



THIRD INTERNATIONAL CONFERENCE ON FINANCING FOR DEVELOPMENT: 13-16 JULY 2015

The third International Conference on Financing for Development (FfD3) begins today in Addis Ababa, Ethiopia, and is scheduled to conclude on 16 July 2015.

FfD3 is mandated by the UN General Assembly (UNGA) 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 previously agreed 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.

The Conference is expected to include eight plenaries, and six multi-stakeholder roundtables on two themes: global partnership and the three dimensions of sustainable development; and ensuring policy coherence and an enabling environment at all levels for sustainable development. In addition, a number of side events will be held, along with an International Business Forum on 14 July. A Civil Society Organizations Global Forum was held on 11-12 July.

A BRIEF HISTORY OF FFD

In June 1997, the 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 for 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 a 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 UN Secretary-General to consult with the International Monetary Fund (IMF), World Bank and World Trade Organisation (WTO) and share the results of 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 UN Secretary-General Kofi Annan to head a High-level Panel on Financing for Development, released a report from the Panel. The report contended that better governance of the global economic system, significantly higher levels of aid and freer markets would go a long way towards 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. UN Member States adopted the Monterrey Consensus, consisting of six general categories of issues: mobilizing domestic financial resources; mobilizing international resources for development; trade; international financial cooperation for development; debt; and systemic issues including 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.

The Monterrey Conference decided to strengthen and make full 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



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 the UNGA to hold biennial High-level Dialogues on Financing for Development, to serve as the intergovernmental platform 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. Participants included 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 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 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 - 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. 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 crisis, 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.

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. 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 UN Summit to adopt the post-2015 development agenda in September 2015. The resolution also notes that the reports of the Intergovernmental Committee of Experts on Sustainable Development Financing, the Open Working Group (OWG) on Sustainable Development Goals (SDGs), and the Secretary-General's synthesis report on the post-2015 development agenda 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 of the preparatory process.

FIRST DRAFTING SESSION: The first drafting session of the FfD3 outcome document took place at UN Headquarters in New York from 28-30 January 2015. There was broad consensus to: build on the Monterrey Consensus, with some additions; synergize with the post-2015 process; and include a strong gender focus. It was announced that the Co-Facilitators would prepare a zero draft reflecting the discussions before the next drafting session.

SECOND DRAFTING SESSION: The second drafting session was held from 13-17 April 2015 in New York. Delegates commented on a zero draft of the "Addis Ababa Accord" circulated by the Co-Facilitators, with two main sections: one on a global framework for financing sustainable development, and mobilizing the means to implement the post-2015 development agenda; and another on the "Addis Ababa Action Agenda." The latter included eight sub-sections: domestic public finance; domestic and international private business and finance; international public finance; international trade for sustainable development; debt and debt sustainability; systemic issues; technology, innovation and capacity building; and data, monitoring and follow-up. It was agreed that the comments provided by delegates would be compiled in a document, in addition to a revised draft prepared by the Co-Facilitators.

INFORMAL CONSULTATIONS: At the first additional informal session, from 12-15 May 2015, delegates conducted a paragraph-by-paragraph review of the revised draft. In addition to the earlier two main sections of the zero draft, this draft included data, monitoring and follow-up as a third section.

The first 47 paragraphs of a new revised draft, incorporating comments from the first additional session, were considered at the second additional session, from 26-29 May 2015, while the remaining paragraphs were considered at the third additional session, from 1-5 June 2015. Differences still remained on a number of issues, including: follow-up and review; international public finance; technology; tax; deliverables; and guiding principles such as the principle of common but differentiated responsibilities (CDBR) and universality. The Co-Facilitators circulated "bridging proposals" in an attempt to address the differences and organized another set of informal consultations from 8-12 June 2015.

THIRD DRAFTING SESSION: The third drafting session took place at UN Headquarters, from 15-22 June 2015. Delegations first conducted a reading of the 12 June version of the draft outcome in plenary, to discuss further bridging proposals put forward by the Co-Facilitators. Negotiations then shifted to smaller, informal-informal consultations led by "co-co-facilitators," particularly on trade, debt, tax, follow-up, international public finance, and technology. The Co-Facilitators issued three new versions of the draft outcome during the course of the meeting. However, the outcome was not agreed even after extending the meeting to Monday, 22 June, when Co-Facilitator Talbot said that a couple of outstanding issues of "great sensitivity" needed to be handled at the political level.

After two weeks of informal consultations, including some under the auspices of the President of the General Assembly, Sam Kutesa, the third drafting session finally came to a close on Tuesday, 7 July. With Member States still unable to reach consensus on the draft outcome document, the Co-Facilitators proposed that the latest version of the text be further considered at the Conference itself. The Co-Facilitators said the issues that remain open include CDBR, the relationship between FfD3 and the post-2015 development agenda, and questions relating to tax.