



## SUMMARY OF THE FIRST DRAFTING SESSION OF THE OUTCOME DOCUMENT OF THE THIRD INTERNATIONAL CONFERENCE ON FINANCING FOR DEVELOPMENT: 28-30 JANUARY 2015

The first drafting session of the outcome document of the third International Conference on Financing for Development (FfD3) took place at UN Headquarters in New York from 28-30 January 2015. This was the first of three drafting sessions scheduled to negotiate an outcome document for FfD3, which will take place in Addis Ababa from 13-16 July 2015.

Representatives of Member States, UN agencies, international organizations, international development banks, business and civil society attended the drafting session. Participants engaged in a general discussion of an elements paper prepared by the Co-Facilitators, and made substantive comments on specific elements, namely: domestic public finance, domestic and international private finance, international public finance, trade, technology, innovation and capacity building, sovereign debt, systemic issues, and monitoring, data and follow up. They also discussed building synergies with the post-2015 development agenda and other issues.

There was broad consensus at the meeting to build on the Monterrey Consensus, and achieve coherence with the post-2015 development agenda. The Co-Facilitators will prepare a zero draft reflecting discussions at this session, for circulation by the end of February, before the next drafting session in April 2015.

### A BRIEF HISTORY OF FFD

In June 1997, the UN General Assembly (UNGA) adopted the Agenda for Development, which called for consideration of the idea of holding an international conference on financing for development. Subsequently, during its 52nd session in December 1997, the UNGA adopted resolution 52/179, which noted the need for systematic, comprehensive and integrated high-level intergovernmental consideration of financing for development, and created an *ad hoc* open-ended working group to formulate recommendations on the form, scope and agenda of this consideration.

The *ad hoc* working group held six sessions between December 1998 and May 1999, and adopted a report of

recommendations (A/54/28) to forward to the UNGA on the form, scope and agenda of the high-level intergovernmental event, proposed for 2001. The report recommended that the event address national, international and systemic issues relating to financing for development in a holistic manner in the context of globalization and interdependence; noted that by so doing, the event would also address development through the perspective of finance; and underscored that the event should also address the mobilization of financial resources for the full implementation of the outcome of major conferences and summits organized by the UN in the 1990s and of the Agenda for Development.

**UNGA RESOLUTION 54/196:** In December 1999, the UNGA adopted resolution 54/196, which endorsed the report of the *ad hoc* working group and decided to convene a meeting of political decision makers, at least at the ministerial level. It established a Preparatory Committee (PrepCom) and a schedule for initial meetings; called on the Secretary-General to consult with the International Monetary Fund (IMF), World Bank and the World Trade Organisation (WTO) and share the results of

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these consultations with the PrepCom; and decided to constitute a 15-member Bureau that would continue consultations with relevant stakeholders.

**ZEDILLO REPORT:** In June 2001, former Mexican President Ernesto Zedillo, appointed by the UN Secretary-General to head a High-Level Panel on Financing for Development, released a report from the panel at UN headquarters. The report contended that better governance of the global economic system, significantly higher levels of aid and freer markets would go a long way toward achieving the international development goals defined during the world conferences and summits of the 1990s. Recommendations included considering the possibility of an Economic Security Council, establishing a multilateral Commodity Risk Management Scheme for less developed countries, shifting aid to a “common pool,” and creating an international tax organization.

**FIRST INTERNATIONAL CONFERENCE ON FINANCING FOR DEVELOPMENT:** Following PrepCom meetings in May 2000, February 2001, April-May 2001 and October 2001, the first FfD Conference took place from 18-22 March 2002 in Monterrey, Mexico. Member States adopted the Monterrey Consensus, consisting of six general categories of issues, including: mobilizing domestic financial resources; mobilizing international resources for development; trade; international financial cooperation for development; debt; and systemic issues including, *inter alia*, enhancing the coherence of the international monetary system to support development. The outcome document included three sections: confronting the challenges of financing for development: a global response; leading actions; and staying engaged. Member States agreed to mobilize financial resources and achieve the national and international economic conditions needed to fulfil internationally agreed development goals, including those contained in the Millennium Declaration, to reduce poverty and improve social conditions.

Instead of creating a new intergovernmental mechanism, the Monterrey Conference decided to strengthen and make fuller use of the UNGA and the Economic and Social Council (ECOSOC), as well as the relevant intergovernmental/governing bodies of other institutional stakeholders, for the purposes of conference follow-up and coordination. As a follow-up to this decision, ECOSOC holds an annual special high-level meeting of the Council with the World Bank, the IMF, the WTO and the UN Conference on Trade and Development (UNCTAD) to address issues of coherence, coordination and cooperation.

**HIGH-LEVEL DIALOGUES ON FINANCING FOR DEVELOPMENT:** The First FfD Conference mandated UNGA to hold biennial High-level Dialogues on Financing for Development, to serve as the intergovernmental focal point for the general follow-up to the Monterrey Conference and related outcomes. Such dialogues were held in October 2003, June 2005, October 2007, March 2010, December 2011, and October 2013. The last three Dialogues focused on the theme of “The Monterrey Consensus, Doha Declaration on Financing for Development and related outcomes of major United Nations conferences and summits: Status of implementation and tasks ahead.” Participants include ministers, vice-ministers and other high-level government officials, senior representatives from the

major institutional stakeholders including the World Bank, IMF, WTO, UNCTAD, the UN Development Programme (UNDP) and other international organizations, and representatives from civil society and business as observers.

**UNGA RESOLUTION 57/273:** In December 2002, the UNGA adopted resolution 57/273, calling for the establishment of secretariat support arrangements to provide effective substantive support for sustained follow-up within the UN to the agreements and commitments reached at the First FfD Conference. In accordance, a Financing for Development Office was established within the Department of Economic and Social Affairs (DESA) on 24 January 2003.

**UNGA RESOLUTION 62/187:** During its 62nd session in January 2008, the UNGA decided that a Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus would be held in Doha, Qatar, from 29 November to 2 December 2008 (62/187).

**FOLLOW-UP INTERNATIONAL CONFERENCE ON FINANCING FOR DEVELOPMENT TO REVIEW THE IMPLEMENTATION OF THE MONTERREY CONSENSUS:** During the preparatory process for the Follow-up Conference, substantive informal review sessions on the six thematic areas of the Monterrey Consensus, informal consultations, hearings with civil society and the business sector, and regional consultations were organized through 2008. In July 2008, the UNGA President released a draft outcome document. Further informal consultations on this draft took place in September, and drafting sessions were held in October and November 2008.

The Doha Conference, which took place in the midst of a global economic slowdown, included plenary meetings and interactive multi-stakeholder roundtables on the six major thematic areas of the Monterrey Consensus. In addition to the summaries of the plenary meetings and roundtable discussions, the report of the Conference included a Doha Declaration on Financing for Development, adopted after intense negotiations. The Declaration reaffirmed the Monterrey Consensus; stressed the need to maintain aid commitments despite global economic uncertainty; and called for a UN conference at the highest level to examine the impact of the world financial and economic crisis on development.

**UN CONFERENCE ON THE WORLD FINANCIAL AND ECONOMIC CRISIS AND ITS IMPACT ON DEVELOPMENT:** The UN Conference on the World Financial and Economic Crisis and Its Impact on Development was held in New York, from 24-30 June 2009. The outcome document, adopted at the Conference and endorsed by the General Assembly in its resolution 63/303, invited the UNGA to establish an *ad hoc* open-ended working group to follow up on the issues contained in the outcome document. The working group held a series of six substantive meetings from April to June 2010 and reported the results of its work in a final report (A/64/884).

**UNGA RESOLUTIONS 68/204 AND 68/279:** At its 68th session in January 2014, in resolution 68/204, the UNGA decided to convene a third international conference on financing for development. The scope of the conference is to: assess progress in the implementation of the Monterrey Consensus and the Doha Declaration; reinvigorate and strengthen the

financing for development follow-up process; identify obstacles and constraints encountered in the achievement of the goals and objectives, and actions and initiatives to overcome these constraints; and address new and emerging issues, including the synergies between financing objectives across the three dimensions of sustainable development, and the need to support the UN development agenda beyond 2015.

In resolution 68/279, adopted in June 2014, the UNGA decided that the conference would be held in Addis Ababa from 13-16 July 2015. Stressing the need for coherence and coordination and to avoid duplication, the resolution emphasizes the need for effective coordination between the preparatory process for the conference and the preparations for the Post-2015 Summit in September 2015. The resolution also notes that the reports of the Intergovernmental Committee of Experts on Sustainable Development Financing, the Open Working Group on Sustainable Development Goals, and the synthesis report of the Secretary-General should serve as important inputs to the preparations for the conference.

