decisions. The tool provides a feature to capture under-defined SDG-costing and financing options.

**FfD DASHBOARDS**

**Financing for development data analytics:** Data analytics offer visual assessments of national financing for development performance, and serves as a digital platform to monitor progress and track national and regional financing for development patterns, including the prime financial and non-financial means of implementation of the 2030 Agenda. The database also furnishes a financing health monitor and tracks financing for development flows.
Snapshot
National SDG-costing and simulators undertake the following:

Estimate the growth rates required to generate sufficient levels of financing to fund country-specific SDG-financing gaps.

Determine the magnitude of financing needed to achieve progress on national sustainable development priorities for any projected levels of growth, while observing debt sustainability and medium-term debt reduction thresholds.

Simulate and project the behaviour of the prime financing channels at the national level, and compare actual versus simulated financing potentials to establish efficiency spreads.

Estimate the rate of growth that needs to be achieved or targeted to bridge user-defined SDG-cost estimates.

Estimate the opportunity lost in financing associated with forgone revenues corresponding to a given level of projected output or user input GDP growth forecasts.

Simulate the efficiency gains that can be achieved by improving public investment efficiency on particular SDG-related sectors, notably in infrastructure, health and education, on the basis of a partial free disposal hull methodology.

Assess the impact of output growth on SDG-related financing (the same functionality can be employed to capture the implications of shocks to GDP and their financing implications to inform the SDG-budgeting process).

Serve as a useful building block to devise national SDG-financing strategies within the scope of developing INFFs.

Estimate the incidence of different policy decisions on the SDG-related financing gap by allowing for the redistribution of financial resources to attend to different national priorities, be it socially conscious, economically biased or environmentally friendly.
Ancillary supporting tools, facilities and initiatives related to SDG-financing

COVID-19 Stimulus Tracker
The COVID-19 Stimulus Tracker is an interactive visual platform that maps the stimulus measures taken by 178 countries, including those in the Arab region. The mapping covers both social protection measures and economic policy support interventions taken at the national level. Learn more at https://tracker.unescwa.org/.

Social Expenditure Monitor
ESCWA is developing a regional Social Expenditure Monitor aligned with the SDG approach to better monitor social expenditure priorities in different sectors, and improve the efficiency of public expenditure through various economic modelling tools.

Debt swap for climate finance
ESCWA is developing an initiative on debt swap for climate finance, which aims to provide practical options for reducing debt while improving climate finance in highly indebted Arab countries. Learn more at www.unescwa.org/sites/default/files/pubs/pdf/climate-sdgs-debt-swap-mechanism-english_0.pdf.

Guidelines on national development planning
ESCWA is developing guidelines for good planning practices in the Arab region, including a behavioral insight and strategic planning handbook supported by macroeconomic and computable general equilibrium (CGE) models to be made available through an Arab national development planning portal. Learn more at https://archive.unescwa.org/sites/www.unescwa.org/files/events/files/mpra_paper_84146.pdf.

Trade as an engine for financing
ESCWA is developing a prototype dynamic CGE model to link trade reforms to specific SDGs. The first version of an Arab trade simulation model was developed for the Arab region with a focus on tariffs and the transport cost of goods. Subsequent versions will focus on foreign direct investment, migration and trade in services.

SDG Data Portal
ESCWA is developing an interactive database to browse and explore all indicators under each SDG, with the ability to tabulate, visualize and download all available dimensions and data, as per user choice. Learn more at https://data.unescwa.org/content/85e05a1d-a6d5-45cd-b769-d15c307f2fe7.

Facilitating policymaking in the Arab region
ESCWA is developing a monitor to evaluate national performances using dynamic simulators for a series of international indices. This tool allows policymakers to simulate the potential impact of reforms on a number of international indices, including the gender gap, doing business, competitiveness, economic integration, and e-government. The tool supports the identification of preferred policy options and explores alternative strategies to help inform better decision-making. Learn more at https://ispar.unescwa.org/.
The Development Account project brings together existing United Nations SDG-capacity and policy support for SDG-financing by implementing entities in an integrated offer to target countries. The project addresses capacity gaps identified by target countries in one or more of the four building blocks spelled out in the 2019 Financing for Sustainable Development Report, namely to provide support in the assessment and diagnostics phase (for example, on costing of priorities in national strategies), in the formulation of a financing strategy, in monitoring and review mechanisms, and/or governance arrangements.

The project places a substantive focus on two elements of a financing strategy, in line with country priorities, and with a view to building back better: mobilizing financing for productive investments in recovery and the SDGs, and aligning public financing policies and mechanisms with the SDGs and climate action, such as SDG-budgeting and taxation.

Two Arab countries have been identified as pilot countries, having expressed interest in the implementation of INFFs. The project seeks to map, analyse and risk assess the financing landscapes so as to design integrated and sustainable financing strategies to support SDG-implementation and mitigate the impact of COVID-19.
Integrated Budget Intelligence Toolkit (iBIT)
Budgeting for the SDGs

Through a supervised machine learning selection operator, ESCWA developed an integrated Budget Intelligence Toolkit (iBIT) that furnishes detailed fiscal incidence analysis of the intertemporal impacts of budget expenditures (covering more than 4,530 detailed budget lines along the COFOG classification) on SDG-performance across the 17 SDGs and more than 100 measurable indicators. The iBIT aims to improve public financial management at all stages (planning, expensing, delivery, monitoring, and evaluation) and enhances budget confidence beyond the semantics of post-factum SDG-tagging. The iBIT optimizes the allocation of public revenues by identifying budget lines with a proven positive influence on advancing SDG-progress and captures how SDG-interlinkages interact, both directly and indirectly, in national configurations and how to harness them to increase the efficiency of public spending. The iBIT also offers an array of features for policymakers to:

1. Assess the degree by which a country’s budget is aligned to achieve the highest impact in pursuing national sustainable development visions and sectoral development objectives.
2. Identify high-impact budget lines that directly (indirectly) foster (regress) SDG-progress.
3. Establish how SDG-interlinkages manifest themselves nationally in relation to the scale/allocation of the budget.
4. Calculate the effective value of spending channeled to achieve social, economic and environmental priorities.
5. Determine the optimal budget allocation to bridge national SDG-financing gaps while maximizing the returns on domestic public sectoral expenditures.
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Resources
United Nations Development Account
Department of Economic and Social Affairs
www.un.org/development/desa/da/
ESCWA Arab SDG Gateway
http://arabsdggateway.unescwa.org/Integrated national financing frameworks
https://www.unescwa.org/integrated-national-financing-frameworks
https://inff.org/