



## **SUMMARY OF THE SECOND DRAFTING SESSION OF THE OUTCOME DOCUMENT OF THE THIRD INTERNATIONAL CONFERENCE ON FINANCING FOR DEVELOPMENT: 13-17 APRIL 2015**

The second drafting session of the outcome document of the third International Conference on Financing for Development (FfD3) took place at UN Headquarters, New York, from 13-17 April 2015. Throughout the week, delegates commented on a zero draft of the outcome document, the Addis Ababa Accord, circulated by Co-Facilitators George Talbot, Permanent Representative of Guyana, and Geir Pedersen, Permanent Representative of Norway.

Section I of the zero draft focused on a global framework for financing sustainable development, and mobilizing the means to implement the post-2015 development agenda. Section II, on the Addis Ababa Action Agenda, 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.

The organizational arrangements of the drafting session were discussed several times during the week, with the Group of 77 and China (G-77/China) calling for a line-by-line intergovernmental negotiation to commence, with the text projected on a screen to capture comments and changes. The G-77/China was not in favor of having the Co-Facilitators prepare a revised draft based on general comments at this session. However, other Member States and Groups supported a general discussion on the zero draft at this session, followed by a revised draft. As a compromise, the text was projected on a screen while delegates made comments.

A reading of the entire zero draft was carried out over the course of the week on this basis. Going forward, it was agreed that a document compiling all the comments submitted would be prepared, in addition to a revised draft prepared by the Co-Facilitators.

### **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.

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**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 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 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 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 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 (OWG) on Sustainable Development Goals (SDGs), 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.

**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. Key challenges identified for the FfD3 process included: formulating a comprehensive financing framework to address the three dimensions of sustainable development, with poverty eradication at its core, while maximizing synergies with other financing streams, including climate change; agreeing on concrete policy commitments and deliverables; monitoring and review at national, regional and international levels; and achieving a realistic and practical outcome that reflects country ownership. It was announced that the Co-Facilitators would prepare a zero draft reflecting the discussions before the next drafting session.

## REPORT OF THE SECOND DRAFTING SESSION

Co-Facilitator Pederson opened the session on Monday, 13 April, introducing the zero draft of the outcome document circulated to Member States in March 2015, and noting that the Co-Facilitators intend to complete a full reading of the draft during the week.

Highlighting FfD3 as an opportunity to express global commitment to the post-2015 development agenda, Co-Facilitator Talbot emphasized that the zero draft, *inter alia*: adopts an overarching framework approach rather than providing a menu of actions and measures; is cognizant of the need for FfD3 to address the SDGs through this framework approach, instead of serving as a pledging conference; and presents the need to define the link between post-2015 and FfD3 follow-up

processes. On organization matters relating to the FfD3 process, he highlighted the need for additional meetings in advance of conference in July, including intersessional consultations in May; and called on Member States to identify specific areas that need attention.

## ORGANIZATIONAL MATTERS

South Africa, for the G-77/China, first raised this issue on Monday morning, calling for clarity on the negotiating process for the outcome document, and noting that additional consultations and drafting sessions would be necessary. Later during the day, Brazil, supported by Chile, called for the drafting session to move from a speech mode to a negotiating mode, and for intersessional meetings to be held before the June drafting session.

The modalities issue was discussed again on Tuesday morning, after Co-Facilitator Talbot outlined the process ahead, inviting section-by-section comments, without prejudice to those wishing to make paragraph-by-paragraph comments, and calling for written comments to be submitted for compilation.

South Africa, speaking for the G-77/China and supported by Egypt for the Arab States, Brazil, Ethiopia, Argentina, Iran, Chile, and the United Arab Emirates (UAE), called for intergovernmental negotiations to begin on a paragraph-by-paragraph basis with text projected on the screen, and asked to negotiate as a group with spokespersons appointed for relevant sections.

The US, supported by the UK, the European Union (EU), Australia and Canada, opposed a paragraph-by-paragraph approach. Supported by Canada, and opposed by India and Iran, he called for second draft compiled by the Co-Facilitators, based on the discussions during the week.

