



FFD3 HIGHLIGHTS: TUESDAY, 14 JULY 2015

On the second day of the third International Conference on Financing for Development (FfD3), high-level statements continued in plenary. Roundtables 2 and 3 also took place, on “Ensuring policy coherence and an enabling environment at all levels for sustainable development” and “Global partnership and the three dimensions of sustainable development.” The Main Committee met briefly for the first time in a closed meeting in the evening to discuss the status of the draft outcome document.

PLENARY

High-level statements continued in plenary throughout the day. Alexander De Croo, Deputy Prime Minister, Belgium, supported strengthening tax systems, fighting illicit financial flows (IFFs), and the allocation of 50% of official development assistance (ODA) to least developed countries (LDCs).

Bülent Arınç, Deputy Prime Minister, Turkey, announced Turkey’s intention to open a technology bank for LDCs. Miroslav Lajčák, Deputy Prime Minister, Slovakia, emphasized the importance of non-financial means for development such as democracy and rule of law.

Maatia Toafa, Deputy Prime Minister, Tuvalu, called for support for the Tuvalu Trust Fund and coherence between the SAMOA Pathway and post-2015 process. Matteo Renzi, Prime Minister, Italy, emphasized the importance of small and medium enterprises for creating jobs.

Kori Udovički, Vice Prime Minister, Serbia, stressed stability, macroeconomic balance, and public administration reform. Nhlanhla Nene, South Africa, speaking for the G-77/China, highlighted the need to, *inter alia*: address IFFs; uphold the principle of common but differentiated responsibilities (CBDR); and keep FfD3 separate from the sustainable development goals (SDGs) and climate change negotiations.

Neven Mimica, European Commission, called for adoption of the existing version of the draft outcome in a spirit of compromise. Cecilia Vaca Jones, Ecuador, on behalf of the Community of Latin American and Caribbean States, urged creating a comprehensive action plan for cooperation with middle-income countries (MICs).

Jacob Lew, US, highlighted three streams for sustainable development finance: domestic resources, ODA, and private sector investment. Lou Jiwei, China, said North-South cooperation, based on CBDR, should remain the main international channel for financing sustainable development.

Ibrahim Al-Assaf, Saudi Arabia, said climate finance should be new and additional. Imad Najib Fakhoury, Jordan, urged scaling up ODA allocations to 1% of gross national income by 2020.

Matia Kasaija, Uganda, called for a strong message on realizing free and fair trade. Goodall Gondwe, Malawi,

urged developing countries to take the lead in resolving their development challenges.

Hind Subaih Barrak Al-Subaih, Kuwait, called for sustainable and predictable financing. Aun Pommoniroth, Cambodia, called for additional resources for the Green Climate Fund (GCF). Mohamed Boussaid, Morocco, supported innovative sources of finance.

Dulcidio De La Guardia, Panama, said CBDR is necessary in the implementation of the post-2015 agenda. Børge Brende, Norway, urged delegations to adopt the existing draft outcome document.

Saada Salum, Tanzania, highlighted the importance of public finance for sustainable development. Patrick Chinamasa, Zimbabwe, said IFFs have not been adequately addressed in the draft outcome.

Yemi Osinbajo, Vice President, Nigeria, stressed the need to dismantle tax safe havens and return “stolen funds.” Aurelia Frick, Liechtenstein, said empowerment of women is key for successful enabling environments.

Romain Schneider, Luxembourg, stressed the need to assist developing countries in perfecting their administrative systems for taxation.

Adriano Maleiane, Mozambique, highlighted the promotion of infrastructure and access to technology as key elements of the outcome document. Yun Byung-se, Republic of Korea, underscored ODA and domestic resource mobilization.

Carlos Raúl Morales, Guatemala, said the outcome must follow the principles of universality, solidarity and investment in women. Kamal Al-Hassi, Libya, said terrorism cannot be eradicated without a fight against poverty.

Mateusz Szczurek, Poland, said MICs continue to face challenges such as wealth inequality, obesity and population decline. Paul Oquist Kelley, Nicaragua, said poverty eradication efforts are threatened by inequality, uncontrolled capitalism and climate change.

Zanda Kalniņa-Lukaševica, Latvia, stressed universality, shared responsibility, mutual accountability, consideration of respective capacities and a multistakeholder approach. Minoru Kiuchi, Japan, highlighted changing global realities with regard to the North-South divide, and mainstreaming disaster risk reduction in development planning.

Justine Greening, UK, highlighted climate change, migration and conflict as threats to development. Vincent Seretse, Botswana, said ODA is a fragile funding source and countries should strive for domestic resource mobilization.

Noël Nelson Messone, Gabon, said the role of the private sector is “absolutely essential.” Etienne Sinatambou, Mauritius, said small island developing States (SIDS) remain a special case for sustainable development and require special consideration.

Kaifala Marah, Sierra Leone, said fragile and conflict-affected



States should not be neglected like they were in Monterrey and Doha. Frederick Mitchell, the Bahamas, said the blacklisting of some countries as non-cooperative tax jurisdictions is “unethical and immoral.”

Christian Paradis, Canada, highlighted his country’s support for blended finance partnerships. Seth Terkper, Ghana, highlighted elements to ensure MICs benefit from the “FfD toolkit.”

Vesna Pusić, First Deputy Prime Minister, Croatia, highlighted a Croatian initiative to encourage small donors to provide project-based seed funding to developing countries. Ratu Inoke Kubuabola, Fiji, described Fiji’s new trade policy framework to ensure coordination and maximize development gains.

