Meeting of the Members of the Council on the 2030 Agenda for Sustainable Development

Paris, 30 March 2020

Draft Agenda

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Venue: OECD Conference Centre, 2 rue André Pascal, 75116 Paris, France

Chair: Mr. Angel Gurría, OECD Secretary-General

Monday, 30 March 2020

09:00-09:45 **Opening Session: Meeting the Challenge of Financing the SDGs: Upscaling, Aligning and Measuring Domestic Resources**

- Welcome remarks by Mr. Angel Gurría, OECD Secretary-General
- Keynote Address by H.E. Mr Munir Akram, Vice-President of the UN Economic and Social Council and Permanent Representative of Pakistan to the United Nations

In September 2019, at the first SDG Summit since the adoption of the 2030 Agenda in 2015, world leaders committed to "gearing up for a decade of action and delivery for sustainable development". To deliver on this promise – and ultimately on the 2030 Agenda – the availability and efficient use of financial resources is essential.

To close the financing gap of an estimated USD 2.5 trillion annually, we need to develop a comprehensive picture of all the financial flows available for the SDGs. While sufficient financing is available in the global financial system, it is currently not channelled towards sustainable development at the scale and speed required to achieve the SDGs, despite a growing recognition by governments and the financial industry of the value of sustainable investment. Moreover, given the increasingly complex landscape of actors and instruments to finance the 2030 Agenda, a common framework to evaluate and enhance the impact of financing is needed.

Alongside Official Development Assistance (ODA) and private finance, domestic resources – in particular, tax revenues – have a key role to play if we want to raise sufficient funds to achieve the SDGs. We have come a long way in increasing fair, transparent and effective taxation, including through new international tools and standards (e.g. BEPS and Automatic Exchange of Information). Yet challenges remain, including in OECD countries: in implementation of standards, in aligning spending with SDG-targeted outcomes, and in integrating the SDGs into budgeting and procurement processes. In addition, tax evasion and other financial crimes continue to have devastating effects, holding back sustainable development outcomes, especially in developing countries. This requires global action.

Speakers will set the scene by reflecting on where we stand, as an international community, on financing the 2030 Agenda, including on the mobilisation, alignment and measurement of financing, with a special focus on the role of domestic resources. In the subsequent breakout groups, participants will have the opportunity to explore specific aspects of domestic resource mobilisation to finance the SDGs.

09:45-11:15 Breakout Group 1: Designing SDG responsive tax systems: achieving sustainability and inclusiveness outcomes

A Chair and lead speakers will be identified among participants.

The 2030 Agenda requires all countries to think differently about how to mobilise the domestic resources – in particular, tax revenues – necessary to finance SDG interventions. Tax systems have an important role to play in promoting opportunities for the most vulnerable groups, including women, in encouraging behaviours that are conducive to achieving the SDGs, such as environmental protection or innovation, and in facilitating tax compliance by simplifying and improving the efficiency of tax administration. Reforms to make tax systems SDG-responsive therefore need to consider not only the impact of taxation on specific goals (e.g. health outcomes), but also broader impacts on inclusiveness and sustainability outcomes, as well as the political challenges of implementation and compliance.

One means to make tax systems more SDG-responsive is to focus on environmental objectives. Well-designed environmental taxes incentivise citizens and businesses to make cleaner choices, reducing climate damage and air pollution. Environmental taxes raise much-needed public revenue, which can be used to fund vital government services, or provide incentives for important innovations that help address the climate challenge. They also have distributional impacts that need to be considered. Similarly, reducing fossil fuel subsidies, while supporting greener technologies, encourages more sustainable consumption and production patterns. Therefore, aligning tax systems and subsidies to achieve environmental objectives is highly relevant for both OECD and Partner countries, and is at the nexus of several SDGs, including SDG 7 (Affordable and clean energy), SDG 12 (Responsible consumption and production) and SDG 13 (Climate action).

Participants will have the opportunity to discuss reform options to make tax systems more SDG-responsive. To help focus the discussion, it is proposed to focus on environmental objectives, though there will be lessons for other areas of SDG-focussed tax reforms, such as the taxation of informal sectors, tax and innovation, and tax compliance.

Guiding questions for discussion:

- *What have countries learned from efforts to make their tax systems SDG-responsive, for instance to achieve environmental or social objectives? What factors have contributed to or inhibited the success of such efforts?*
- *How can the durability of reforms to make tax systems more SDG-responsive be ensured, for example in view of changes in international energy prices?*
- *What further efforts are needed to improve tax compliance and address the challenge of the taxation of informal sectors?*

09:45-11:15 **Breakout Group 2: Connecting the dots - making strategic use of the budget process and public procurement to accelerate progress on the SDGs**

A Chair and lead speakers will be identified among participants.