Talbot suspended the session to allow for consultations on the way forward. When the session resumed later on Tuesday morning, South Africa, for the G-77/China, noted opposition to a revised draft prepared by the Co-Facilitators; asked for the text to be projected on the screen, even precluding a paragraph-by-paragraph negotiation; proposed that the third drafting session be postponed to the end of June; and said Suriname would speak on behalf of the G-77/China, with Group members reserving the right to state national positions. The EU and the US agreed to the proposal to project text on the screen, and negotiations on the text resumed in this format.

However, Egypt, for the Arab States, supported by Brazil and the UAE, raised the question on modalities again on Thursday morning, saying that the procedural concerns raised by the G-77/China had not been adequately addressed, including the request for a word document on the screen to capture general comments. Co-Facilitator Pedersen responded that the meeting had proceeded on the basis of mutual agreement, but that the Co-Facilitators would address the concerns raised. The meeting returned to this issue during a discussion on pending issues, before the closing session on Friday morning.

## GENERAL VIEWS ON THE ZERO DRAFT OF THE ADDIS ABABA OUTCOME, AND DISCUSSION ON SECTION I: A GLOBAL FRAMEWORK FOR FINANCING SUSTAINABLE DEVELOPMENT

Delegates presented general views on the zero draft on Monday morning. They specifically commented on Section I:

A global framework for financing sustainable development, and mobilizing the means to implement the post-2015 development agenda on Monday morning and Tuesday afternoon, with a few delegates providing comments later in the week.

South Africa, for the G-77/China, called for language in this section to reflect: a country-driven process; the need for an urgent assessment of the current official development assistance (ODA) deficit, and for unfulfilled ODA commitments to be carried forward; an increased level of ambition, with greater clarity on goals; stronger synergies with other processes, including the post-2015 process, but without precluding discussions on means of implementation (MOI) under the post-2015 agenda; and a greater focus on the needs of Least Developed Countries (LDCs).

The EU emphasized the need for FfD3 to, *inter alia*: focus on enabling policy and regulatory environments; form the main MOI pillar for the post-2015 process; reflect changes in the global economy, by calling on all actors to contribute in line with their respective capabilities; include a more balanced monitoring and review framework; subscribe to development aid effectiveness principles; emphasize gender equality; and focus on the needs of countries in special circumstances.

Niger, for the African Group, underscored the principle of common but differentiated responsibilities (CBDR) as a basis for discussions on financing for development; urged scaling up global partnerships and regional integration to enhance sustainable development; and, supported by Egypt for the Arab States and the Russian Federation, proposed replacing all references to “sub-Saharan Africa” with “Africa” in the zero draft.

Egypt, for the Arab States, stressed that South-South cooperation should not replace North-South cooperation, and called for an increase in the ODA target from 0.7%.

Maldives, for the Alliance of Small Island States (AOSIS), highlighted that the FfD process should address the MOI goal as well as the other SDGs, and stressed that individual country needs should be considered.

Benin, for the LDCs, emphasized the need to: reflect the marginalization of LDCs in development financing; scale up partnerships and enhance productive capacity; reverse the current trend of declining ODA to LDCs; and provide preferential treatment for LDCs to improve their access to markets.

Ecuador, for the Community of Latin American and Caribbean States (CELAC), emphasized addressing, *inter alia*: shortcomings in global governance; gender equality; multi-stakeholder participation; mobilization of domestic resources; the critical role of national governments; and responsible investments.

Tonga, for the Pacific small island developing states (SIDS), supporting AOSIS and the G-77/China, emphasized the need to: prioritize technology transfer and capacity building for SIDS; ensure additionality of climate finance; and meet financial commitments under UN sustainable development conventions.

Alexander De Croo, Deputy Prime Minister of Belgium, highlighted five priority issues for Belgium: the principle of universality for the new global development agenda; science, technology, and innovation as important enablers of growth, well-being and political development; the importance of domestic resource mobilization; the need to effectively use

all possible resources, including domestic, private and South-South finance; and a focus on countries with the greatest need, including LDCs and sub-Saharan Africa.

Calling for greater coherence between the Vienna Programme of Action for Landlocked Developing Countries (LLDCs) and FfD3, Zambia, for LLDCs, urged: a regional approach to infrastructure development; focus on trade; and support for manufacturing, transportation, and energy.

