The Third Additional Session for the Preparatory Process for the Third International Conference on Financing for Development (FfD3) convened at UN Headquarters in New York, US, from 1-5 June 2015. Throughout the five-day session, which took place as an informal meeting of the plenary as part of the preparatory process for FfD3, delegates completed the second reading of the revised FfD3 draft outcome document, which they began during the second additional session. The session was chaired by Co-Facilitators George Talbot, Permanent Representative of Guyana, and Geir Pedersen, Permanent Representative of Norway.

Delegates conducted a paragraph-by-paragraph negotiation starting with paragraph 48. Member States tried to find common ground for consensus on issues such as: follow up and review; international public finance; technology, including arrangements for a technology facilitation mechanism (TFM); cooperation on tax matters; broad deliverables; and overarching principles to guide their work.

This briefing note summarizes the comments and discussions during the Third Additional Session for the Preparatory Process for FfD3. Following the session, informal consultations are anticipated to take place in the week prior to the third drafting session for the FfD3 outcome document, which is scheduled to take place from 15-19 June 2015, at UN Headquarters in New York, US.

**REPORT OF THE THIRD ADDITIONAL FFD3 SESSION**

Co-Facilitator George Talbot opened the Third Additional Session for the Preparatory Process for the Third International Conference on Financing for Development (FfD3) on Monday morning, 1 June 2015, and invited delegates to provide comments on the 22 May version of the draft outcome document, beginning with paragraph 48. During the subsequent five days, delegations completed a paragraph-by-paragraph reading of the text, including during several evening sessions and informal groupings.

**THE ADDIS ABABA ACCORD**

**DOMESTIC AND INTERNATIONAL PRIVATE BUSINESS AND FINANCE:** On text related to recognizing that public investment has a key role to play in infrastructure financing, blended finance and public-private partnerships (PPPs), the Group of 77 and China (G-77/China) proposed deleting a reference to social and environmental standards in a sentence on implementing projects. The US, the European Union (EU) and Mexico opposed this deletion. Some delegations, including the G-77/China, the US and Japan, proposed deleting “standardized documentation” in text related to holding an inclusive, open and transparent discussion on developing and adopting principles, guidelines and standardized documentation for the use of PPPs. The G-77/China also highlighted the need to ensure that the private sector does not have more prominence than the public sector in terms of investing in infrastructure.

In a paragraph on promoting investment in energy infrastructure and clean energy technology, a number of delegations, including the G-77/China, the US, the EU and New Zealand, proposed retaining a proposal that welcomes the International Renewable Energy Agency’s (IRENA) Global Renewable Energy Islands Network (GREIN), which aims to help small island developing states (SIDS) by pooling knowledge and sharing best practices. The Russian Federation had previously requested deletion of this proposal. Japan suggested using criteria to determine which initiatives should be mentioned in the text.

On the section on international finance, the G-77/China, supported by the Russian Federation, expressed dissatisfaction and concern about many calls from other Member States to replace references to official development assistance (ODA) with “international public finance,” explaining that they are not the same and cautioning against conflating them. The G-77/China proposed text that: expresses concern about the lack of fulfilment of the ODA commitments by developed countries; welcomes the increase in the volume of ODA since the adoption of the Monterrey Consensus, despite the difficult fiscal situation of many countries; urges all developed countries that have not yet done so to substantially increase their ODA, starting immediately, with a view to fully implementing by 2020 their commitment to allocate 0.7% of gross national income (GNI) as ODA to developing countries, with 0.2 to 0.25 of GNI to least developed countries (LDCs); calls for developed countries to commit to establish, by the end of 2015, binding timetables by region to illustrate how they will increase their assistance and reach their present and future commitments; stresses the needs of LDCs, landlocked developing countries (LLDCs) and SIDS, Africa, middle income countries (MICs), countries and people under foreign occupation, countries in conflict and post conflict situations and those in protracted crises; and calls for the proposal of redefining
ODA and its criteria of allocation to be discussed openly and transparently and agreed upon multilaterally by all Member States under the auspices of the UN.

Many countries, including Australia, Canada, Japan, the EU and the US, encouraged reverting to the zero draft text, which specified the full range of contributors to international public finance, including the concessional and non-concessional sources, ODA, South-South cooperation and funding from multilateral development banks (MDBs). New Zealand stressed the need to include South-South cooperation. Japan said the first five paragraphs of the revised draft put too much weight on ODA, lack balance and do not seem transformative or innovative.

The EU, supported by the Republic of Korea, called for focusing on “the poorest and most vulnerable” countries instead of developing countries. Noting that the country listing is proving problematic, Canada suggested refocusing the opening of the paragraph on individuals rather than countries: “ODA remains critically important for the poorest and most vulnerable, wherever they are found.” The US requested reverting to paragraph 57 of the previous draft, which called on “reversing the trend of decreasing flows to LDCs.”

Australia, Japan, New Zealand and the Republic of Korea opposed the ODA timelines in the text. The US, supported by Australia, Canada and Japan, called for language consistent with Monterrey and Doha, calling on “those countries that have committed to allocate 0.7 percent of GNI as ODA…to endeavor to implement those commitments.” Canada explained that, like several others, it has not agreed to a percentage of GNI for ODA target.