Faamoetuloa Taito Faale Tumaalii, Samoa, said climate finance should not be counted as ODA. Robert Dussey, Togo, called for a change in mindset. Jawad Naji, Palestine, called for the outcome document to include States under occupation.

Niale Kaba, Cote d’Ivoire, said her country will focus on tax system effectiveness. Annick Girardin, France, emphasized solidarity. Abdou Kolley, the Gambia, said developing countries must expand their tax bases. Andrés Escobar Arango, Colombia, said developing country participation in international tax policy is essential.

ROUNDTABLE 2: ENSURING POLICY COHERENCE AND AN ENABLING ENVIRONMENT AT ALL LEVELS FOR SUSTAINABLE DEVELOPMENT

Moderated by Min Zhu, Deputy Managing Director, International Monetary Fund (IMF), this session was co-chaired by Per Bolund, Minister for Financial Markets and Consumer Affairs, Sweden, and Andrés Escobar Arango, Deputy Minister of Finance, Colombia.

Bolund said investing in women and girls is a means to increase resources for sustainable development, and increase global gross domestic product. Escobar highlighted the need for enabling national and international environments to incentivize private sector engagement.

Guy Ryder, Director-General, International Labour Organization, said accelerating the growth of decent work opportunities is a means to, as well as an end of, sustainable development. Phumzile Mlambo-Ngcuka, UN Women, called for “extraordinary measures” to align high-level political commitment to, and financial investments in, gender equality.

Joseph Stiglitz, Columbia University, advocated: a UN forum to address taxation; international laws on restructuring sovereign debt; and changing accounting rules of the IMF to align with development objectives. Thabo Mbeki, Chair, High-level Panel on IFFs, the African Union and UN Economic Commission for Africa, supported: existing language in the Addis outcome document on addressing IFFs; and addressing tax issues in the UN.

José Antonio Ocampo, Chair, Committee for Development Policy, supported the UN as the forum for international tax cooperation; and noted the need for further discussions on debt restructuring. Wellington Chibebe, Deputy Secretary-General, International Trade Union Confederation, noted that the draft outcome lacks guidelines to implement social protection systems.

Delegates discussed, *inter alia*: the need for policy space in developing countries for country-led planning; IFFs as a human rights concern; the importance of social protection for the rural poor; the role of capacity building in creating coherence; governance reform of international financial institutions; removing obstacles to the development of SIDS; medium- and long-term development strategies for achieving the SDGs in LDCs; the health sector as an investment in employment and sustainable development; financial access, risk sharing, and dispute settlement challenges faced by MICs; and measures against multinationals involved in IFFs.

ROUNDTABLE 3: GLOBAL PARTNERSHIP AND THE THREE DIMENSIONS OF SUSTAINABLE DEVELOPMENT

Justine Greening, Secretary of State for International Development, UK, and Muhammad Abdul Mannan, Minister of State for Finance, Bangladesh, co-chaired the roundtable, while Helen Clark, Administrator, UN Development Programme, moderated.

Greening said the draft Addis outcome includes firm commitments to ODA while moving the finance conversation beyond aid. Mannan stressed the need to return from FfD3 with more confidence and hope in the process.

Clark highlighted the following questions for discussion: how to build better partnerships; how different financing sources are mutually reinforcing and aligned with sustainable development; and how to translate the Addis outcome into concrete commitments that are fulfilled.

Maatia Toafa, Deputy Prime Minister, Tuvalu, called for new models of sustainable development centered on the blue economy. Børge Brende, Minister for Foreign Affairs, Norway, highlighted the catalytic potential of ODA, and said Norway is stepping up its ODA efforts.

Julia Gillard, Chair of the Board of Directors, Global Partnership for Education, urged: strengthening domestic resources and bringing new donors and the private sector into education; strengthening donor coordination; and enhancing science, technology and capacity building.

Héla Cheikhrouhou, Executive Director, GCF, highlighted: GCF’s readiness support programme; three new pilot initiatives, including one on “enhanced direct access;” and the need for additional resources for the Fund to facilitate a paradigm shift.

Jeffrey Sachs, Columbia University, called for a change in mindset to approach the SDGs, and stressed the role of partnerships to resolve global challenges.

Ambroise Fayolle, Vice President, European Investment Bank, called for: smart use of ODA; strengthened risk mitigation mechanisms; and platforms to attract institutional investors.

In the ensuing discussion, participants stressed the need for: a complete paradigm change; an open, predictable and rules-based multilateral trading system; phasing out fossil fuel subsidies; and additionality of climate finance. Participants also raised, *inter alia*: the potential of a new global partnership on sustainable oceans; asymmetries between developed and developing countries in the quality of education; the need to reduce costs of public service delivery; the lack of concessional resources for MICs; the lack of coherence between development and humanitarian financing; terrorism as a threat to sustainable development; and the importance of regional agencies in building capacity for domestic resource mobilization.

IN THE CORRIDORS

After convening briefly for the first time on day two of FfD3, the Main Committee adjourned to allow for further informal consultations. However, a developing country negotiator said there is now “a window of opportunity to resolve one big contentious issue.” Identifying this issue as tax, another said the main reasons for opposing a global tax body under the UN boiled down to concerns over replicating the work of the OECD on tax, and of increased costs. Negotiations were down to resolving differences between a few countries, said a delegate, who further predicted that “with some clever word-smithing,” some form of a global tax arrangement “may be within reach.”

In roundtable sessions earlier in the day, some participants were heard expressing dissatisfaction at the seeming impasse, with one saying any “global partnership without a global tax body is no partnership at all.”