Ethiopia highlighted potential partnerships to support the implementation of the SDGs, including the complementary and synergistic role of innovative finance; and called for a sharper focus on poverty eradication, with language reaffirming the special needs of Africa.

China highlighted: CBDR; poverty reduction; equal and balanced global development partnerships, including South-South cooperation as a complement to North-South efforts; improved global economic governance; and enabling international economic environments. The Republic of Korea called for improved global governance to reign in illicit financial flows (IFFs); and a single monitoring and review framework to avoid duplication with the post-2015 process.

Slovenia highlighted the role of national governments in creating sound policy environments; urged a single review process for FfD and the post-2015 development agenda; and sought clarification regarding the relationship between the two processes. The Russian Federation lamented that proposals on the structure of the document had not been taken into account, and called for the draft to be brought in line with the Monterrey Consensus and Doha Declaration, and reflect CBDR.

Rwanda highlighted: the importance of ODA as well as domestic resources in achieving sustainable development; the role of the private sector; and the role of national governments in allocating resources in accordance with national development plans.

The Czech Republic highlighted financial and non-financial means to achieve sustainable development; good governance and the rule of law, results-based approaches, and gender equality.

Mexico, supporting CELAC, emphasized domestic resource mobilization and effectiveness; reduced cost of remittances to maximize the benefits of migration; greater transparency in the global financial system; and the need to ensure climate finance is a supplement, not replacement, for ODA.

Liechtenstein emphasized the responsibility of national governments to promote sustainable development; the importance of stable and enabling environments based on the rule of law and good governance; the crucial role of the private sector; and gender equality and the inclusion of persons with disabilities.

Brazil, supporting the G-77/China and CELAC, said FfD3 should not be exclusively about the implementation of the SDGs, but should take them into account, without rewriting or reinterpreting the goals.

Underscoring FfD3 as an opportunity to raise the level of ambition on development, the US noted the need to: scrutinize the language on a new social compact and the role of governments in engaging the private sector; respect the mandate of other processes under international financial institutions and the WTO; and emphasize the universality of the post-2015 development agenda.

Calling for a shorter draft with more concrete language, Switzerland, *inter alia*, welcomed the role of multilateral development banks (MDBs) and the emphasis on the environment pillar of sustainable development; and highlighted the importance of preventive measures for corruption, and accountable processes for the return of stolen assets.

Bhutan called for: a global commitment to establish differentiated country-level policy frameworks; focus on long-term challenges such as infrastructure and education; and simplified procedures to access innovative finance.

Canada urged: greater attention to the private sector; stronger language on investing in children; and viewing national policy space within the context of a universal agenda.

Morocco called for: reaffirming the principles and goals of the Monterrey Consensus and the Doha Declaration; reinvigorating attention to systemic issues; and recognizing the role of the private sector while maintaining the right of national governments to exercise regulation.

The UK called for strengthened language on: policy measures, effective institutions and enabling environments; the universality of the agenda; challenges faced by countries in conflict and those facing humanitarian crises; and synergies between poverty eradication, climate change and the SDGs.

Australia underlined the need for the draft to, *inter alia*, build confidence for the achievement of the SDGs, and encouraged transparency in South-South cooperation to ensure compatibility of goals. Chile called for the draft to reintroduce the lessons learned and gaps identified in the Monterrey Consensus, and build on those discussions.

Noting the need to move from financing for development to financing for sustainable development, France prioritized, *inter alia*, the need to focus on LDCs; decentralization to encourage financing for regional and local development actions; and discussions on sustainable debt financing.

Japan called for: a people-centered development approach supported by quality institutions, resources and finance; a financing framework based on a global partnership and shared responsibility; and avoiding a silo approach by discussing MOI for each goal while retaining its crosscutting nature.

New Zealand emphasized the need to: prioritize the needs of countries in special situations, particularly SIDS; address non-communicable diseases, given their budgetary implications; and support renewable energy.

Identifying macroeconomic stability and low inflation as the “bedrock” for sustainable development that needs to pervade the text, the IMF underlined the importance of: spending domestic resources efficiently; the interlinkages between national and international policies; and deliverables on global taxes, climate finance, and capacity building to strengthen institutions.