Australia, the EU and the US called for all upper middle income countries (UMICs) and emerging economies to further scale up their efforts to support other developing countries, and take clear commitments to increase their international assistance. Japan, supported by the Russian Federation, proposed text that welcomes the significant increase in the number of donors since the first FfD Conference (Monterrey) in 2002.

In a paragraph on the increased contributions of Southern partners to sustainable development and on further strengthening South-South and triangular cooperation, many delegations, including Australia, Mexico, the US, New Zealand and Switzerland, called for a “more balanced” inclusion of the content of the Nairobi outcome document of the 2009 High-Level UN Conference on South-South Cooperation. The Republic of Korea asked for a broader and better reflection of that outcome. Japan said he could not support a proposal from the G-77/China related to scaling up South-South cooperation within the UN development system.

In a paragraph acknowledging that the UN Framework Convention on Climate Change (UNFCCC) is the primary international, intergovernmental forum for negotiating the global response to climate change, the G-77/China, supported by Mexico, emphasized the importance of not “double counting” climate finance as development finance. Some delegations, including Switzerland and Australia, cautioned against including in the FfD3 outcome document contentious elements that are being negotiated under the UNFCCC. The US noted that FfD3
for the FfD3 accord. The US called for deleting it, including its alternative proposals as, stating that while it is a very important issue, it does not belong in the text. Mexico stressed the need to keep it and streamline some of the ideas from the alternative paragraphs proposed by the G-77/China. Australia expressed support for the paragraph, but noted that the proposed additional paragraphs make the document “look like a Second Committee resolution.”

On the paragraph that welcomes initiatives to expand the supply of finance, including through the establishment of new MDBs, such as the New Development Bank and the Asian Infrastructure Investment Bank (AIIB), the G-77/China proposed adding reference to the Bank of Alba, the Bank of the South and Alba Caribbean Fund. The EU and Japan opposed. New Zealand welcomed the recognition of the BRICS’ (Brazil, Russia, India, China and South Africa) New Development Bank and the AIIB. Japan and the US requested deleting the two references. The US suggested that, rather than naming these MDBs, text should be added to welcome the role that new MDBs have in complementing the current international financial architecture. The EU proposed text that encourages all new institutions to establish clear and transparent social and human rights, including gender equality and women’s empowerment, and environmental safeguard systems and to contribute to sustainable development.

On the paragraph on the role of multi-stakeholder partnerships in supporting country-driven priorities and strategies building on lessons learned, the EU, supported by Canada, the Republic of Korea and the US, proposed adding a reference to the Global Partnership for Effective Development Cooperation (GPEDC). The G-77/China opposed. On text on enhancing public and private contributions to the Global Environment Facility (GEF) in its seventh replenishment, and to support building capacity in developing countries, Japan expressed its reservation on the reference to the seventh replenishment and supported the reference to building capacity in developing countries. The US called for deleting the reference to capacity building, saying it is not what the GEF does. The G-77/China requested retaining the reference.

On the paragraph noting that global multi-stakeholder partnerships have been successful in the field of health, including the Global Fund to Fight AIDS, Tuberculosis and Malaria and Gavi, the G-77/China proposed text noting the importance of developing and strengthening national health systems through the critical support of an enabling global economic system, as highlighted by the Ebola crisis. The US supported the part on developing and strengthening national health systems and, along with Australia, opposed the part on “through the critical support of an enabling global economic system.” The US opposed text calling for a commitment to substantially increasing health financing, and proposed replacing “ODA” in this paragraph with “development assistance.”

On the paragraph that recognizes the importance of delivering quality education to all children as a key part of ensuring long-term sustainability of development, the G-77/China called for replacing “the most vulnerable children, including those in fragile and conflict-affected states,” with “all children, including those in LDCs, LLDCs, SIDS, African countries and countries in conflict and post-conflict situations.” The EU proposed a reference to children living in extreme poverty or marginalized because of their gender, geographic situation or disability. Canada and the US requested deleting the reference to the Global Partnership for Education (GPE). Canada explained that the FfD3 process is not the vehicle through which to expand the scope of the GPE’s mandate.

On the paragraph that emphasizes the need to revitalize the agricultural and rural development sectors, notably in developing countries, the G-77/China proposed providing access to markets for products of smallholder farmers and fishers, rather than for the farmers and fishers themselves, and improving mechanisms for resource assessment and management and enhanced facilities for fisheries workers, as well as initiatives that add value for output fisheries, instead of providing marine resources for small-scale artisanal fishers. The US proposed rephrasing the text, to call for “improving the ability” of small-scale artisanal fishers “to access” marine resources “consistent with sustainable management practices.” The EU, Canada and Iceland called for highlighting women small-holders. The EU proposed strengthening international cooperation “in” support of “climate smart” agriculture. The G-77/China called for deleting the reference to the contribution of the World Bank and other MDBs.

On the paragraph that welcomes continued efforts to improve the quality and effectiveness of all international public finance, including adherence to development effectiveness principles, Switzerland, the Republic of Korea, Australia and the EU called for retaining the reference to the GPEDC. The EU proposed text on holding open, inclusive and transparent discussions in coordination with the Organisation for Economic Co-operation and Development (OECD) on the modernization of the ODA definition and on the OECD’s proposed measure of “total official support for sustainable development” (TOSSD). Canada proposed text that urges countries to track and report resource allocations for gender equality and women’s empowerment, including through systematic screening of ODA against the OECD Development Assistance Committee (DAC) Gender Equality Policy Marker. The EU, Japan and the US requested replacing a reference to “untie aid to the maximum extent” with “accelerate the untying of aid.” The G-77/China proposed alternative text that, *inter alia*, refers to pooled-financing mechanisms. The US and Japan said they could not support the alternative text.

