



Integrated National  
Financing Frameworks

# INFF Building Block 1 Assessments and Diagnostics

DESA/FSDO

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# Why is it important



- ❖ Paints a picture of financing gaps and identifies key risks and bottlenecks
- ❖ Provides the starting point for formulating a country-owned, integrated financing strategy
- ❖ Sheds light on potential gaps in existing monitoring and review mechanisms, especially data systems, and on governance and coordination arrangements

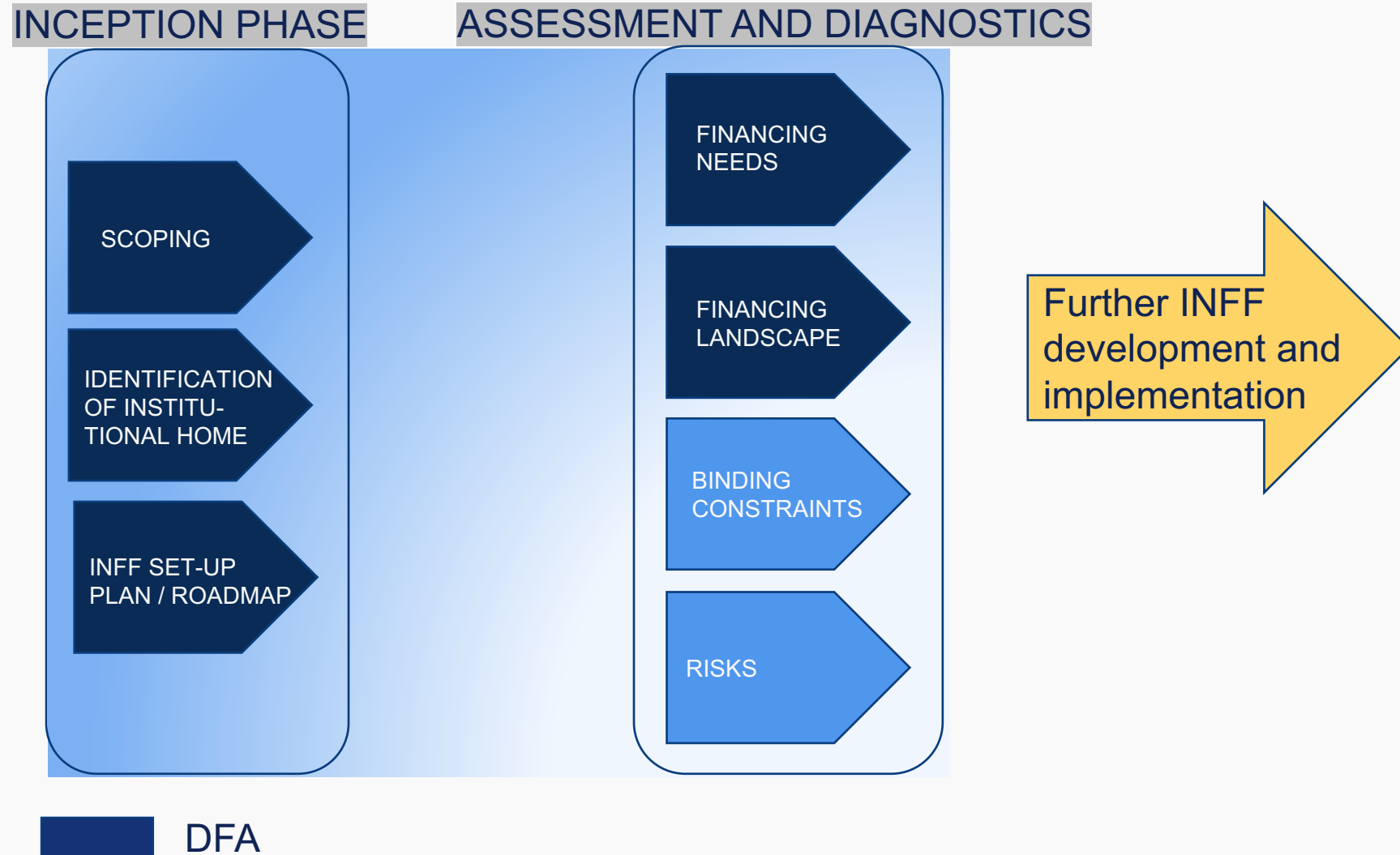


# Guiding principles for INFF assessments and diagnostics

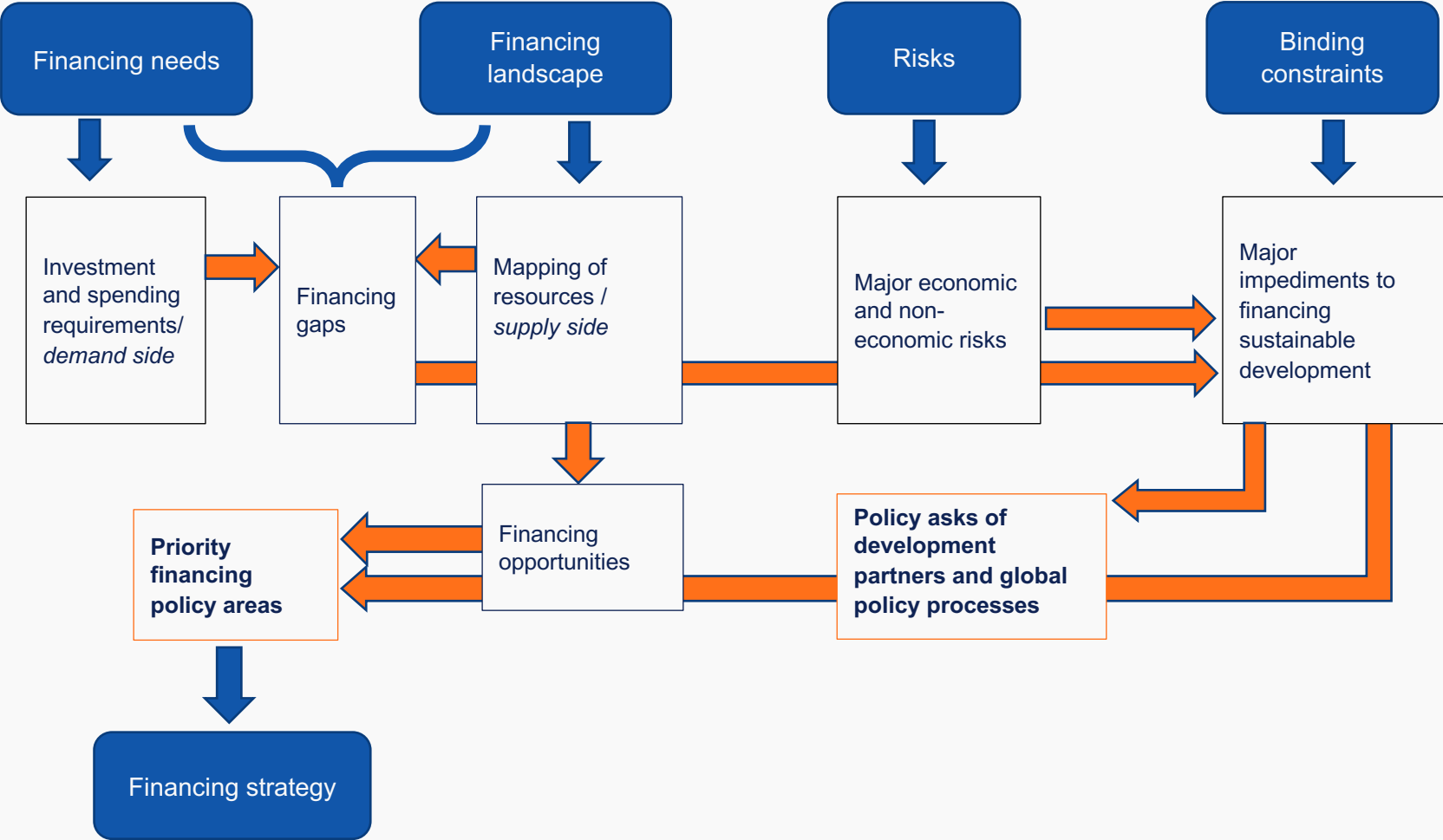
- ❖ **INFFs as a 'docking station'**, i.e., build on what is already there
- ❖ **Top-down and bottom-up approach**, i.e., review of existing assessments and diagnostics (*top-down*) and consultations and dialogue with diverse stakeholders (*bottom-up*)
- ❖ **Iterative**, i.e., not a one-off exercise
- ❖ **Integrated**, i.e. focus on all dimensions of sustainability, considering trade-offs and risks