A Civil Society representative called for a fundamental re-engineering of the zero draft to address structural barriers and urged: retaining the structure of the Monterrey Consensus and the Doha Declaration; reasserting the role of the state amidst calls for greater private sector involvement; and promoting true multilateralism by promoting the right to development.

The Dominican Republic called for greater clarity on commitments, coherence of policies at all levels, and greater involvement of national governments in the mobilization of resources from diverse sources.

Saudi Arabia noted the need to emphasize the economic dimension of sustainable development; opposed the need for global norms to address gender, tax or subsidy issues; and said carbon pricing should be left to the UN Framework Convention on Climate Change (UNFCCC).

Noting that the unfinished business of the Millennium Development Goals (MDGs) and the CBDR principle should form the basis for FfD3, Iran urged: addressing systemic issues by reforming the global financial architecture; respecting policy space; and a country-driven negotiation process.

Argentina called for a reaffirmation of the Rio principles; a commitment by developed countries to place poverty eradication at the core of the outcome; and a fundamental role for national governments.

Uruguay stressed that the draft should, among other things: preserve the role of states in designing national development policies; incorporate the three pillars of sustainable development; and establish accurate indicators.

Stressing that ODA should be demand-driven and prioritize the needs of LDCs, Nepal called for the outcome document to be clear, succinct and focused, and address the special situation of countries in conflict.

Underlining the need for the outcome document to go beyond the Monterrey and Doha outcomes, Nicaragua called for an “à la carte” approach that allows countries to choose elements that best fit their development paths.

Iceland said FfD3 should address MOI for SDGs; and called for references to the UN Convention on the Law of the Sea and the UN Convention to Combat Desertification (UNCCD) to be added.

Venezuela called for the mainstreaming of gender, a people-centered approach to development, and CBDR in the draft, while stressing that the FfD3 and post-2015 processes are complementary, but have separate identities.

Ghana drew attention to the lack of importance placed on the publishing of quality data on financing, and called for a common reporting platform to be agreed, noting the need to better articulate the special financial needs of countries transitioning into middle-income status.

Norway, *inter alia*, welcomed the focus on shared responsibility for financial and non-financial contributions by all; reconfirmed Norway’s commitment to the 0.7% target for ODA, with 0.15-0.20% for LDCs; and highlighted the detrimental effect of IFFs. He called for a comprehensive agenda for FfD3, beyond just ODA; the use of ODA to strengthen domestic resource mobilization; an emphasis on the role of private investment and trade for poverty eradication and job creation; and financial predictability for responding to crisis and shocks.

India questioned assertions that there is a new and changed world order, and that the Addis Ababa conference is a move from financing for development to financing for sustainable development; said the draft was a point of departure, but not yet a point of convergence; called on developed countries to allocate resources to address their own consumption patterns; and pointed to the need to strengthen the section on technology.

The World Bank Group underscored the importance of collaboration between the UN and international financial institutions (IFIs) to support the development agenda and implement the SDGs; and called on delegates to share

information with all national ministries and institutions, so they can speak to IFIs with one voice and work effectively to achieve a transformative agenda.

The Organisation for Economic Co-operation and Development (OECD) supported: more and better aid, investment and taxation; an enhanced role for non-state actors, including the private sector and philanthropy; adequate finance for shocks, conflicts, and crises; investment in education; and adherence to the principles of development aid.

Highlighting the importance of investing in children, the UN Children's Fund (UNICEF) urged, *inter alia*: voluntary commitments and safeguards to support spending on key services such as health and education; and improving targeting of ODA and concessional finance, particularly for children in humanitarian and climate-related emergencies.

The UN Office of the High Commissioner for Human Rights (OHCHR) called for coherence between agreements on human rights and the draft document, while urging incorporation of: *ex-ante* and *ex-post* human rights assessments; language on businesses and human rights; and the obligation to protect people from harm in addition to improving enabling environments.

A Civil Society representative urged mandatory integrated reporting that covers social, environmental and institutional aspects for businesses. Highlighting that universality of the global development agenda is only legitimate with differentiated responsibilities, another Civil Society representative called for addressing global systemic issues, preventing the commodification of women, and preserving policy space for developing countries.