The President of the 69th UNGA session appointed Ambassadors George Talbot (Guyana) and Geir Pedersen (Norway) as co-facilitators for the preparatory process.

### REPORT OF THE FIRST DRAFTING SESSION

On Wednesday, 28 January, Ambassador Geir Pedersen opened the meeting, noting that the first drafting session is an opportunity to gather transformative ideas on financing for sustainable development.

Abraham Tekeste, State Minister of Finance and Economic Development, Ethiopia, noted that 2015 is an important year for addressing poverty at three major international conferences: FfD3; the UN summit for the adoption of the post-2015 development agenda; and the 21st Conference of the Parties to the UN Framework Convention on Climate Change (UNFCCC). He shared his country's hope that FfD3 will serve as a platform for transformative investments in sustainable development.

Ambassador George Talbot highlighted issues from the elements paper for the meeting, including the need for concrete and transformative policies to address financing challenges; and synergies between FfD3, the post-2015 development agenda, and the Sustainable Development Goals (SDGs).

### GENERAL DISCUSSION ON THE ELEMENTS PAPER

Initiating the general discussion, South Africa, for the Group of 77 and China (G-77/China), *inter alia*: supported the structure of the Monterrey Consensus as the basis for the FfD3 draft; emphasized public over private funding; urged an equitable multilateral trading system; and called for addressing the technology, knowledge and capacity-building gaps between developing and developed countries. He also welcomed the upcoming first working session of the *Ad Hoc* Committee on sovereign debt restructuring, noting its importance for developing countries, and said linkages between means of implementation (MOI) and FfD need to be highlighted.

The European Union (EU) identified five elements for the FfD3 outcome document including: comprehensiveness, integration, shared responsibility, mutual accountability, and multi-stakeholder partnership. Noting that the elements paper

is a good basis for discussion, he underscored the need to restore balance in the paper on: the evolving global landscape, particularly the “outdated” donor-recipient relationship; the role of good governance and an enabling environment; and the importance of domestic action.

Papua New Guinea, on behalf of the Pacific small island developing states (SIDS), welcomed the reference to the Samoa Pathway in the elements document and highlighted the need for the outcome document to reflect the special case of SIDS. He highlighted: the importance of genuine and durable partnerships for development cooperation; how a rule-based, open and non-discriminatory trade regime could help SIDS; and the need to remove harmful subsidies that encourage the depletion of fish stocks.

Noting interwoven trade and investment opportunities, Morocco, on behalf of the African Group, said while countries have the primary responsibility for their own development, fighting poverty requires international cooperation. He identified human resources as the most valuable asset and called for decent and productive work for all through inclusive economic growth and investment in capacity building. He urged listing official development assistance (ODA) as a separate category and called for a binding timetable.

Benin, on behalf of the Least Developed Countries (LDCs), noted that several proposals from LDCs are yet to be incorporated in the elements paper. Underlining the vulnerability of LDCs, he highlighted, *inter alia*, the need to establish a new Global Compact on MOI, the “real barometer” of the success of FfD3, and the need to accord special treatment to LDCs in all outcome documents from this process.

Jamaica, on behalf of Caribbean Community and Common Market (CARICOM), called for FfD3 to go beyond stocktaking, and propose concrete solutions for providing MOI for sustainable development. Noting that a “one-size-fits-all” approach is not suitable for FfD3, he called on international financial institutions (IFIs) to strengthen their commitment to the process.

Underscoring that countries must drive the FfD3 process, Maldives, for the Alliance of Small Island States (AOSIS), supported the G-77/China in calling for a rule-based trade regime that takes into account the vulnerability of SIDS.

Highlighting the relevance of the Monterrey Consensus and Doha Declaration, Zambia, for the landlocked developing countries (LLDCs), prioritized aid for trade, the promotion of foreign direct investment (FDI), and ODA to LLDCs, addressing challenges such as the high costs of market access, and infrastructure development and maintenance.

Mexico called for a focus on middle-income countries (MICs), noting challenges in addressing inequalities. He drew attention to the importance of South-South and triangular cooperation, but underscored that this should not substitute for North-South development cooperation.

Nicaragua urged for strengthening the coherence of the financing framework as agreed in Monterrey and Doha. Calling on countries to improve the quantity and quality of ODA, she underscored the need for a focus on existing commitments. She highlighted climate change as having its own financing pathway and asked for a focus on Rio+20 outcomes.



Switzerland said the elements paper falls short of integrating the environmental dimension of sustainable development and gender. He called on parties to go beyond climate finance and also address, among other issues, finance related to biodiversity, chemicals and water. Urging the outcome document to be an integral part of the post-2015 process, he said MOI should not be renegotiated after it is addressed at the FfD3 conference.

Agreeing with the G-77/China that the outcome document must avoid thematic clusters, the Russian Federation urged harnessing the capacity of ECOSOC to democratize and reform the global financial architecture. He underscored the need to retain focus on development financing and not shift to financing peace and security and rule of law.

Sri Lanka highlighted the Monterrey Consensus and Doha Declaration as an important basis for the FfD3 process, stating that a successful implementation of the post-2015 development agenda will depend on a strong MOI, including financial and non-financial instruments.

China, on behalf of the G-77/China, also emphasized that South-South and triangular cooperation are not substitutes for North-South cooperation, while stressing the importance of increasing representation from developing countries, and overall transparency in the process. She called for a more balanced vision between environmental and social goals, underlining that the key goal of the FfD process is to reduce poverty.

Bangladesh noted that private finance prioritizes profits, and does not necessarily align with the goals of public finance, and consequently, FfD3.

Serbia observed the importance of international partnerships, capacity and transparency for an effective process, while noting that there is room for increasing ODA. She also stressed that climate finance should not be counted as ODA.

Rwanda, supporting the G-77/China, the African Group, LDCs, and LLDCs: urged the inclusion of the principle of common but differentiated responsibilities (CBDR) in the outcome document; called for investment in infrastructure development to address extreme poverty and promote sustained growth; urged consideration of gender as a means to achieve tangible results in addressing extreme poverty; and supported a monitoring framework.

Indonesia stressed the need for mutually reinforcing language in all UN development processes to avoid duplication of efforts; supported the inclusion of the CBDR principle in the FfD3 outcome document; and called for a strategy to address poverty in MICs.

Sweden, supporting the EU, noted that the Addis outcome document can highlight gender as “smart economics;” called for concrete commitments to curb illicit financial flows; and urged developed countries to honor their commitment of contributing 0.7% of their gross national income (GNI) as ODA.

Noting that the outcome document should reflect the needs of the post-2015 development agenda, Egypt urged: further clarity on the relationship between FfD, the UNFCCC, and the post-2015 development agenda; meeting the 0.7% ODA target as developing countries broaden their tax base; discussing ODA and its indicators in an open and transparent manner; categorizing remittances as private finance; and a follow-up process for FfD.

Noting ease of access was critical for climate finance, Tuvalu proposed regular reviews of accessibility and effectiveness of MOI for the SDGs. He highlighted the importance of technology transfer and good data in implementing sustainable development.

Supporting the emphasis of the elements paper on “efforts shared by all,” the UK highlighted the role of non-financial means of implementation such as policy, regulatory, and legal frameworks and the transformative effect of ODA in leveraging other sources of finance.

A civil society representative called for, *inter alia*: a chapter format, like the Monterrey Consensus document, for the outcome document; a mechanism to renegotiate sovereign debt; emphasis on small and medium enterprises (SMEs); and a global partnership for development.

Supporting the format of the elements paper, Australia noted a number of gaps and called for: greater focus on domestic action; emphasis on gender neutrality; balance between rights and responsibilities of donors and lenders; understanding the development impact of non-concessional finance; and greater emphasis on results.

Bhutan underscored fundamental elements for the effective implementation of the SDGs, such as inclusive growth, an increased share of ODA for LDCs, and a long-term investment perspective.

Nigeria, supporting the African Group, said FfD3 should renew the commitment of developed countries to contribute 0.7% of their GNI as ODA, and encouraged capacity building in tax management in developing countries.

Canada reiterated support for ODA, noting the need to consider approaches to enhance its effectiveness; and stressed engaging women, youth, civil society, and intergovernmental organizations in the FfD3 process.