**INTERNATIONAL TRADE AS AN ENGINE FOR DEVELOPMENT:** On the paragraph on continuing to promote a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the World Trade Organization (WTO), the G-77/China proposed removing the references to “equitable,” “meaningful” trade liberalization, and trade’s contribution to the realization of the SDGs. The EU proposed: replacing trade “liberalization” with trade “opening;” adding “domestic” before “policies” in text noting that, “with appropriate supporting policies, infrastructure and an educated work force, trade can help promote employment, decent work” and adding “environmental protection” to the list. The EU and the US suggested highlighting that trade can serve as an engine not only for economic growth, but also for sustainable development. The G-77/China opposed. Mexico proposed adding “transparent” before “multilateral trading system.” The EU opposed.
Regarding a reference that reaffirms commitment to strengthening the multilateral system and to building coherence between bilateral and regional trade and investment agreements and the multilateral system, the EU proposed reformulating it to read that “we commit to ensure that bilateral and regional trade and investment agreements are compatible with WTO rules.” The G-77/China called for increasing market access to developing countries, in particular to the LDCs. The EU and the US opposed. The EU, supported by Canada, the G-77/China and the US, suggested adding text on expeditiously ratifying the WTO Agreement on Trade Facilitation, which is of particular importance to LLDCs. The US proposed deleting a reference to “vulnerable economies,” to maintain consistency with the WTO Declaration agreement to examine trade issues related to “small economies.”

On the paragraph noting that developing countries have significantly increased their share in world exports and South-South trade has increased, but LDC and LLDC participation in world trade in goods and services remains low, the G-77/China requested replacing “significantly increased” with “improved.” The US opposed. The G-77/China proposed deleting text on including sustainable development provisions in both trade and investment agreements. The EU opposed. The G-77/China also proposed deleting text on welcoming relevant multilateral and plurilateral initiatives, such as the negotiations to liberalize trade in environmental goods and services. The US opposed. The EU, supported by the US, proposed recognizing that a sound enabling environment plays a key role for successful participation in global value chains. The EU proposed text on assessing the human rights impact of the trade agreements. Australia and the US opposed. New Zealand, supported by Australia, called for including a reference to SIDS. The EU said LDCs need to be an absolute priority and “the EU does not agree with any text that waters down that priority by mixing them with other groups of countries.”

On the paragraph that calls on WTO members to redouble their efforts to promptly conclude the negotiations on the Doha Development Agenda and to recommit to placing the interests and concerns of developing countries at the heart of these negotiations, the G-77/China, supported by the EU, proposed deleting text referring to strengthening disciplines on subsidies in the fisheries sector, including through the prohibition of certain forms of subsidies that contribute to over-capacity and overfishing. The EU, supported by Japan, proposed “committing” to correct and prevent trade restrictions and distortions in world agricultural markets, and deleting “agricultural” before “markets.” Japan stressed that fishery subsidies represent a delicate problem, and recalled its reservations on this issue during the Open Working Group on SDGs. The US proposed text on encouraging WTO members to recall the long-term objective of establishing a fair and market-oriented trading system through a program of fundamental reform encompassing strengthened rules and specific commitments on support and protection.

On the paragraph that notes that members of the WTO will implement the principle of special and differential treatment (S&D) for developing countries, in particular LDCs, and welcomes the establishment of the monitoring mechanism to review and analyze implementation of specific S&D provisions, the G-77/China proposed adding “developed countries” before “members.” The EU, supported by the US, called for deleting a reference to challenges faced by developing countries in using the Bali provisions and on supporting SIDS’ integration regionally and in world markets. The US, supported by the EU, proposed the deletion of the first sentence of the paragraph, to avoid “blanket” S&D treatment at the WTO, and replacing it with “Members of the WTO reaffirm that the provisions of S&D are an integral part of the WTO agreements.” The G-77/China opposed.

On the paragraph noting that members of the WTO will realize timely implementation of duty-free and quota-free market access for products originating from the LDCs on a lasting basis, consistent with WTO decisions, the EU proposed replacing that part with “we call on all developed countries, UMICs and emerging economies to provide duty-free and quota-free market access for all products originating in the LDCs on a lasting basis, consistent with WTO decisions.” On text regarding support for WTO members in taking advantage of the flexibilities in the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) to further the public interest in sectors of vital importance for sustainable development, including public health, in particular to provide access to affordable essential medicines and vaccines for all, Japan stressed that there is no international agreement that supports the use of TRIPS’ flexibility to solve problems not related to public health. The EU, Japan and the US called for deleting reference to using TRIPS’ flexibility in sectors of vital importance for sustainable development. The US, supported by Australia, opposed language on compulsory licensing of patents.

On the paragraph on the potential of regional economic integration to promote growth and sustainable development, and committing to strengthen regional cooperation and regional trade agreements, the EU, supported by the G-77/China and the US, requested adding “inclusive” before “growth.” The EU, supported by the US, proposed text on dismantling trade barriers within regional groupings for a strong positive impact in terms of economic growth and development. The G-77/China opposed. The Group proposed text on enhancing participation of enterprises from developing countries, including micro-, small- and medium-sized enterprises (MSMEs), in global value chains. The US opposed.