When the discussion on this section continued on Tuesday afternoon, Suriname, for the G-77/China, emphasized the need for: building on the Monterrey Consensus and Doha Declaration, including principles reaffirmed therein; clarity on the FfD3 objective; section titles in the draft to reflect the mandate of FfD3; and consideration of how the economic pillar will contribute to sustainable development. He proposed amendments, *inter alia*, urging: closing technology gaps, increasing capacity building, and promoting people-centered development; reaffirming the responsibility of national governments while underscoring the need for a supportive international enabling environment; and highlighting the importance of policy space in the chapeau. He further suggested a new section listing all 17 SDGs, to bridge the gap between FfD3 and the post-2015 process.

The Russian Federation called for language on: the objective of the conference, as an assessment of the implementation of the Monterrey Consensus and the Doha Declaration; reinvigorating the current global partnership; and strengthening existing initiatives that promote investment, instead of creating new ones.

Australia called for stronger language on the links between the FfD3 and the post-2015 process; the global partnership; a transparent global trading system; and the role of the business sector in promoting sustainable growth and development.

Germany said the FfD3 outcome document should be the "one and only MOI pillar" of the post-2015 process and, with New Zealand, called for strengthening language on the importance of local-level action. Mexico called for, *inter alia*, the addition of the right to development, the rule of law, and respect for gender equality.

Brazil called for: enhancing the social pillar of sustainable development throughout the draft; elaborating the 17 SDGs and 169 targets in the outcome document to link it to the post-2015 process; stronger language on enhancing national capacities to mobilize public and private resources from national and international resources; and considering other elements such as sustainable patterns of consumption and production.

New Zealand called for additional language on: the protection of children against all forms of violence and abuse, particularly in countries in conflict; and the inclusion of Indigenous Peoples in rural development and sustainable agriculture considerations.

Lichtenstein called for language on the rule of law and the primary responsibility of every country to ensure sustainable development, while opposing any weakening of language on gender equality.

Turkey said the section should clearly articulate expectations from all stakeholders, reflect gains since the Monterrey Consensus, and list new challenges. The US called for the language of the outcome document to reflect its non-binding character. Iceland called for the inclusion of fisheries as an important element for ensuring food security. Japan supported language on a new global partnership for sustainable development, but opposed references to CBDR, and the possibility of new global funds to finish the unfinished business of the MDGs.

Canada supported social protection floors, but opposed providing any guarantees in that regard. Supported by the World Bank, he urged better coordination among existing funds for infrastructure instead of setting up new ones, and the use of public-private partnerships (PPPs) to transfer asset risks to the private sector. A Civil Society representative urged reaffirming women's rights as a fundamental right and called for dedicated funding for women's empowerment.

The OHCHR cautioned against introducing new language on a new social compact, while encouraging the investment of resources for the full realization of human rights. A Civil Society representative called for the use of existing accountability mechanisms on business and human rights issues. UN Women called for emphasis on women's empowerment, and access to land, productive inputs, and markets.

Responding to India's question on whether the reference to a "new global partnership for sustainable development" was the same as the global partnership referred to in the OWG proposal for SDGs, Pederson said that it was. A Civil Society representative said the multiple crises faced by the world, including the financial crisis, climate change, and inequality, should be reflected in the text in setting the tone of the document.

Saudi Arabia suggested textual changes, *inter alia*: retaining the original mandate of FfD; recognizing that developing countries are being affected by global systemic changes; and emphasizing sustainability from all angles.

Returning to this section on Friday morning, Brazil, supported by Uruguay, highlighted, *inter alia*, the need to: build on the Monterrey Consensus, and capture a global perspective; address past responsibilities by adequately incorporating CBDR; delete language on changing global realities, and calling for a new global partnership; refer to mobilizing MOI for the SDGs rather than the entire post-2015 agenda, while emphasizing

poverty eradication as a central goal; and avoid reinterpretation of the SDGs. Uruguay also urged streamlining of gender; and prioritizing national policies on PPPs to meet the high level of ambition.

## SECTION II: ADDIS ABABA ACTION AGENDA

Delegates commented on Section II, on the Addis Ababa Action Agenda, which 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.

**A. Domestic public finance:** This section was discussed on Monday afternoon and Tuesday.

During the discussion on Monday, South Africa, for the G-77/China, called for maintaining the Monterrey Consensus structure in the outcome document, noting that deviations would result in a disproportionate focus on private finance. He underscored that domestic public finance should complement, rather than substitute for, ODA; supported upgrading the UN Committee of Experts on International Cooperation in Tax Matters into an intergovernmental committee; and called for IFFs to be redirected to the country of origin.