Ensuring continued progress on sustainable development and poverty eradication will require countries to improve policy integration, address synergies and potential trade-offs, and engage the whole government in concerted efforts for alignment and coherence. The OECD recommends that countries make use of the budget process and public procurement systems to manage synergies and trade-offs and integrate sustainable development into sectoral policies.[1] To address related challenges, momentum has gathered for a set of budgeting approaches that focus on cross-cutting priorities. Examples of such "priority budgeting" approaches from OECD countries include SDG budgeting, gender budgeting and green budgeting. Cities and regions in particular – which account for almost 60% of total public investment in the OECD, and for almost 40% worldwide – increasingly use the SDGs as a budgeting tool.

To avoid 'SDG-washing' and instead enable 'SDG-proofing', efforts need to go beyond a pure accounting exercise and offer synthetic information on the way governments resource their priorities, spurring a systematic whole-of-government response that strategically advances the country towards achieving the SDGs. An effective means to do that is to leverage public procurement, which accounts for one third of government budgets on average. The delivery of SDG-centred public services, including social protection as a key area for development, has to rely on contributions from the private sector: from building schools and hospitals to providing energy-efficient technologies. Thus, public procurement frameworks can help to connect the different commitments under the SDGs and bring the private sector on board.

This breakout group will look at the potential for priority budgeting approaches and how they translate into public procurement strategies, aligning budget incentives and resources with the SDGs.

Guiding questions for discussion:

- *What type of monitoring data/ex-ante assessments would be needed to avoid 'SDG-washing'? How can public procurement be leveraged in this context?*
- *What lessons from country experiences with tools such as green budgeting or gender budgeting can also be applied to SDG budgeting? What factors have contributed to the success or failure of these tools? What are the challenges specific to the SDGs?*
- *Can priority budgeting mobilise change large areas of spending such as infrastructure and the social sector?*

[1] Recommendation on Policy Coherence for Sustainable Development [OECD/LEGAL/0381], revised by the Council in 2019.

09:45-11:15 **Breakout Group 3: Strengthening international cooperation to fight against Illicit Financial Flows and increase available resources to fund the 2030 Agenda**

A Chair and lead speakers will be identified among participants.

Every year, huge sums of money are transferred out of developing countries both legally, as well as through the illicit transfer of capital. Although the scale of Illicit Financial Flows (IFFs) continues to be debated, there is a consensus that their value outstrips that of official development assistance (ODA) and foreign direct investment (FDI). IFFs undermine economic growth and legitimate trade, hinder domestic resource mobilisation and deprive governments of the financial resources needed to deliver public goods and achieve the SDGs.

SDG 16.4 commits countries to reduce IFFs, and both the G20 and the African Union have promised to tackle this challenge. There has been significant progress in developing new tools and approaches to address some components of IFFs, but challenges remain in their implementation. The expansion of exchange of information, including automatic exchange, provides a powerful tool to fight tax evasion, while new standards are emerging in the field of tax crimes and other financial crimes. Such new approaches are needed to address both political commitment and capacity constraints.

Tax Inspectors Without Borders is testing an approach to support exchange of information, data use and tax crime investigations. Greater mutual accountability, building on the success of the Global Forum on Transparency and Exchange of Information (GFTEI) peer review process, could provide a way to turn high-level political commitment into tangible results. The OECD also has a strong track record in addressing the issue of IFFs and development, including in the areas of tax transparency, trade transparency, particularly in commodity trades, and corruption.

Participants will have the occasion to discuss the challenges in the fight against IFFs and what countries can do individually and collectively to address these challenges, including by developing new standards and tools to fight tax crimes and other financial crimes, such as corruption.

Guiding questions for discussion:

- *Is there a role for more mutual accountability to drive progress on IFFs?*
- *The skills and expertise needed to tackle IFFs are in short supply in all countries. How can we encourage greater willingness to share expertise beyond national borders?*
- *How can countries strengthen corruption-risk-management systems, enhance methods to prevent and detect risks (including through whistleblowing mechanisms), and improve fiduciary controls, monitoring tools and international asset recovery systems?*

11:15-11:45	**Coffee break**

11:45-13:00 **Closing Session : Turning the discussion into action in order to close the financing gap to achieve the SDGs**

- Reporting back by the Chairs of the breakout groups
- Reflection by OECD Deputy Secretary-General Jeffrey Schlagenhauf
- Closing remarks by the OECD Secretary-General

This session aims at drawing conclusions from the discussions in the opening session and the breakout groups and at identifying concrete actions that participants and the OECD can take in the area of domestic resource mobilisation and other means of financing the SDGs, to push the 2030 Agenda forward.

Documentation and additional information

All documentation for this meeting can be found at www.oecd.org/SDGs

A Key Issues Paper containing an overview of each of the chosen topics, along with suggested questions for discussion, is available. Room documents containing relevant OECD work will also be made available.

To confirm participation in the meeting, or for any other questions, please contact:

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