The Republic of Korea, supported by Australia, the EU, Japan and the US, proposed text on the need for modernizing and harmonizing international commercial law in order to achieve legal certainty, decrease commercial risks and transaction costs and build confidence in doing business domestically and across borders, which should in turn stimulate commerce and the flow of investment and facilitate entrepreneurship. The G-77/China opposed.

On the paragraph on international trade and investment requiring complementary actions at the national level, calling on all countries to ensure domestic enabling environments, the G-77/China asked for deleting the reference to the development effectiveness principles. The EU opposed. On the part on the Enhanced Integrated Framework for Trade-Related Technical Assistance to LDCs, the G-77/China proposed adding “for building their productive capacities, economic diversification infrastructure development, value addition and high value
retention.” The EU opposed. The EU, supported by the US, proposed text on better targeting Aid for Trade to LDCs, providing it according to development effectiveness principles, and increasing the contribution of emerging economies and UMICS. The G-77/China opposed. The G-77/China proposed a paragraph emphasizing the need for policy space for countries. Australia, the EU, Japan and the US opposed. Japan, supported by Australia, the EU, New Zealand and the US, said Aid for Trade is being negotiated in the WTO, and the FiD3 process should not agree to set a numerical target, requesting the deletion of the 50% to LDCs target.

On the paragraph on negotiating and implementing trade and investment agreements in a transparent manner and ensuring that trade and investment treaties do not constrain domestic policies for sustainable development, the G-77/China proposed replacing “domestic policies” with “their policy space” and deleting reference to policies “for sustainable development.” The EU, Japan and the US opposed, with the EU highlighting that including a reference to policy space would be “an absolute red line” for its Member States. On committing to support capacity building, in particular in LDCs, the G-77/China requested adding LLDCs, SIDS, African countries and MICs, in addition to LDCs. The EU opposed. On text on ensuring that encouraging investment does not affect the ability of countries to pursue public policy objectives, and that their right to regulate is retained, the EU, supported by the US, called for deleting “their right to regulate is retained.”

On the paragraph recognizing that illegal wildlife trade, including fishing and logging, and illegal mining are a challenge for many countries and cause substantial damage, Iceland, supported by the US, proposed adding a reference to illegal, unreported and unregulated (IUU) fishing. The US suggested inserting “illegal” prior to “fishing and logging” and language on the importance of addressing corruption and criminal justice.

DEBT AND DEBT SUSTAINABILITY: The G-77/China insisted on retaining the need for an “urgent solution,” which the US had proposed deleting, in a sentence on debt sustainability challenges facing many SIDS that require an urgent solution.

In a sentence on continuing to support the remaining Heavily Indebted Poor Countries (HIPC)-eligible countries in completing the HIPC process, the G-77/China said he could not accept an EU proposal to replace “in completing” with “that are proactively working to complete” the HIPC process. The G-77/China also opposed a proposal from the EU to delete text on providing assistance to “other countries not covered under these initiatives but facing potential debt crises.”

On text welcoming the efforts of the International Monetary Fund (IMF), the World Bank and the UN to continue to strengthen analytical tools for assessing debt sustainability and prudent public debt management, the G-77/China proposed adding the UN Conference on Trade and Development (UNCTAD) to the list of organizations and to refer to the “UN system” instead of the UN. The EU said he could not accept this proposal, and noted that the UN includes UNCTAD.

In a paragraph on the activities of the Task Force on Finance Statistics in “setting methodological standards and promoting public availability of data on public and publicly guaranteed sovereign debt,” the G-77/China called for deleting the reference, while the EU and the US preferred to retain it and to “welcome” the Task Force’s activities, rather than “take note.” The G-77/China also proposed deleting US-proposed text on encouraging all governments to publicly disclose, on an annual basis, the amount of credit outstanding to other governments on a country-by-country basis.

In a paragraph on the shared responsibility of debtors and creditors to prevent and resolve unsustainable debt situations, some countries, including the US, supported EU-proposed text on encouraging the use of the joint IMF/World Bank Debt Sustainability Framework. The US also supported EU-proposed text on the need to strengthen information-sharing and transparency to make sure that debt sustainability assessments are based on comprehensive, objective and reliable data. Some, including Japan, opposed the proposal of the G-77/China to delete text that acknowledges: the effort of the Working Party on Export Credits and Credit Guarantees of the OECD to provide guidance to its members on responsible sovereign borrowing and on lending to sovereigns; and the decision of the OECD DAC that loans whose terms are not consistent with the IMF Debt Limits Policy and/or the World Bank’s non-concessional borrowing policy, will not be reportable as ODA.

In a paragraph on affirming the importance of debt restructurings being timely, effective and fair, the EU proposed using “done in good faith” instead of “fair.” The G-77/China said this proposal would be acceptable but “fair” should also be kept. In a sentence on a “workout” from a sovereign debt crisis that should aim to restore public debt sustainability and allow the government and people to reap the benefits of higher sustainable growth, the EU proposed and the G-77/China supported: deletion of “higher” and the inclusion, at the end of the sentence, of “while preserving, in the future, access to financing resources under favorable conditions.” The G-77/China proposed including text on tackling the effects of “so-called vulture funds” but the US, Mexico, Australia and Canada opposed. Some countries also mentioned they could not accept the proposal from the Russian Federation to include text on UN General Assembly (UNGA) resolution 68/304 on the establishment of a multilateral legal framework for sovereign debt restructuring processes.