The EU called for references to, *inter alia*: natural capital accounting; sustainable public procurement; and the polluter pays principle in the draft. He called for stronger language on anti-corruption and effective management of public spending, and encouraging automatic exchanges of tax information, while noting that the EU could not support upgrading the UN Committee of Experts on International Cooperation in Tax Matters.

Benin, for the LDCs, called for: development partners to assist LDCs in enhancing tax collection efficiency and broadening the tax base; stronger language on capacity building for the development of domestic share and bond markets, and enhancing productive capacity; and a global partnership to facilitate the recovery of stolen assets and eliminate safe havens.

The Russian Federation urged, *inter alia*: retaining the title “Mobilizing domestic financial resources for development” that was used in the Monterrey Consensus; deleting references to figures such as government revenue-to-GDP ratios and minimum spending targets on social services; and removing reference to the Extractive Industries Transparency Initiative (EITI) and the Open Government Partnership.

Chad, for the African Group, called for: international support for domestic resource mobilization to realize the SDGs; increased support for infrastructure development; and an intergovernmental commission on tax matters.

Tonga highlighted the constraints faced by Pacific SIDS in domestic resource mobilization. Mexico urged holding the banking and financial sector to the highest ethical standards to reduce systemic risk and said remittances could not be equated with financial flows such as ODA.

Ethiopia called for: greater international support to improve enabling environments and greater respect for national processes; support for developing countries to negotiate better contracts with extractive industries; and for minimum spending on social services to be determined at the national level.

New Zealand supported language on: combating corruption; social infrastructure and policies, including property rights, to enable women’s participation; classifying illegal mining, logging and fishing as environmental crimes; and including Indigenous Peoples in the context of social protection.

The UK proposed stronger language on the exchange of tax information; actions to combat IFFs; and national progress reports on the implementation of the UN Convention against Corruption. She opposed upgrading the UN Committee of Experts on International Cooperation in Tax Matters, and calls to change the title of the section.

Australia proposed, *inter alia*, including vulnerable SIDS in text proposing a substantial increase of ODA and technical assistance for tax and fiscal management capacity to LDCs. She called for further clarity on the definition of “essential public services,” and questioned the singling out of fossil fuel subsidies.

China reiterated that ODA is a major source for financing development, and proposed merging the sections on domestic public finance and private finance. He called for the deletion of references to EITI, environmental crime, government procurement and budget transparency.

The IMF suggested the deletion of specific targets for domestic revenues to finance aspects of development, calling instead for these targets to be embedded in country-owned revenue strategies. He called for voluntary discussions on tax incentives, and noted that it would not be feasible to develop estimates of IFFs as these are, by nature, hidden.

The International Labour Organization (ILO) called for the establishment of a global fund on social protection floors to assist LDCs, and for new language on transitioning from informal to formal employment, while noting the need for employment targets to be considered alongside macroeconomic policies.

Estonia, supporting the EU, called for additional language on the effective and efficient use of domestic public resources; supported institutional capacity building for domestic resource mobilization; and called for clear links between national sustainable development strategies and national budgets.

The Republic of Korea proposed inclusion of sustainable industrialization and job creation as a means to generate sustained economic growth; and supported a numerical target to eliminate IFFs.

The US supported, *inter alia*: increasing public domestic resources to achieve sustainable development objectives; supporting climate-friendly development; transparent budgeting; and the full and equal participation of women. He expressed reservations on proposals to upgrade the UN Committee of Experts on International Cooperation in Tax Matters, establish a global fund on social protection floors, and call for a substantial increase in ODA.

Saudi Arabia called for a reference to “democratic” institutions to be replaced by “efficient” institutions; changes in language calling for the full and equal participation of women; and removal of references to extractive industries. He also asked for deletion of text referring to: global norms on taxation; harmful subsidies, including fossil fuel subsidies; and a price on carbon, taxes that put a floor on fossil fuel prices for consumers, and natural resource accounting.

Colombia noted that some of the text was overly prescriptive, including text prescribing spending on social services, and called for increased international cooperation on taxation.

