

Africa Regional Training on Integrated National Financial Framework

Deep Dive into INFF Building Block 1 “Assessment and Diagnostics”

Wednesday, 25 August 2021; 14:00 – 15:30 hrs (East African Time: UTC+3)

Virtual Meeting

CONCEPT NOTE

Overview

In line with the overall INFF approach, [Building Block 1 Assessment and Diagnostics](#) does not require countries to start from scratch. Rather it builds on existing country processes and systems to provide a complete picture of national financing needs and available financing sources, as well as the risks and major obstacles countries face in financing their sustainable development. The scope and form of INFF assessments and diagnostics will depend largely on individual country contexts. Overall, this building block is an important step in matching appropriate financing flows to the long-term development objectives outlined in a country’s national development plan.

There are four components to the assessments and diagnostics building block:

- [Financing needs assessment](#). This aims to estimate the financial resources required to implement national sustainable development priorities. Together with the financing landscape assessment (see below), the needs assessment can be used to estimate financing gaps, inform resource mobilization targets, engage development partners, match finance types with planned investments. It can also be used at a more operational level to input into national public budget cycles.
- [Financing landscape assessment](#). This is used to identify and quantify the different types of financing available – public, private, domestic, international – and related challenges and opportunities. It can support analysis of the sustainability of such financing, and strengthen understanding of the contribution such financing can make to sustainable development.
- [Risk assessment](#). The COVID-19 pandemic has underscored that development must be risk-informed to be sustainable. Adopting a risk-informed perspective can enable policymakers to increase the time horizon of financing policies and strategies, and safeguard their ability to finance sustainable development over time. The risk assessment supports the identification of a country’s biggest risks and related risk drivers, and strengthens understanding of the transmission channels through which both economic and non-economic risks may impact the country’s ability to finance sustainable development. Together with findings from other Building Block 1 assessments, the risk analysis can inform strategic prioritisation of policy reforms, focusing them not only of financing gaps but also on potential losses and future resilience.

- [Binding constraints diagnostics](#). Countries face a range of constraints – including capacity constraints, institutional weaknesses, market failures and policy gaps – that impede effective mobilisation and use of financing for sustainable development. Identifying the ‘binding constraints’ is a critical step towards developing policy actions or reforms that are sensitive to local contexts, bottlenecks and preconditions, consider trade-offs, and would have the greatest impact on the ability to finance sustainable development in the country. In short, the binding constraints diagnostics supports effective prioritisation and sequencing of financing policy action and reforms.

Objectives

The objective of the training session is to sensitize participants on the Assessment and Diagnostics Building Block of INFFs, including the overall approach and the four elements outlined above (financing needs assessment; financing landscape assessment; risk assessment; and binding constraints diagnostic).

The training session will provide an overview of the global guidance developed by the Inter-Agency Task Force on Financing for Development on the four elements of Building Block 1 to strengthen participants understanding of the material, as well as case study examples from INFF pilot countries to raise awareness around steps in implementation/ challenges/ lessons learned. The session will allow for discussion and participant feedback to enable knowledge sharing and peer-learning.

Tentative Agenda

SESSION OUTLINE		Time (EAT, UTC + 3)
<p>Wednesday, August 25th</p> <p>Session: Deep dive into INFF Building Block 1 “Assessment and Diagnostics”</p> <p>Moderator: Ms. Sharon Spiegel, Chief, Policy Analysis and Development Branch, Financing for Sustainable Development Office, UN DESA</p>		
<p>Part 1: Introduction to the methodology of Block 1 “Assessment and Diagnostics”</p> <p>In this session, DESA will introduce the overall approach of the assessment and diagnostics building block, and provide an overview of the guidance for each of the four elements.</p> <p>Presenter: UNDESA</p> <ul style="list-style-type: none"> •Q&A 	<p>14:00 – 14:15 (15 min)</p>	

Part 2: Country Peer Learning

This session will highlight the experiences of countries that are front-liners in undertaking different assessments and diagnostics.

Suggested countries (10 min per country):

- Egypt – to present on the Costing Exercise
- Gabon – to present on the DFA exercise
- Tanzania – to present on the DFA exercise
- Tunisia – to present on the Investors Mapping

•Q&A (5 min)

14:15 – 15:00

(45 min)

Part 3: Smaller Group Discussion

Building on the country presentations and the experiences shared, this session will create the space for discussing in four smaller groups the different aspects of the Assessment and Diagnostics Building Block.

The following questions can help guide the discussions:

- Group 1: How are financing needs in relation to national development plans and/or thematic or sectoral plans currently assessed? What has been the purpose and scope of such exercise to date (e.g., strategic/ operational; sectoral/ covering entire national development plan)? Are quantities as well as types of required finance (e.g. public / private) considered? What are the main challenges and lessons learned? How can the INFF guidance on financing needs assessment help overcome these challenges?
- Group 2: How often is the country's financing landscape (current and potential sources of finance) assessed? What are the processes and tools used to do so? Is the assessment used to inform specific financing policy making processes (e.g. national budget cycle/ formulation of development cooperation strategies/ private sector development plans)? What are the main challenges and lessons learned? How can the INFF guidance on financing landscape assessment help overcome these challenges
- Group 3: How are economic and non-economic risks considered in the context of financing policy making? Are there processes or tools that support policy makers in understanding the linkages between identified risks and their ability to finance sustainable development in the long term? What are the main challenges in undertaking risk assessments in your context and some key lessons learned? How can the INFF guidance on risk assessment help overcome these challenges?
- Group 4: Are there specific processes or tools used to identify underlying constraints to financing sustainable development? Do these cover economic/ market-related, institutional, policy, and capacity constraints? How are these incorporated into existing national processes (e.g. national budget cycle/ formulation of

15:00 – 15:25

(20 mins discussion and
5 min reporting back)

<p>development cooperation strategies/ etc.)? What are the main challenges and lessons learned? How can the INFF guidance on binding constraints diagnostics help overcome these challenges?</p> <p>Report back to plenary – key take away from each smaller group</p>	
<p>Closing of the Session (By moderator, hand over to moderator for session on Building Block 2)</p>	<p>15:25 – 15:30 (5 min)</p>