Japan proposed a joint meeting of the FfD3 and the MOI discussions under the post-2015 development agenda. He stressed that the FfD3 outcome document should reflect global changes in the development financing context, and supported global partnerships for the mobilization and effective use of resources.

Argentina called for greater ambition in the document through strengthened monitoring and follow-up processes, and identification of obstacles that could hamper the implementation of post-2015 development agenda. He called for the outcome document to reflect: the central role played by nation-states; balance between the three pillars of sustainable development; and a commitment to end poverty and hunger.

Urging a holistic approach, Colombia supported the inclusion of technology, capacity building and innovation in the draft document. She also called for, *inter alia*: indicators to measure wellbeing; greater mobilization of international and domestic resources; and sustainable and solid fiscal policies.

Underscoring the importance of supportive global policies, New Zealand noted the need for effective use of resources for sustainable development and called for a greater emphasis on intra-regional trade.

Norway identified FfD3 as an opportunity for: states with ODA commitments to re-pledge, and those without to join; boosting domestic resource mobilization; and enhancing

synergies between ODA and climate finance through carbon pricing and removal of fossil fuel subsidies.

Nepal called for the FfD3 outcome document to emphasize ODA and encourage contributions to climate finance. A civil society representative reiterated the importance of building trust among stakeholders, and focusing on financial means of implementation. The Republic of Korea underscored the importance of increasing ODA.

Cape Verde called for reflection on, *inter alia*, the need to: revise the architecture of ODA; take into account development needs of SIDS transitioning into middle income status; and consider CBDR in trade.

Suriname called for putting in place mechanisms for the production and use of data, particularly in developing countries. Peru stressed that financial commitments already made under the UNFCCC are separate from the commitments to be made towards the implementation of the post-2015 development agenda.

El Salvador noted the need to take into account sources other than ODA for financing sustainable development, supported the Monterrey Consensus as a structure for the outcome document, and called for considering the needs of all countries.

Brazil noted an imbalance between prescriptive measures for national-level action, and ambiguity in measures for the international community in the elements paper; and drew attention to the absence of an analysis of the 2008 global financial crisis in the paper.

Commenting on the elements paper, the US called for a greater focus on: inclusion of women, youth and other communities; fragile and conflict affected states; and transparency and governance. She raised concerns regarding the inclusion of, among other issues, global taxes, intellectual property, and regional trade agreements in the elements text.

Supporting gender equality as a distinct but crosscutting element, the United Arab Emirates asked for greater clarity on complementarity and integration between the High-level Political Forum on Sustainable Development, Development Cooperation Forum, and the Sustainable Development Solutions Network.

Venezuela called for a greater focus on MICs in the draft text, and highlighted the need for a global financial system that is owned by all.

The International Labour Organization (ILO) said social protection floors help generate domestic resources, self-sustaining growth, and structural change. He urged recognizing the relationship between decent work and financing for development, aligning investment agreements with sustainable development goals, and the importance of national enabling environments.

The UN Children's Fund (UNICEF) noted the importance of international public finance for the future of children, and urged leaders to promote an equitable investment agenda that takes their needs into account.

Ethiopia said ODA remains vital for implementing the future SDGs, and supported the inclusion of private finance in the FfD3 outcome document.

Highlighting FfD3 as an "ultimate opportunity" for implementing the post-2015 agenda, Hungary called for

MOI that respects national ownership, and encouraged the diversification of donors.

The IMF supported the Monterrey Consensus as a foundation for the FfD outcome document, and emphasized the need for strong, effective domestic policies and institutions at the national level to encourage country ownership in the development process.

A business sector representative welcomed discussions on the importance of private finance for development; stressed strong policy and regulatory frameworks; and highlighted sustainable development as key for economic growth. She said that the outcome document should provide the underpinnings for financing the SDGs.

Germany preferred the use of "partnerships" in place of "aid" to reflect a more nuanced approach to the donor-recipient relationship; and called for the outcome document to focus on the reasons and evidence for reforms in the financing arena.

Another business sector representative called for actionable proposals in the draft outcome, and identified risk mitigation; capacity building and technical assistance; and data for accountability and results as vital elements.

Noting that the scope of the FfD process is broader than the post-2015 development agenda, Ecuador called for a multi-dimensional focus on poverty, and uniform global indicators on the use of resources. Uruguay highlighted the need for a clear commitment to gender equality, and called for indicators that go beyond conventional economic ones.

Tonga lamented insufficient attention to women in the elements paper, and highlighted existing language from the Commission on the Status of Women calling for a gender sensitive approach in all national plans, and costing and resourcing initiatives to empower women.

Denmark highlighted the catalytic role of ODA, the role of domestic resource mobilization in sustainable development, the need to engage the private sector, and the importance of economic empowerment of women.

A civil society representative stressed the importance of international solidarity, respect for human rights, and democratic accountability and transparency as guiding principles for a global partnership.

Malaysia observed that the scope of the FfD3 discussions should be broader than MOI, as they present an opportunity to overcome global inequality.

Netherlands underscored that the global partnership must encourage a mindset of shared responsibilities and universality, and encourage multi-stakeholder participation.

Co-Facilitator Talbot summarized key points from the discussion, including: the elements paper is not exhaustive; there is a need to raise financial resources from all sources and engage all relevant actors; and the FfD architecture should be made "fit for the present" and linked to other development processes.

### **DOMESTIC PUBLIC FINANCE**

Co-Facilitator Pedersen opened the discussion on this item on Wednesday afternoon, noting that domestic public finance is at the crux of FfD.

The African Group called for an enabling multilateral trade environment to foster domestic public finance; strengthening national tax administration; encouraging the development

of capital markets; reforming the international financial and monetary systems; taking measures to avoid spill-over effects of global financial crises to developing countries; and establishing an international tax body.

The EU noted the mobilization of domestic resources through a sound tax system is crucial for FfD, given that domestic resources are less volatile than international financing. He welcomed a focus on good governance to prevent revenue leakage through tax evasion and corruption, and promote inclusive growth and sustainable development; and urged ensuring transparency and accountability of natural resource revenues.

Guatemala stressed the introduction of global fiscal transfers as a crucial means to address inequality, and called for strengthening taxation policies, North-South transfers, and international tax cooperation.

China called for greater emphasis on international public finance; capacity building of tax authorities; and strengthened fiscal policies to facilitate domestic resource mobilization.

Slovakia identified the need to broaden the tax base; enhance capacity for tax collection; and stem illicit flows from developing countries.

A Business Sector representative highlighted the transformative effect of using domestic public finance to leverage private finance, citing examples from New York, in the US, and Tamil Nadu, in India.

Bangladesh cautioned against targets for tax-to-GDP ratios in countries that are heavily dependent on ODA, highlighted domestic constraints on broadening the tax base, and called for international cooperation on tax avoidance.

Ghana urged addressing the unique nature of MICs, saying international support should not disappear after countries graduate to higher levels of income. Australia called for building on key outcomes from the Australian G20 presidency on international rules on tax avoidance; creation of common reporting tax requirements; and discouraging Base Erosion and Profit Shifting (BEPS).

Switzerland underlined good governance, rule of law, accountability and responsive institutions as central elements for ensuring effective and traceable domestic public resources. Indonesia stressed the importance of reforming IFIs, and the need to combat illicit financial flows. The US highlighted the importance of increasing domestic resources; managing public budgets; and combating domestic corruption.

Germany supported Australia, the US and Ghana, and noted that taxation is not only about how much is collected, but also about how it is collected. The Republic of Korea urged delegates to pay attention to the management of natural resource revenues, as well as sovereign wealth funds. Japan highlighted the need to avoid BEPS, and combat corruption and illicit financial flows. The UK stressed wise spending, and capacity building to strengthen domestic resource mobilization.

A civil society representative called for a new UN body on tax and transparency to curb illicit financial flows, and allow timely and low-cost access to data on profit shifting.

Venezuela highlighted the importance of fighting all forms of corruption and maintaining national sovereignty on the utilization of domestic revenue.

A civil society representative called for equitable tax policies; extending the responsibility of corruption to givers, takers, and facilitators; and utilizing the expertise of the Organisation for Economic Cooperation and Development (OECD) through the UN process.

Nepal called on ODA implementing organizations to comply with domestic income tax regulations. Singapore called for wider adoption of BEPS rules, and avoiding prescriptive language on domestic policies in the annex of the elements paper.

The World Bank stressed the linkage between domestic revenue mobilization and good governance, and noted the need for data for monitoring and reporting.