On the paragraph on the improvements made since Monterrey in enhancing the processes for cooperative restructuring of sovereign obligations, including in the Paris Club of official creditors and in the market acceptance of new standard clauses of government bond contracts, the EU, supported by Canada, called for changing text on improving the burden-sharing between public and private sectors and between debtors and creditors, to calling for improving “coordination.” The G-77/China welcomed “coordination” but stressed that “burden sharing” needs to remain in the text. The G-77/China requested deleting the reference to the recent work on the IMF’s lending framework and added text on the work of the UN Department of Economic and Social Affairs (DESA), the Secretariat and the Paris Club on sovereign debt restructuring, and recognizing the roles of the UN and encouraging international financial institutions (IFIs) to continue supporting global efforts towards a durable solution to the problem of the debt of developing countries. Canada opposed, saying he would not be able to accept anything but a reference to DESA and UNCTAD, and stressing that Canada does not
recognize the role of the UN system in debt restructuring. The EU, Canada, Japan, Mexico and the US called for deleting the reference to the UN system. The EU proposed deleting the text on designing international arrangements that minimize both creditor and debtor moral hazards. The US, supported by Canada, the EU and Mexico, opposed any new international arrangements for sovereign debt restructuring that would be inconsistent with a market-based approach.

On the paragraph that expresses concern about the ability of uncooperative minority bondholders to disrupt the will of the large majority of bondholders who accept a restructuring of a debt-crisis country’s obligations, and welcomes legislative steps to impede such disruptive activities and encourage additional financial center jurisdictions to take action, the G-77/China, supported by the Russian Federation, proposed adding a reference to the process established by UNGA resolution 68/304 to elaborate and adopt a multilateral legal framework for sovereign debt restructuring processes. Canada, the EU, Mexico and the US opposed. Canada, the EU and the US called for deleting text inviting additional financial center jurisdictions to take action.

The G-77/China requested deleting a reference to increased issuance of sovereign bonds in domestic currency under national laws. The EU and the US called for its retention.

On the paragraph appreciating that severe natural disasters or economic shocks can undermine a country’s debt sustainability, the EU, supported by Australia and the Russian Federation, requested deleting text encouraging consideration of “debt for SDG swaps” for developing countries, citing a lack of conceptual clarity.

ADDRESSING SYSTEMIC ISSUES: In a sentence accounting for economic, social and environmental challenges and enhancing policy coherence for sustainable development, the G-77/China, supported by the Russian Federation, proposed including a reference to “political” challenges. Some delegations, such as Japan and the EU, questioned this insertion. Several countries, including Switzerland, Japan and Palau, supported EU-proposed text on recognizing the importance of policy coherence for sustainable development and calling on countries to assess and report on the impact of national policies on sustainable development.

On a paragraph on important steps taken since Monterrey, and particularly following the world financial and economic crisis in 2008, to reduce vulnerability to international financial disruption, the EU proposed replacing a reference to international financial disruption with “and to build resilience.” The G-77/China and Mexico supported the insertion of language on building resilience, but the G-77/China opposed the deletion of “international financial disruption.” The G-77/China also proposed text on avoiding spillover effects of global financial crises to developing countries, which was supported by the US, Australia and others.

On continuing to strengthen international coordination and coherence of macroeconomic policies to enhance global financial and macroeconomic stability and prevent financial crises, the G-77/China said he could not accept the proposal from some developed countries to delete the reference to “preventing” financial crises. Many developed countries, including the EU, the US and Japan, said they could not accept text proposed by the G-77/China to call on developed countries to increase efforts to formulate policies consistent with the objectives of economic growth, poverty eradication and sustainable development of developing countries.

On a paragraph on recognizing the importance of strengthening the permanent international financial safety net, Japan, the US, the Russian Federation, the EU and Australia proposed deleting a sentence in the Co-Facilitators’ text on inviting the IMF to consider regular periodic allocations of special drawing rights (SDRs) to supplement IMF member countries’ foreign reserves and to better support developing countries.

In text on calling upon the Basel Committee on Banking Supervision and other main international regulatory standard setting bodies “to continue efforts to increase the voice and participation of developing countries, including in all of their subsidiary committees, to ensure that their concerns and conditions are taken into consideration,” the EU proposed, inter alia, to replace “conditions” with “circumstances.” The G-77/China disagreed, but supported the reference to “conditions and circumstances.” The Russian Federation called for deleting this entire text.

On a paragraph on concerns about excess volatility of commodity prices, including for food and agriculture, Switzerland supported a proposal by the US on safeguarding financial stability through well-designed micro- and macro-prudential policy measures as a priority “to contain excesses, prevent financial crises, and thereby support sustainable growth.”

The G-77/China called for deleting a paragraph that welcomes the work by the Financial Stability Board (FSB) on financial market reform and agrees to strengthen frameworks for macro-prudential regulation and countercyclical buffers, while some countries, including the EU, the US and Mexico, stressed the need to retain it.

On a paragraph that acknowledges the need to limit financial regulatory reliance on credit rating agency assessments, Canada called for deleting this reference, noting its inconsistency with work ongoing in other international bodies such as the Basel Committee on Banking Supervision on ratings. Many countries, including the EU, Mexico, the US, Japan and Canada, opposed G-77/China-proposed text on establishing “an intergovernmental mechanism under the auspices of the General Assembly to develop a global methodology and a standardized approach with a set of universally approved criteria for undertaking the country ratings by Credit Rating Agencies.”