# Assessment and diagnostics in the INFF process



# INFF Building Block 1 elements and outputs



# Suggested approach

**BB1.1**

## **FINANCING NEEDS**

Identify investment and spending requirements (demand side)

**BB1.2**

## **FINANCING LANDSCAPE**

Map resources – both volumes and alignment with national development priorities (supply side)

**BB1.3**

## **RISKS**

Identify biggest risks (economic and non-economic, e.g., disaster, public health, governance) to the country's ability to finance sustainable development

**BB1.4**

## **BINDING CONSTRAINTS**

Identify major impediments (market-related, institutional, capacities) to financing sustainable development



## Building Block 1.1 Financing needs assessment

- ❖ What is the **purpose** of the costing? What is the **expected value**?
  - Focus on country-specific estimates that can inform either strategic target setting (e.g., IMF SDG costing methodology) or more operational budgeting (e.g., OneHealth tool)
  
- ❖ Three **key issues to be considered when calculating cost estimates**:
  - Scenarios, risks and potential financial returns
  - All sustainability dimensions (including Leaving No One Behind)
  - Synergies across outcomes/ sectors/ activities
  
- ❖ Establish not only *how much* is needed, but also **what types of finance may be most suited** to meet the estimated **costs** and what the government budget will have to prioritise



## Building Block 1.2 Financing landscape assessment

- ❖ **Current** picture of the country's **financing mix, trends, challenges and opportunities**
- ❖ **Risk areas** (e.g., specific type(s) of finance dominating the landscape, unsustainable debt, etc.) and **areas that may reflect underlying binding constraints**
- ❖ **Financing gaps**, e.g., at the sector level, for cross-cutting priorities such as gender and climate (combined with financing needs assessment)
- ❖ **Opportunities to widen the financing envelope** that can be fed directly into the process of developing a financing strategy





## Building Block 1.3 Risk assessment

- ❖ Risk can derail financing plans. The aim of the risk assessment is to **strengthen government understanding of risks** to sustainable development financing and **ability to incorporate risk into planning**.
- ❖ Scope and focus will depend on country contexts, but **both economic and non-economic risks** should be considered when mapping the risk landscape. Key steps include:
  - Prioritisation of **high probability/ high impact risks**
  - Analysis of the **impact of identified risks on the country's financing system**
  - Identification of **possible policy solutions**



## Building Block 1.4 Binding constraints diagnostic

- ❖ What are the **biggest impediments** to effective mobilisation and alignment of financing?
- ❖ Analysis draws on the expertise and experience of local stakeholders and practitioners, complemented by relevant analytical tools, and consists of three steps:
  - Identifying **key problem areas** (financing flows and/ or sectors)
  - Identifying **underlying binding constraints** ('why' questions)
  - Prioritising **constraints to address in a financing strategy** (based on the desirability and feasibility of removal)
- ❖ **Bridge to the financing strategy**





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# Thank you!

You can access the full IATF global guidance on Building Block 1 Assessments and Diagnostics at:

<https://inff.org/inff-building-blocks/assessment-and-diagnostics>