Supporting the institutionalization of the UN Committee of Experts on International Cooperation in Tax, Brazil called for a balanced approach to discussions on, *inter alia*: the elimination of harmful subsidies by also including agricultural subsidies; and national-level corruption by also considering corruption identified within credit rating agencies, which impacts on the ability of developing countries to leverage capital flows.

Tonga reiterated the difficulties faced by developing countries in leveraging new and additional finances due to their narrow economic bases and weak tax administration. South Africa called for consideration to be given to states without the capacity to exchange information on tax revenues; and stressed that some fossil fuel subsidies may not be harmful, drawing attention to the need to also address energy access. Estonia called for improving the capacity to enhance development, including through national-level leadership, engagement of diverse stakeholders, and building the trust of international donors.

A civil society representative also called for upgrading the UN Committee of Experts on International Cooperation in Tax to an intergovernmental body on tax.

Benin, on behalf of the LDCs, called for consideration of broader factors that limit domestic resource mobilization in LDCs, including: low income; lack of modern infrastructure; inadequate data; and capacity of tax authorities. Calling for a people-centered agenda, he supported labor-intensive industrialization to increase value addition and reap the demographic dividend.

#### **DOMESTIC AND INTERNATIONAL PRIVATE FINANCE**

On Thursday, Co-Facilitator Talbot initiated the session by calling for specific guidance on ideas that should be reflected in the draft outcome document.

Suriname, for the G-77/China, stressed the importance of: quality and value addition of FDI; opportunity for the domestic private sector to build capacity through transfer of technology and knowledge; and maintaining policy space without putting the entire burden of development on the private sector.

Calling the private sector the principal creator of long-term jobs and promoter of sustainable development, the EU called for: better enabling environments, particularly regarding regulation and legislation for public-private partnerships (PPPs); efficient and regulated financial markets, including financial literacy and inclusion; and corporate governance reporting to include social and environmental performance.

The African Group, *inter alia*: underscored the massive investments needed for infrastructure and mineral resource development; underlined the importance of FDI and private



sector flows for this development; called for a change in mindset from “profit-only” to sustainable development in the private sector; noted the need for governments to incentivize investors; highlighted the importance of PPPs; and emphasized the role of regional development banks, particularly for lower income countries.

Benin, for the LDCs, noted that FDI should support national development strategies; encourage local employment opportunities; and help link domestic enterprises with international markets. He called on the international community to consider establishing an international financial support center for LDCs.

Chile, for the Leading Group on Innovative Financing for Development, informed delegates of the Group’s work on mobilizing resources for poverty eradication and sustainable development, and called for FfD3 to consider the wide variety of effective and feasible innovative finance sources available.

A Business Sector representative noted that the Monterrey Consensus encouraged governments to develop consultative platforms to build enabling environments for private finance, and stressed that blended finance is not just for PPPs, but all sectors.

Indonesia reiterated that financing the SDGs will require blended private and public finance; noted the importance of FDI; and supported a people-centered approach to development, with financial institutions catering to the needs of society.

The Russian Federation requested more clarity regarding MOI under the elements paper, as well as greater focus on transparency for recipient countries. Bangladesh underscored that country ownership is pivotal in the context of FDI, and called for more attention to migrant rights.

France reaffirmed its 0.7% commitment for ODA, and called for more incentives for the private sector to engage with sustainable development concerns.

A business sector representative called for greater involvement of the private sector in the FfD3 process, noting the importance of corporate social responsibility.

Australia called for greater clarity on the links between SDGs and FfD3 in the elements paper. The US said capital would naturally flow to countries where investors can find, *inter alia*, supportive legislation and protection of intellectual property rights (IPR). He highlighted the role of IFIs in promoting investment sustainability.

China, on behalf of G-77/China, said PPPs are not a substitute for ODA.

Supporting the EU and the US, the UK called for unlocking private sector resources through, *inter alia*, enabling domestic environments, financial inclusion, and capacity building. She emphasized the role of development institutions in leveraging private sector finance, and called for increased visibility for initiatives that promote accountable, responsible and transparent business practices and investments, such as the UN Global Compact.

Japan proposed a distinction between micro (household) and macro (national) challenges in the elements paper, and emphasized the importance of high quality infrastructure investments. Canada highlighted the importance of innovative blended sources in leveraging finance and varied skill sets to promote sustainable development. Switzerland underscored,

*inter alia*: a conducive, predictable and transparent domestic environment for the private sector to thrive; an ambitious and comprehensive agenda on remittances; and financial inclusion.

A civil society representative cautioned against a “race to the bottom” to attract FDI by compromising on environmental and labor legislation, and called for an independent evaluation of the impact of PPPs on poverty reduction efforts, and on women.

South Africa stressed that private capital does not “easily” flow into areas with the potential for the greatest social impact and called on addressing the misperception of risks and returns that act as barriers to prevent private financing.

Nepal noted the role of remittances in increasing consumption, and called on FfD3 to address humanitarian concerns faced by migrant laborers.

On creating conditions for self-sustained development, ILO highlighted the role of social protection policies including: minimum wages; collective bargaining; and labor standards.

Calling on private sector contributions to be in line with national priorities, Venezuela said the emphasis on private finance should not weaken developed country commitments made in accordance with CBDR.

Italy highlighted the interlinkages between migration and development, and called for reducing the cost of remittances.

Argentina underscored that private finance must complement the development efforts of states, and the private sector should shoulder greater risks in PPPs.

UN Women called for improved access to resources for women, and for international private finance to take gender empowerment and equality into account.

A civil society representative called for a strengthened role for States in development efforts, with private finance for health, education and environment.

Saint Lucia, for CARICOM, called for a deeper consideration of crosscutting issues, not just the building blocks identified by the elements paper, and noted the linkages between an enabling environment for private investment and the mobilization of public finance.

The United Arab Emirates noted the importance of private funding to address volatility. Mexico, with El Salvador and Rwanda, said remittances should not substitute for ODA or FDI, and suggested that IFIs could ensure an enabling environment for investments in MICs.

The Commonwealth Secretariat noted that the elements paper did not address lack of inclusiveness in global economic governance.

Urging a broader discussion of technology and innovation, the Democratic Republic of Congo called for recognition of the role of traditional practices that promote sustainability in developing countries. Ecuador highlighted the need to increase international resources for SMEs.

The World Bank called for greater emphasis on: best practices and demonstration projects; role of guarantees in mitigating risks; and the synergetic role of private and public finance in creating a pipeline of bankable projects.

Egypt highlighted the continued relevance of development finance, while noting an over-emphasis in the elements paper on remittances, and on the role of national policies in driving private investments with social impact.

Belarus said only five OECD countries have met the 0.7% ODA target. The OECD noted the need to improve loan conditions and methods to measure resource flows, and restore ODA credibility.

### **INTERNATIONAL PUBLIC FINANCE**

Co-Facilitator Pedersen introduced this session, which took place on Thursday afternoon. Suriname, for the G-77/China, supported by Morocco for the African Group, stated a preference for public finance, as the main source of development finance, to be considered before private finance in the FfD3 outcome document. He noted that the relationship between ODA and climate finance is “unclear.”

The EU, supported by Germany, reiterated the region’s commitment to 0.7% of GNI for ODA, with 20% of this amount earmarked for LDCs. He noted the elements paper did not reflect growing South-South cooperation and the role of emerging economies. Emphasizing that the post-2015 development agenda will be “universal in its goals and in its financing,” he noted the need to include, not separate, climate benefits.

Morocco, for the African Group, stressed that climate financing should be new and additional; and proposed a fund for health, education, energy and agriculture issues within the post-2015 development agenda.

Benin, for the LDCs, noted the increase in the share of ODA to MICs and decrease to LDCs, while calling for the LDCs’ share to increase to 50%. China called for a timetable and roadmap for developed countries to fulfill their ODA commitments, and noted the need to democratize the use of ODA.

UNDP emphasized the need for donor countries to focus on long-standing commitments to address issues such as climate change and communicable diseases, and underscored that climate finance should not be part of ODA.

Bangladesh and Brazil said climate finance should be additional to ODA. Colombia emphasized that international financial flows should not be conditional, and aid effectiveness should be discussed under the auspices of the UN.

The US emphasized aid coordination at the international level, and said the UNFCCC is the right forum to discuss the operationalization of climate finance. She opposed any language on concessional loans for MICs.

The Republic of Korea called for aid effectiveness to be made a stand-alone goal in the FfD3 outcome document. A Civil Society representative highlighted the polluter pays principle, and called for a paradigm shift to take environmental limits into account.