On a paragraph on resolving to ensure that international agreements, rules and standards are consistent with each other and with progress toward the SDGs, the EU proposed text on ensuring that social and environmental safeguards are implemented by development finance institutions and in any cooperation with private actors. The G-77/China proposed deletion of text on assessing the impacts of development finance institutions on the enjoyment of human rights, including women’s, children’s, and indigenous peoples’ rights, and environmental, social and governance targets that those institutions have adopted.

On a paragraph that recognizes the positive contribution of migrants to inclusive growth and sustainable development in countries of origin, transit and destination countries, the G-77/China, supported by Australia, Switzerland, and the US, proposed text on the need to respect the human rights and fundamental
freedoms of all migrants regardless of their migration status. Australia, the EU and the US opposed adding a reference to social security entitlements. Mexico said the term “legal migration” is unacceptable.

The G-77/China proposed replacing a paragraph on strengthening “national institutions to prevent violence and combat terrorism and crime and end trafficking and exploitation of persons, in particular women and children, including through international cooperation for capacity building at all levels, in particular in developing countries” with an alternative paragraph focused on strengthening national institutions to combat money laundering and on tracking illicit financial flows, recovering and returning funds to countries of origins. The Russian Federation welcomed the Group’s proposal. The EU and the US opposed.

On a paragraph on strengthening the coherence and consistency of multilateral financial, investment, trade and development policy and environment institutions and platforms, and increasing cooperation of the major international institutions, while respecting mandates and governance structures, the US called for deleting a phrase on committing to take better advantage of UN forums for promoting coherence and international commitments to sustainable development. The EU proposed text calling for improved coherence and coordination by relevant actors in the international financial system, including between development finance institutions, international financial institutions and UN organizations. The US opposed.

The G-77/China proposed to delete “gender equality” in a reference to science, technology, innovation (STI) and capacity building as supporting social inclusion, gender equality, sustainable production and consumption patterns, among other elements. Countries including Australia, Japan and Israel opposed that deletion, and the EU suggested replacing gender equality with “the empowerment of women and girls.” Some countries, including the G-77/China, Japan and Israel, supported US-proposed text on the role of connectivity and information and communication technologies (ICT) as a fundamental enabler of STI and capacity building. Some countries, including Switzerland and Australia, also supported EU-proposed text on the need to close the gender divide in women’s and girls’ access to technology and science, particularly new and emerging technology.

On a paragraph on supporting domestic technology development, research and innovation in developing countries, the EU, supported by other countries, including the US and Japan, opposed the G-77/China’s suggested deletion of “regulatory and governance” in a sentence on the importance of an enabling, regulatory and governance framework in nurturing science and innovation. Some countries, including the US and Japan, supported a new structure to this paragraph that was proposed by Switzerland and also included text on crafting policies that support innovation in areas that can spur sustainable and inclusive growth and increase access to basic services at reduced costs.

On a paragraph on encouraging innovation and entrepreneurship, the G-77/China proposed adding “on favorable terms, including on concessional and preferential terms” after text calling to “facilitate the transfer of technology and knowledge and skills.” The US opposed that proposal and said that, due its contentious nature, technology transfer should be mentioned in only one place in the document, together with a reference to it being “on mutually agreed terms.” Israel and Japan supported adding a reference to “mutually agreed terms.” Some countries, including the EU and Japan, supported proposed text by Israel on the valuable contributions of entrepreneurship, and on promoting entrepreneurship education at all levels for all men, women and youth, through capacity building, skills training programmes, and business incubators.

On a paragraph that recognizes the important role of public finance and policies in innovation, including in incentivizing private investment, the EU, supported by the US, proposed adding text noting that, “Given its entrepreneurial nature, the private sector plays a critical role in fostering technological development and innovation.” The G-77/China opposed, explaining that the paragraph refers to how public policies should work. The G-77/China proposed text on committing to setting up innovation funds. The EU and Japan opposed. The EU, supported by the US, proposed text on recognizing the necessity of a favorable legal environment and incentives at the domestic level, including adequate, balanced and effective intellectual property rights (IPR) protection in line with WTO rules. The G-77/China opposed including reference to IPR in this context. The US, supported by the EU and Japan, suggested text on incentivizing private investment.

On a paragraph regarding the adoption of STI strategies as integral elements of national sustainable development strategies to help strengthen knowledge sharing and collaboration among relevant stakeholders, including through sound regulation and balanced IPR regimes, the G-77/China proposed adding that IPR regimes “must play a role suitable to national development needs and conditions.” The US and Japan opposed, with Japan noting that, if this is repeated, “we might have concerns about the TRIPS agreement.” Japan, supported by the EU and the US, proposed replacing text noting that “We will scale up investments” with text noting that “We will invest.”

On a paragraph indicating that Member States will promote the development, dissemination and diffusion of environmentally sound technologies to developing countries on favorable terms, including on concessional and preferential terms, as mutually agreed, the G-77/China proposed deleting “as mutually agreed” and adding a reference to technologies for capture, storage and environmentally-friendly reuse of carbon. The EU opposed the addition. Japan said he could accept it if “as mutually agreed” is retained. The US objected to the reference to transfer “on favorable terms, including on concessional and preferential terms” anywhere in the document, even if the text indicates the transfer will take place “on mutually agreed terms.” In response to a G-77/China inquiry on how the post-2015 development agenda would be implemented without technology transfer, the US explained that technology is “much, much, much broader” than technology transfer, and Member States could discuss science and innovation ICTs, global broadband initiatives, and more, without “narrowing” the discussion to technology transfer.