Calling FfD3 an integral part of the post-2015 development agenda discussions, Iceland highlighted the transformative role of ODA in LDCs and fragile states while calling for greater effectiveness and transparency to ensure public support for ODA.

Recalling the Paris, Accra and Busan agreements on aid effectiveness, Ghana emphasized the importance of delivering on aid commitments; and genuine partnerships that promote national ownership. South Africa opposed discussions on the redefinition of ODA, for instance, to include South-South cooperation. He called for the ODA definition to be grounded in the Monterrey Consensus to guide the post-2015 development agenda, while stating that the climate finance discussion should not be duplicated under FfD3.

The Russian Federation said a key task for FfD3 is to step up the volume and effectiveness of aid to most vulnerable countries.

Japan called for including all official flows that have an impact on development outcomes in the FfD3 discussions, including South-South cooperation and triangular flows. He also urged greater detail on varying concessionality on the basis of income levels, and highlighted a recent OECD decision to update the definition of ODA.

Pointing to the counter-cyclical and poverty sensitive nature of ODA, Switzerland said the FfD discussion should focus on “smart” ODA to leverage resources. Saying ODA is not significant for many countries, he called for a renewed partnership reflecting this reality.

Cameroon urged consideration of the need to meet priority needs for developing countries, including on infrastructure, education and health, in the outcome document.

Ecuador agreed that climate finance is separate from ODA, but dovetails with development. Argentina cautioned against falling into the trap of identifying new donors to replace traditional ones; and welcomed discussions on redefining ODA in an open forum.

Egypt noted that if the world is to provide adequate means of implementation for the post-2015 development agenda, ODA commitments should be revised to 1.5% of GNI.

Mexico supported transparency, results-based approaches, and accountability to ensure the effectiveness of international cooperation.

A civil society representative drew attention to progress in financial transparency, especially through open data initiatives such as the International Aid Transparency Initiative.

Nepal stressed the need for ODA to support national development strategies. A business sector representative noted the under-utilization of financial risk mitigation tools, and the financing gap for sub-national entities.

### **TRADE, AND TECHNOLOGY, INNOVATION AND CAPACITY BUILDING**

In this session, Co-Facilitator Pedersen called on delegates to address two agenda items together: trade; and technology, innovation and capacity building.

Suriname, on behalf of G-77/China, called for the removal of trade distorting measures and greater market access, while noting that regional and interregional trade agreements could fragment the policy environment and undermine poverty reduction strategies. He also called for a technology facilitation mechanism.

Calling trade an important MOI in the post-2015 framework, the EU called on the outcome document to, *inter alia*: support LDC participation in the trading system through unilateral preferences from states, including MICs; and include labor and environmental standards at all levels. He urged going beyond technology transfer to include language on the role of IPR, research and development, and domestic enabling environments.

Urging the international community to support intra-African trade, Morocco, for the African Group, urged early conclusion of the Doha Round under the WTO, and removal of trade distorting policies. On technology, innovation and capacity building, he identified national level programmes such as mobilizing resources for laboratories; providing infrastructure



for information and communications technology; and enhancing human capacity. He supported international programmes to tackle brain drain, formation of diaspora networks, and support for commercialization of technologies.

Saint Vincent and the Grenadines, on behalf of CARICOM, called for the outcome document to address interlinkages between trade and sustainable development, and for continuous support for the WTO-led Aid for Trade initiative within the FfD3 process.

El Salvador emphasized that the post-2015 agenda depends on an inclusive financial architecture, and urged the elimination of trade barriers, particularly those related to agriculture.

UNCTAD noted that only a “fair and well-functioning” financial architecture can ensure global development, and proposed addressing the governance of international investment mechanisms.

Paraguay called for a role for LLDCs in the global value chain, notably through capacity building.

Bangladesh called for the simplification of international trade rules; technology sharing with LDCs; and, with Benin for the LDCs and Nepal, duty-free and quota-free access to markets.

New Zealand called for the elimination of harmful subsidies that distort trade, and supported regional trade agreements as a stepping-stone to global trade for developing countries.

Benin, for the LDCs, supported: elimination of agricultural and fisheries subsidies in developed countries; Aid for Trade for LDCs; establishment of a science and technology bank for LDCs; and scaling up of ODA for science and innovation.

Australia supported duty- and quota-free access to markets for LDCs, LLDCs and SIDS, but noted that discussions on trade should be left to the WTO.

A civil society representative said that the “dogma of free trade” clashes with the notion of development, and urged viewing trade as subsidiary to development.

South Africa called for greater participation and value addition by developing countries in the international trade system, and identified policy incoherence and erosion of the principle of single undertaking as the effects of trade fragmentation.

Japan urged avoiding duplication of WTO discussions, and noted the positive effects of regional trade agreements. On technology, he highlighted the importance of IPRs and domestic investment environments.

Iran called for FfD3 to promote transfer of environmentally sound technologies. China called for developed countries to demonstrate political will to conclude the Doha Round; and asked for the exclusion of language on the negative fragmentation effects of regional trade agreements from the outcome document.

Rwanda, speaking on behalf of LLDCs, stressed the need for global trade rules to promote sustainable consumption and production, and greater support for LLDCs to access global markets.

The US called for the outcome document to support the conclusion of the Doha Round under the WTO, and welcomed the inclusion of a new pillar on technology in the elements paper. He recommended a sound macroeconomic environment to adequately manage debt.

Sweden called for the conclusion of negotiations on environmental goods and services under the WTO, while promoting a holistic approach for trade liberalization, which includes environmental concerns.

A civil society representative highlighted crosscutting issues that undermine the right to development of vulnerable countries, such as IPR, and cautioned against barriers for accessing green technologies.

Brazil called for the conclusion of the Doha Round, and observed that governments were failing to comply with the Rio+20 guidelines on technology and capacity building, which promote inclusiveness.

A business sector representative called for scaling up initiatives that have been using technology to spur innovation and global health, and called on FfD3 to promote a pro-poor business model.

Colombia called for the recognition of SMEs at the international level, and urged the use of clean energy development mechanisms, noting that these can be financed on concessional terms.

A civil society representative noted the importance of safeguards in developing countries for critical issues such as water, environment, and social protection.

### **SOVEREIGN DEBT AND SYSTEMIC ISSUES**

Co-Facilitator Pedersen introduced this session, which took place on Thursday afternoon. Morocco, for the African Group, called for the establishment of an international debt restructuring mechanism and urged sustained efforts towards debt management and relief, including for MICs. He also called for a greater role for UNGA and ECOSOC in addressing systemic issues.

Highlighting the close link between sovereign borrowing and domestic resource mobilization, the EU urged: including sovereign debt under domestic public finance; separating debt financing discussions under FfD3 from the UN debt restructuring discussions; and discussing sovereign debt under the auspices of the IMF. The EU also called for greater synergies between the UN, Bretton Woods Institutions (BWIs) and the WTO.

Saint Lucia, on behalf of CARICOM, noted that the region has not benefited from international efforts on debt relief such as debt relief for Heavily Indebted Poor Countries (HIPC) and the Multilateral Debt Relief Initiative (MDRI), and asked for strengthened support in the FfD3 outcome document.

The UK noted that sovereign debt restructuring measures are often “too little, too late,” supported sustainable lending and borrowing principles, and encouraged improved data transparency to enable citizens to hold their governments to account.

The IMF highlighted his organization’s work on crisis prevention and resolution, highlighting: an overhaul of the Fund’s debt sustainability framework; the Fund’s review on debt restructuring; and reforms on their contractual approach.

The Commonwealth Secretariat called for, *inter alia*, the development of counter-cyclical loans, and resilience as a condition for IFI lending, drawing attention to the fact that debt restructuring efforts have failed in many Commonwealth countries.

Acknowledging work on debt relief, a civil society representative called for language on HIPC and MDRI to be included in the outcome document; and supported discussions on improved debt restructuring by FfD3, as this issue is linked to poverty eradication.

Singapore called for respecting the role of the IMF in financial governance, and for the contractual rights of all creditors in the context of debt restructuring. Indonesia suggested reinforcing coordination between the BWIs and the UN system. Argentina noted that debt relief could allow countries to invest in development, but should not imply a reduction of ODA.

Japan highlighted the need to focus on debt sustainability and management, instead of outstanding indebtedness in the outcome document, and asked the Co-Facilitators to circulate the draft outcome to BWIs for “technical proofing.”