On the paragraph on supporting research and development of vaccines and medicines for communicable and non-communicable diseases (NCDs) that primarily affect developing countries, and provide access to affordable essential medicines and vaccines, in accordance with the TRIPS Agreement and Public Health and
other relevant agreements, the US proposed rephrasing the text to specify that the text refers to NCDs that affect “all” countries, and that access to affordable essential medicines and vaccines would be provided “consistent with international obligations.” The EU proposed adding a reference to the “Doha Declaration” before the reference to the “TRIPS Agreement.” Australia said attenuating the overarching health and development objectives addressed in the paragraph is broader than the Doha Declaration and the TRIPS Agreement, said TRIPS flexibilities are not a “solution” to a multi-faceted health policy challenge, and called for ending the phrase after “that primarily affect developing countries.”

On the paragraph inviting specialized agencies, funds and programmes of the UN system with technology-intensive mandates to further promote the development and diffusion of relevant technologies and capacity building, the US, supported by the EU, Japan and Canada, proposed deleting the reference to “technology transfer” and replacing it with “initiatives within the UN system to avoid duplication and ensure efficient use of resources.” The G-77/China stressed the need to retain a reference to technology transfer.

The EU, Australia and Japan called for deleting the paragraph, calling for establishing an online global platform to facilitate development, diffusion and transfer of technology, building on and complementing existing initiatives, in partnership with all relevant stakeholders, which will map existing technology mechanisms as well as needs and gaps, including in the environment, agriculture, industry, cities and health areas. The US asked for deleting the reference to “transfer” and rephrasing the text to read, “we resolve to explore the feasibility of an online global platform to facilitate development and diffusion of technology.”

On the paragraph looking forward to the recommendations of the High-Level Panel on the organizational and operational functions of a proposed technology bank for LDCs, and committing to expeditiously establish and make fully operational the technology bank and the STI capacity-building mechanism for LDCs by 2017, the EU, Australia, Canada, Japan and the US cautioned against prejudging the recommendations of the High-Level Panel.

DATA, MONITORING AND FOLLOW-UP: The EU, supported by Canada, proposed renaming the section “Monitoring, accountability and review.” The US supported the proposed change but preferred to retain a reference to “Data” in the title.

The EU highlighted that six principles are essential for its Member States in this section: a single monitoring, accountability and review framework for the post-2015 development agenda, with FfD3 as its means of implementation (MOI) pillar; national and international implementation need to be subjects of monitoring and review; financial and non-financial MOI need to be monitored and reviewed; no other processes or organizations should be created for monitoring and review; data need to be disaggregated; and transparency and the involvement of all stakeholders are essential, with all stakeholders providing information.

The G-77/China stressed that “FfD3 has integrity in its own right, while the post-2015 development agenda is a programme,” and suggested that FfD3 should address how to make MOI more implementable. He noted that there is no document that agrees that FfD3 is universal, and added that the Group will present a proposal for the creation of an intergovernmental commission.

Mexico supported the EU’s view of creating a single monitoring framework, but added that it is not necessary to bring all structures together. Noting that FfD3 is not only a UN conference but an international conference, he stressed the need to engage with all stakeholders. Switzerland called for a holistic view of the FfD3 and post-2015 development agenda processes, said FfD3 will address post-2015 agenda MOI, and said the outcome on follow-up and review will need to include all the MOIs and SDGs. He added that an annual report on the follow-up of FfD3 should be undertaken by a task force built on the MDG 8 Gap Task Force.

On the paragraph noting that high-quality disaggregated data are essential for smart and transparent decision-making, the G-77/China called for deleting “high-quality” as it represents a subjective assessment and implies high costs. The EU, Japan and the US opposed the deletion. The G-77/China proposed text on significantly increasing the availability of data on MOI, including ODA. Japan opposed. The EU said it could support the additional text if it includes domestic resources, not only ODA. The EU, supported by the US, proposed text on data being a means of implementation in its own right and, supported by Japan, proposed text on the role of national statistical systems.

On the paragraph on enhancing capacity-building support to developing countries, including for LDCs and SIDS, to significantly increase the availability of high-quality, timely and reliable disaggregated data, the G-77/China proposed rephrasing the paragraph to read: “We will enhance capacity-building support to developing countries, including for LDCs and SIDS, to increase significantly the availability of timely and reliable disaggregated data, in support of the post-2015 development agenda. We will welcome proposals on improved statistical indicators for all means of implementation from all stakeholders, including financial, technical and technological cooperation for sustainable development to be considered and acted upon by Member States under the auspices of the UN.” The US opposed the textual changes.

The G-77/China also proposed a paragraph on upgrading the UN Statistical Commission to an intergovernmental, open membership Commission. Canada, Japan and the US opposed. The EU, supported by the US, proposed: replacing “developing countries, including LDCs and SIDS” with “countries most in need,” deleting text that welcomes proposals on improved indicators for development assistance from foundations and other non-governmental providers; and replacing that text with “We support the involvement of civil society, academia and the private sector as important actors in the monitoring, accountability and review mechanism.” The Russian Federation opposed all of the EU’s proposed edits.

On the paragraph noting that access to reliable data helps governments make informed decisions, enables all stakeholders to track progress and understand trade-offs, and creates mutual accountability, the G-77/China called for deleting the references to “all stakeholders” and “mutual accountability.” The EU and the US opposed. The G-77/China also proposed deleting the reference.
to strengthening existing initiatives and open data standards, such as International Aid Transparency Initiative (IATI). The US stressed that this reference needs to stay.

On the paragraph on access to tools to turn data into useful, actionable information, the US, supported by the EU, proposed adding text on endeavoring “broad access, across official and grassroots levels of engagement, to the tools necessary to turn data into useful, actionable information.”

On the paragraph that calls on the UN, in consultation with the IFIs, to develop transparent measurements of progress on sustainable development that complement gross domestic product (GDP), building on existing initiatives, the G-77/China suggested instead calling on the UN, through the UNGA, and in consultation with Member States, regional commissions and the IFIs, to develop a measure of development that goes beyond per capita income, taking into account the social, economic and environmental dimensions of domestic output and structural gaps at all levels. The EU, Mexico and the US opposed, explaining that the UNGA should not be in charge of such a technical topic.

On the paragraphs on mechanisms for monitoring achievement of the post-2015 development agenda, including the SDGs and their means of implementation, the G-77/China proposed committing to establish an Intergovernmental Commission/Committee/Mechanism under the auspices of the UNGA for monitoring, following-up and reviewing progress, which would: meet annually to follow up on and review progress in the implementation of commitments on financing for development reached at the Addis Ababa, Monterrey and Doha Conferences; identify obstacles and challenges to the implementation of these commitments; promote the sharing of lessons learned from experiences at the national and regional levels; address new and emerging topics of relevance to the financing for development agenda as the need arises; and provide a platform for regular dialogue and interaction of Member States with all relevant stakeholders. The G-77/China said this body’s deliberations and the agreed review outcome should be considered by the High-level Political Forum (HLPF) on Sustainable Development. The Group’s proposed text also reinforced the role of the UNGA’s High-level Dialogues on Financing for Development as an important input to intergovernmental follow-up at the global level. The EU, Australia, Canada, Mexico, the Republic of Korea and the US opposed.

The G-77/China, Australia, Japan, the Russian Federation and the US called for deleting a paragraph that requests the UN Secretary-General to convene a high-level, inter-agency Task Force, which should include the major institutional stakeholders, to report annually on progress in implementing the present Accord and to advise the intergovernmental follow-up thereto on critical implementation gaps, and develop recommendations for corrective action. Liechtenstein and Mexico welcomed the idea of a Task Force. The EU requested replacing the request for a Task Force with text calling for putting in place measures to strengthen cooperation between existing bodies to report annually on progress in implementing the present Accord, drawing on existing systems and sources of information. Switzerland called for adapting the mandate of the MDG 8 Gap Task Force to reflect the three dimensions of sustainable development, instead of creating a new Task Force.

On the paragraph on considering the need to hold a follow-up international conference to review and further advance the implementation of the Addis Ababa Accord “by 20xx,” the G-77/China requested replacing “20xx” with “2020.” The EU and the US called for deleting the paragraph.

**BRIDGING PARAGRAPHS**

After completing the second reading of the text on Wednesday, 3 June, the Co-Facilitators convened consultations in the afternoon of Thursday, 4 June. Talbot noted that the Co-Facilitators had circulated some proposals for revising text in accordance with discussions during the week (also called “bridging proposals”), said additional proposals would be circulated later that day, and noted some feedback that the document overall is too long.

The G-77/China said it needed additional coordination time. He appealed to the Co-Facilitators to provide the entire updated text, not individual revised paragraphs, as the paragraphs “talk to each other.” He said paragraphs could not be considered closed until an entire compilation text was received.

The EU welcomed the Co-Facilitators’ suggestions, said they had submitted comments on the first set of revised paragraphs, and expressed flexibility for the G-77/China’s coordination needs.

Egypt asked about the timeframe for direct negotiations on the text, or whether “we are evolving with a Co-Facilitators’ text based on informals.”

Pedersen said 30 additional paragraphs would be issued later in the day, and that they are “paragraphs we do not need to spend much time on,” allowing for discussions to focus instead on areas where there are substantial differences, such as: follow-up; taxation; policy space; and CBDR. In response to Egypt’s question about the nature of the text, he said it is “a little bit of both,” in which there is some new language and some areas where there is no new language yet.

On further coordination, Pedersen encouraged delegations to engage the Co-Facilitators between the formal meetings. Mexico said another full reading of the text may not be efficient.

The Co-Facilitators adjourned the meeting to enable delegations to continue coordinating informally. By the end of the week, there were 41 bridging proposals circulated by the Co-Facilitators.

**CLOSING**

Closing the meeting on Friday, 5 June 2015, Co-Facilitator Talbot announced that “very” informal daily consultations will take place from 8-12 June 2015, to allow delegations to engage on issues including: follow-up; international public finance; technology, including the technology facilitation mechanism; tax matters; broad deliverables; and other issues related to principles to guide Member States during the last drafting session. The third and final FfD3 drafting session is scheduled to take place from 15-19 June 2015, at UN Headquarters in New York.