Welcoming language on special drawing rights to stabilize foreign reserves, a civil society representative called for greater coordination on monetary policy.

The US highlighted broadened engagement by the G20 and the Paris Club on the debt issue, and called on states to recognize and respect the mandate of autonomous institutions such as the IMF. China supported the establishment of a fair and inclusive international economic order, and suggested that the title “sovereign debt” is changed to “external debt,” to prevent polarization in the discussions.

A civil society representative called for language on cancelling illegitimate debts, and proposed the UN convene an intergovernmental committee on sovereign debt, with the IMF in an advisory role.

UNCTAD lauded lower middle income countries for issuing sovereign bonds instead of returning to traditional borrowing practices, called for a sustainable debt restructuring mechanism, and supported an intergovernmental committee on sovereign debt under the UN.

South Africa and Mexico called for concluding the IMF reforms. Mexico also supported gender balance within IFIs. Benin, on behalf of the LDCs, urged for more robust measures to address debt relief, and called on FfD3 to focus on LDC needs.

Noting that debt restructuring efforts had fallen short, Brazil called for the issue to be addressed by FfD3. On systemic issues, he called for better representation of developing countries in global economic governance, and urged early ratification of IMF governance reforms. Egypt noted the need to address debt restructuring under the UN, and called for a more inclusive institutional environment to address systemic issues.

Suriname, for the G-77/China, welcomed the progress made through HIPC and MDRI, and anticipated further the discussions on debt relief by the *Ad Hoc* Committee on Sovereign Debt Restructuring under the UN. On systemic issues, he called for special drawing rights to be issued independently from the IMF’s quota system; supported regulatory and financial reforms to avoid global crises; and urged the establishment of a financial monitoring and evaluation system under the UN.

#### **BUILDING SYNERGIES WITH THE POST-2015 DEVELOPMENT AGENDA AND OTHER ISSUES**

Opening the session on Friday morning, Co-Facilitator Talbot informed delegates that the FfD3 Co-Facilitators had been in close touch with the Co-Facilitators of the post-2015 process,

as well as with the Secretary-General’s Office to enhance synergies and coherence between the processes. The session was then addressed by Ambassador David Donoghue, Permanent Representative of Ireland and Co-Facilitator of the post-2015 development agenda process, and Amina Mohammed, the UN Secretary-General’s Special Advisor on Post-2015 Development Planning.

Stressing the need to maximize coherence between the post-2015 process and FfD3, Donoghue listed the four elements of the post-2015 development agenda to be adopted in September: an introductory declaration; SDGs and indicators; MOI and a global partnership; and follow up and review. Highlighting SDG 17 (strengthen MOI and revitalize the global partnership for sustainable development) and the MOI element as two areas of potential overlap with the FfD3 agenda, he reiterated the need for coherence and synergies, while calling for joint sessions between the two processes.

Mohammed noted that current progress on the post-2015 agenda provides a good basis for the FfD3 discussions. She highlighted, among other things: a lead role for governments and the public sector in sustainable development; additional innovative financing sources that could raise funding at scale, such as a global tax authority; and the need to channel funding to sub-national governments. Acknowledging that FfD3 would not be a pledging conference, she noted, however, the need for it to signal a strong political commitment towards funding sustainable development efforts.

Talbot invited delegates to consider how to communicate this political commitment; conditions necessary for critical and transformative investments and responsible partnerships; and how to integrate sustainability in business models.

Noting that the FfD3 outcome document will have to “set the tone,” the EU called for it to include all MOI and global partnership issues, including the MOI elements of the SDGs, from the outset. He also urged a single unified follow-up process to include accountability, monitoring, and review of the post-2015 development agenda.

Benin, for the LDCs, called for streamlining and convergence of the FfD3 and post-2015 discussions, and greater coherence to reaffirm the paradigm shift agreed at the Rio+20 summit.

Speaking on behalf of Colombia, Denmark, the Netherlands, Papua New Guinea, Peru, and Romania, Switzerland stressed that, as an integral part of the post-2015 development agenda, FfD3 should be the main process to discuss MOI, and the global partnership for sustainable development. She said the FfD3 outcome document should form the new global partnership for the post-2015 development agenda, and would not need to be renegotiated after it is agreed. She emphasized the need to ensure a coherent approach to monitor and review the two processes, including through the reviews of the post-2015 framework under the ECOSOC’s High-level Political Forum on Sustainable Development (HLPF).

Iceland, for Albania, Austria, Israel, the Netherlands, the UK, Thailand, Cape Verde, Bulgaria and others, underlined that gender commitments have not been realized, and called for, *inter alia*, gender-responsive and pro-poor global trade and financial systems, and gender disaggregated data to monitor gender gaps in investment.

Supporting the EU and Iceland, the UK called for transformational leadership in promoting mutual understanding among correlated UN processes, and forward-looking MOI. Mexico underscored the need for FfD3 to nourish the UN Summit on the Post-2015 Development Agenda, and called for strong monitoring mechanisms.

A civil society representative called for reference to people with disabilities in the elements paper.

El Salvador underscored the importance of FfD3 for climate change and social inclusion, while calling for strong monitoring mechanisms.

Highlighting the importance of transparency in resource flows, Sweden identified the International Aid Transparency Initiative (IATI) as a good precedent to address the data gap that could be strengthened and made more robust.

A business sector representative noted the private sector was moving beyond corporate social responsibility to integrate sustainability into management itself, and highlighted business actors as an untapped pool of resources and know-how.

The US highlighted: avoiding duplication on MOI discussions; not separating financial and non-financial MOI; focusing on the needs of implementers; and flexibility to suit local conditions.

Estonia called on the outcome document to emphasize embedding the various discussions within national budgets for better accounting and governance standards.

Uruguay supported a joint session of between the FfD3 and post-2015 processes, to assess the level of integration needed between the two processes.

A civil society representative noted that treating multi-stakeholder partnerships as a key pillar of MOI deludes the principle of CBDR and downplays the responsibility of states. She also highlighted FfD3 as the only UN-led forum to discuss systemic issues that affect development, and urged not limiting MOI discussions under FfD3 to issues under the post-2015 development agenda.

Japan noted the universal and broad nature of the SDGs, which should be taken into account while discussing MOI; and reiterated the proposal to hold joint meetings of the post-2015 and FfD3 processes, with representation from the World Bank and IMF.

Suriname, for the G-77/China, supported the Monterrey Consensus as the conceptual framework on MOI, while noting that the post-2015 and FfD3 processes should remain separate, as they sometimes consider different issues. Calling for 2015 to be a year of “actions and not just outcomes,” the United Arab Emirates supported discussions on the monitoring of SDGs and the development framework.

A civil society representative called for the FfD3 process to build on the understanding of sustainable financing principles, including the prioritization of environmental sustainability, the consideration of equal opportunities and access, and the inclusion of people and participation.

The Netherlands said that for the success of the post-2015 development agenda: ODA will remain necessary; trade, investment and technology can continue to spur economic growth; guidelines on tax-to-GDP ratios can assist developing countries to generate public finance and should be developed; an

inclusive approach will be indispensable; innovative financing mechanisms should be enhanced; and sustainability reporting is crucial.

Australia called for recognition of the new financial realities, and of financial and non-financial MOI as a way to adequately address the relationship between the post-2015 agenda and the FfD3.

Nepal said duplication of work must be avoided, and monitoring and implementation must be carried out at the global level. Chad underscored the role of the UN in making climate issues and FfD3 complementary processes. China opposed the creation of an individual monitoring section in the elements paper, observing that it is absent in the structure of the Monterrey Consensus.

In her response to the discussion, Mohammed highlighted the need: to make sure that countries focus on issues that “matter to people”; for flexibility to allow countries to interpret sustainable development; and for effective communication with stakeholders, to explain the goals and timelines of these processes.

### **MONITORING, DATA AND FOLLOW UP**

Co-Facilitator Talbot introduced this session, which took place on Friday morning. Suriname, for the G-77/China, called for a follow up mechanism for FfD3 in the form of an intergovernmental expert body, with private sector representation, and called for discussion on how this mechanism will be different from the post-2015 follow-up process. He also expressed concern that the UN Statistical Commission discussions do not include indicators for SDG 17.

The EU emphasized: the need for a single monitoring framework; tracking both international and domestic indicators; and clear responsibilities for both FfD3 and post-2015 in the outcome document.

Benin, for the LDCs, called for a new system that would allow LDCs to borrow against their own reserves with zero interest mark ups, and urged enhancing the role of LDCs in global financial governance through voting reform. On monitoring, he highlighted: the need for an FfD commission under ECOSOC; enhancing national statistical capacity; and continuation of the MDG Gap Task Force as the SDG Gap Task Force.

The Republic of Korea, on behalf of Egypt, Liechtenstein, Norway, Pakistan, Peru, and Switzerland, emphasized the need to consider how potential FfD3 follow-up and review mechanisms are complementary and integrated into ECOSOC’s HLPF.

Ghana called for a well-articulated format for publishing all forms of development data, including a standard for reporting usage of data, based on IATI.

Japan stressed that there was no need for independent monitoring and review mechanisms under the FfD and the post-2015 processes. Venezuela underlined that the monitoring and review mechanism needs to be universal without conditionalities and certification requirements for developing countries and not influence access to MOI.

The US noted that data promotes mutual accountability and assists governments in making informed decisions, highlighting IATI and other initiatives as effective tools for decision-makers. He urged using existing review mechanisms, and engaging in



a participatory review process. A civil society representative stressed the recognition of transparency, accountability and participation as cross cutting issues in the outcome document.

The UK stated that data is an MOI in its own right, noting the importance of disaggregated data in ensuring that no one is left behind.

Brazil supported the need for a robust and transparent monitoring system and noted the need for more qualitative data on financial flows, as well as the reinforcement of South-South cooperation under the High-Level Committee on South-South Cooperation.

A civil society representative commended the process for being multi-stakeholder oriented. New Zealand highlighted the need to ensure that target indicators are not excessive and lauded the work of the OECD in improving ODA tracking. Italy said indicators are the best approach for tracking progress on the SDGs and enhance the credibility of the process.

OECD reported on initiatives to improve ODA data tracking. Argentina recalled that the issue of monitoring is not part of the Rio+20 outcome, and pointed to the need for capacity building to improve monitoring mechanisms.

The United Arab Emirates highlighted the need for: greater political will for consensus on the way forward regarding monitoring; harmonization of reporting frameworks; data accessibility and enhancement of domestic capacity for data collection; and a regular process for monitoring.

A civil society representative called for open contracting as a solution to bring transparency into public procurement.

### **CLOSING SESSION**

On Friday, Wu Hongbo, Secretary-General of FfD3 and UN Under-Secretary-General for Economic and Social Affairs, identified four key challenges on the way forward: formulating a comprehensive financing framework that addresses the three dimensions of sustainable development, with poverty eradication at its core, while maximizing synergies with other financing streams, including climate change; concrete policy commitments and deliverables to create momentum; ensuring that the agreement remains alive beyond 2015 through monitoring and review elements at national, regional and international levels; and achieving a realistic and practical outcome that reflects country ownership. He also said civil society and the business sector will be able to provide input including through a two-day hearing in March, and the UN Regional Commissions will organize consultations.

Co-Facilitator Pederson noted agreement to: build on the Monterrey Consensus, with the addition of a “plus,” balance the three dimensions of sustainable development; and achieve synergies with the post-2015 development agenda. He also identified areas needing further clarity, including: the outcome of the conference including deliverables; and the treatment of SDG 17. Noting the Co-Facilitators would produce a zero draft by the end of February, he urged states to come to an agreement on the outcome by the conclusion of the final drafting session scheduled to convene in June.

Co-Facilitator Talbot closed the meeting at 1:13 p.m.

## **A BRIEF ANALYSIS OF THE MEETING**

Preparations for the third FfD conference got off to a slow start, with “non-storm” Juno causing a day’s delay. The lower-than-predicted intensity of the snowstorm led Co-Facilitator Pedersen, in his opening remarks, to attribute the delay to bad forecasting, rather than bad weather.

Forecasting for the FfD3 process may prove more reliable, however. It was clear at this stocktaking meeting that some issues from the elements paper are likely to attract more detailed discussion than others over the coming months. This analysis considers issues that are expected to gain prominence on the road to the July FfD3 conference in Addis Ababa.

### **CURRENT WEATHER REPORT**

FfD3 is an important piece of a larger puzzle—with several interlocking pieces that will need to be fitted carefully into other processes in 2015 and beyond, most notably on the UN Summit on the Post-2015 Development Agenda in September, and the UNFCCC Conference of the Parties in December.

It was not surprising, therefore, that one issue that dominated the first drafting session was the nature of the relationship between these processes, and the steps needed to build synergies and avoid duplication.

While some countries wanted the FfD3 discussion to serve as the discussion on MOI for the post-2015 process, others felt FfD3 would not cover all post-2015 issues, and a separate discussion would be necessary after the Addis conference.

There are both procedural and substantive issues at stake. On substantive side, issues such as technology have not been covered under FfD so far, although there appeared to be willingness to do so at this first session. On the flip side, there are some issues that are part of FfD discussions, but not of post-2015—such as corruption, illicit financial flows, trade and IPR.

The procedural issues include the institutional arrangements for the two processes. Should the monitoring arrangements be common, for instance, with the FfD3 outcomes being monitored by the HLPF, as the post-2015 outcomes are likely to be? Or, should there be a common framework for MOI agreed under FfD3? This particular question is even more politically loaded as the FfD3 process will also cover South-South cooperation, which is not currently monitored.

The presentation by Ambassador David Donoghue helped clarify the areas where overlaps between the two processes might take place—including SDG 17 and the post-2015 outcome on MOI and global partnerships. More clarity is likely to be achieved, however, if a joint session takes place between the FfD3 and post-2015 processes over the next few months, as proposed by several participants.

The relationship between FfD3 and climate finance was also touched upon at this first drafting session, but not in as much detail. The key concern underscored by G-77/China, Egypt and Serbia here was that sustainable development finance should not lose out to climate finance, and there should be separate accounting for both, with greater clarity in definitions. “Climate change should not become a substitute for the environmental dimension of sustainable development,” the delegate from Egypt said during the session.

The second emerging issue appeared to be the role of private finance in FfD. The G-77/China expressed concern that private sector finance was being proposed as a substitute for public sector commitments, and pointed to the limitations of the private sector in actively generating social and environmental impact. Developed countries, meanwhile, were quite uniform in saying that the focus must be on using ODA to leverage private finance, with Switzerland terming this as “smart ODA.” Australia cautioned that “public finance... cannot substitute for either the dynamism and innovation of business, or the quantum of finance available through capital markets.”

On the subject of ODA, in addition to its relationship with climate finance and private finance, some developed countries showed willingness to reaffirm the 0.7% of GNI target. However, Egypt reiterated a call made at the First Intergovernmental Negotiation on the Post-2015 Development Agenda to boost ODA commitments to 1.5% in order to meet post-2015 commitments.

While agreeing that South-South cooperation was essential, many developing countries, including the African Group, CARICOM, China and Brazil, underscored that it is not a substitute for North-South cooperation. There was also pushback from China and Mexico against redefining ODA to include South-South cooperation.

Another area of push-and-pull during the first session was on the role of domestic action versus international cooperation. While developed countries pointed consistently to the need for better enabling environments and regulatory frameworks, reduced corruption, and capacity building in developing countries to maximize the effectiveness of domestic and international resources, developing countries pointed to need for improving the quantity and quality of international cooperation, saying the elements paper overemphasized national responsibilities.

The issue of taxation is also likely to be discussed further in future sessions, as developed countries emphasized the role of, and measures to, enhance domestic resource mobilization. There were also calls from civil society and Brazil, to institutionalize global taxes under the UN Committee of Experts on International Cooperation in Tax, but developed countries, particularly the US, were “highly concerned” about the mention of global taxes.

Similar differences are likely to arise on the issue of debt, where the African Group called for reinforcing coordination between the UN system and the BWIs, while the EU and the US, favored separating debt financing discussions under FfD3 and the BWIs, from the UN debt restructuring discussions.

The complexity of the trade discussions under FfD3 could depend on the extent to which the process chooses to rely on the WTO negotiations. During the discussion on trade in the first drafting session, several countries called for an early conclusion of the Doha Round, and retaining substantive discussion on trade within the WTO.

The G-77/China also expressed concern over the potential of regional and interregional trade agreements to fragment the international policy environment, and undermine poverty reduction strategies of developing countries. Several developed countries, however, worried that the elements paper overemphasized the negative effects of regional trade

agreements, pointing to their ability to foster development and complement the existing trade regime. They also emphasized the need to eliminate subsidies that distort trade in all countries, and objected to singling out subsidies in developed countries.

Finally, divergent views were also expressed on the role of remittances and their relationship with ODA. Developed countries noted the complementary role of remittances to ODA and stressed the need to direct remittances to sustainable development investments. Developing countries argued that governments cannot control remittances, which are often used to fulfill the consumption needs of private households, and therefore cannot be seen as competing with ODA.

### FORECAST FOR SIX MONTHS

The first drafting session achieved some progress, agreeing to: build on the Monterrey Consensus, with some additions; synergize with the post-2015 process; and a strong gender focus, to recognize the economic value of women’s participation. This should provide a sound basis for the Co-Facilitators to produce a zero draft by the end of February.

Despite this, uncertain weather is forecast for the FfD3 process over the coming months, as discussions deepen on these key issues, and the Co-Facilitators attempt to navigate a path to consensus. As in the case of Snowstorm Juno, however, a faulty forecast is infinitely more welcome than a poor outcome.

### UPCOMING MEETINGS

**First working session of the *Ad Hoc* Committee on sovereign debt restructuring processes:** The first working session of the *Ad Hoc* Committee on sovereign debt restructuring processes will take place at UN Headquarters. **dates:** 3-5 February 2015 **location:** UN Headquarters, New York **contact:** Dusan Zivkovic, UNCTAD **phone:** +1-212-963-3766 **email:** [dusan.zivkovic@unctad.org](mailto:dusan.zivkovic@unctad.org) **www:** <http://www.unctad.info/en/Debt-Portal/Events/Our-events/GAG77-events-on-Legal-Framework-for-Debt-Restructuring-Processes/>

**53rd Session of the Commission for Social Development:** The 53rd Session of the Commission for Social Development will convene under the priority theme for the 2015-2016 review and policy cycle, “Rethinking and strengthening social development in the contemporary world.” **dates:** 4-13 February 2015 **location:** UN Headquarters, New York **contact:** UN Division for Social Policy and Development **email:** [social@un.org](mailto:social@un.org) **www:** <http://undesadspd.org/CommissionforSocialDevelopment/Sessions/2015.aspx>

**15th Delhi Sustainable Development Summit (DSDS 2015):** The 15th Delhi Sustainable Development Summit (DSDS 2015) will focus on “Sustainable Development Goals and Dealing with Climate Change.” The Summit will be preceded by a high-level corporate dialogue on 4 February 2015. **dates:** 5-7 February 2015 **location:** New Delhi, India **phone:** +91-11-24682100 **fax:** +91-11-24682144 **email:** [dsds@teri.res.in](mailto:dsds@teri.res.in) **www:** <http://dsds.teriin.org/2015/index.php>

**Intergovernmental Negotiations on Post-2015 Development Agenda:** The intergovernmental negotiations on the post-2015 development agenda, which will prepare for the UN Summit, will hold the following sessions: 17-20 February (Declaration); 23-27 March (SDGs and targets); 20-24 April (MOI and Global

Partnership for Sustainable Development); 18-22 May (Follow up and review); and 22-25 June, 20-24 July, and 27-31 July (intergovernmental negotiations on the outcome document). **location:** UN Headquarters, New York **contact:** UN Division for Sustainable Development **phone:** +1-212-963-8102 **fax:** +1-212-963-4260 **email:** [dsd@un.org](mailto:dsd@un.org) **www:** <https://sustainabledevelopment.un.org/post2015>

**46th Session of the UN Statistical Commission:** The 46th Session of the UN Statistical Commission (UNSC) will agree on modalities for the development of the indicator framework for the post-2015 development agenda, among other agenda items. **dates:** 3-6 March 2015 **location:** UN Headquarters, New York **contact:** UNSC **email:** [statcom@un.org](mailto:statcom@un.org) **www:** [http://unstats.un.org/unsd/statcom/commission\\_46th\\_session.htm](http://unstats.un.org/unsd/statcom/commission_46th_session.htm)

**FfD Hearings with Civil Society and Business Sector:** As part of the preparatory process for FfD3, hearings with civil society and the business sector will be hosted by the Office of the UNGA President, with support from the Financing for Development Office and the UN Non-Governmental Liaison Service (NGLS). **dates:** 4-5 March 2015 **location:** UN Headquarters, New York **contact:** Susan Alzner, NGLS **phone:** +1-212-963-3125 **email:** [info@un-ngls.org](mailto:info@un-ngls.org) **www:** <http://www.un.org/esa/ffd/overview/third-conference-ffd/preparatory-process.html>

**UNGA High-Level Thematic Debate on Advancing Gender Equality and Empowerment of Women in the Post-2015 Development Agenda:** This thematic debate will focus on measures to advance gender equality and women's economic and political empowerment at all levels, including education. **date:** 6 March 2015 **location:** UN Headquarters, New York **contact:** Office of the President of the UNGA **www:** <http://www.un.org/pga/calendar/>

**ECOSOC Integration Segment 2015:** The 2015 Economic and Social Council Integration Segment will focus on "achieving sustainable development through employment creation and decent work for all." **dates:** 30 March - 1 April 2015 **location:** UN Headquarters, New York **contact:** Office for ECOSOC Support and Coordination **phone:** +1-212-963-8415 **fax:** +1-212-963-1712 **email:** [ecosocinfo@un.org](mailto:ecosocinfo@un.org) **www:** <http://www.un.org/en/ecosoc/integration/2015/index.shtml>

**Second drafting session of the outcome document of the Third International Conference on Financing for Development:** The second drafting session of the outcome document for FfD3 will take place in April. **dates:** 13-17 April 2015 **location:** UN Headquarters, New York **contact:** UN Financing for Development Office **phone:** +1-212-963-4598 **email:** [ffdoffice@un.org](mailto:ffdoffice@un.org) **www:** <http://www.un.org/esa/ffd/>

**Third drafting session of the outcome document of the Third International Conference on Financing for Development:** The third drafting session of the outcome document for FfD3 will take place in June. **dates:** 15-19 June 2015 **location:** UN Headquarters, New York **contact:** UN Financing for Development Office **phone:** +1-212-963-4598 **email:** [ffdoffice@un.org](mailto:ffdoffice@un.org) **www:** <http://www.un.org/esa/ffd/>

**Third Meeting of the High-level Political Forum:** The third meeting of the High-level Political Forum on Sustainable Development (HLPF 3), which will take place under the auspices of ECOSOC, will focus on the theme, "Strengthening

integration, implementation and review - the HLPF after 2015." **dates:** 26 June - 8 July 2015 **location:** UN Headquarters, New York **contact:** UN Division for Sustainable Development **fax:** +1-212-963-4260 **email:** [dsd@un.org](mailto:dsd@un.org) **www:** <http://sustainabledevelopment.un.org/index.php?menu=1838>

**Third International Conference on Financing for Development:** The Third International Conference on Financing for Development will be held at the highest possible political level, including Heads of State or Government, relevant ministers—ministers for finance, foreign affairs and development cooperation—and other special representatives. **dates:** 13-16 July 2015 **location:** Addis Ababa, Ethiopia **contact:** UN Financing for Development Office **phone:** +1-212-963-4598 **email:** [ffdoffice@un.org](mailto:ffdoffice@un.org) **www:** <http://www.un.org/esa/ffd/>

## GLOSSARY

BEPS	Base Erosion and Profit Shifting
BWIs	Bretton Woods Institutions
CARICOM	Caribbean Community and Common Market
CBDR	Common but differentiated responsibilities
COP	Conference of the Parties
DESA	UN Department of Economic and Social Affairs
ECOSOC	UN Economic and Social Council
FDI	Foreign direct investment
FfD3	Third International Conference on Financing for Development
GDP	Gross domestic product
GNI	Gross national income
HIPC	Highly Indebted Poor Countries
HLPF	UN High-level Political Forum on Sustainable Development
IATI	International Aid Transparency Initiative
IFIs	International financial institutions
ILO	International Labour Organization
IMF	International Monetary Fund
LDCs	Least developed countries
LLDCs	Landlocked developing countries
MDGs	Millennium Development Goals
MDRI	Multilateral Debt Relief Initiative
MICs	Middle income countries
MOI	Means of implementation
ODA	Official development assistance
OECD	Organisation for Economic Cooperation and Development
PPP	Public-private partnerships
SDGs	Sustainable Development Goals
SIDS	Small island developing states
SMEs	Small and medium enterprises
UNCTAD	UN Conference on Trade and Development
UNFCCC	UN Framework Convention on Climate Change
UNGA	UN General Assembly
WTO	World Trade Organization