Switzerland supported the existing title of the section; language on IFFs, curbing money laundering and tax evasion; references to the removal of fossil fuel subsidies; and language calling for a carbon price, a floor on fossil fuels prices, and natural resource accounting. He called for more emphasis on preventive measures for corruption and return of stolen assets, to prevent further embezzlement of public funds.

South Africa, for the G-77/China, supported: the establishment of an international tax body; capacity building to improve tax administration; and the sovereign prerogative of each country to set tax rates.

On automatic exchange on tax information, Japan supported a bilateral implementation approach instead of a multilateral approach, and opposed upgrading the UN Committee of Experts on International Cooperation in Tax Matters into an intergovernmental committee.

Canada expressed caution on the use of specific targets and timetables, and supported: retaining the OECD as the venue for tax cooperation; multilateral exchange on tax information supported by an adequate legal infrastructure; and deleting references to carbon taxes and fossil fuel prices.

Turkey called for: deleting references to equity and gender equality in fiscal policy; building on OECD's work on tax information; and increasing the effectiveness of public spending for social services.

The Netherlands proposed, among other things, that donor countries should give up requests for tax exemptions in countries striving to increase tax revenues, and a reference to the importance of regional tax administration networks should be added to the text. Iran proposed a clearer definition of the EITI, the gradual elimination of harmful subsidies instead of their removal, and the deletion of text on pricing carbon.

Brazil highlighted the need to, *inter alia*: draw attention to the linkages between the FfD3 and post-2015 development processes; delete all references to public goods; include the social pillar of sustainable development in all relevant paragraphs; include the business sector in text on combating corruption; and upgrade the UN Committee of Experts on International Cooperation in Tax Matters. He stressed that CBDR underpins the ability of countries to mobilize domestic resources, and supported the inclusion of language supporting national development banks in their efforts to address financing gaps.

AOSIS stressed that domestic resources are not a substitute for international cooperation in SIDS, called for a better definition of environmental crimes, and supported monetary targets to enable the provision of essential public services.

India differentiated between domestic resource utilization and domestic resource mobilization, noting that the former is a sovereign matter. He opposed a monetary target for social protection, while supporting the call to upgrade the UN Committee of Experts on International Cooperation in Tax Matters.

When discussion on this section resumed on Tuesday, Germany supported the title of the section, underlining that domestic finances are the most sustainable, and greater ownership implies greater responsibility.

Suriname, for the G-77/China, preferred a more "action oriented" title that signaled a partnership, citing the Doha Declaration's "Mobilizing Domestic Financial Resources for Development." He opposed the separation of domestic public finance, and domestic and international private business and finance in the draft, saying domestic financial resources include resources mobilized from the private sector. He proposed: deleting reference to targets for tax collection, noting they were prescriptive; "encouraging" countries to participate in EITI instead of "agreeing" that they would participate; deleting the request for automatic exchange of tax information; upgrading the UN Committee of the Experts on International Cooperation on Tax Matters; and deleting the reference to carbon pricing.

Mexico supported language on a progressive tax system and called for: retaining tax to GDP targets; working closely with the Group of 20 (G-20) on exchange of tax information; and emphasizing the multidimensional nature of poverty.

Sweden urged: strengthening the text on gender empowerment to ensure transformational change; linking domestic resource mobilization, including IFFs, with democracy and rule of law; including language on carbon pricing and fossil fuel subsidies; and strengthening democratic institutions.

Spain, supporting the EU, highlighted the importance of progressive taxes and multidimensional measures to address poverty.

The OECD suggested, *inter alia*, inviting all Member States to join the Convention on Mutual Administrative Assistance in Tax Matters and improving tax transparency, including through regional initiatives.

Calling for an intergovernmental committee on taxes, a Civil Society representative proposed non-reciprocal exchange of tax information with countries that currently lack capacity. Another Civil Society representative highlighted the benefits of progressive taxation and noted the negative gender implications of indirect taxes.

Intervening on this issue on Thursday morning, Egypt, for the Arab States and supported by the UAE, noted that the section lays too much emphasis on national efforts and called for the deletion of policy prescriptions in mobilizing domestic resources, and language on phasing out fossil fuel subsidies and carbon pricing. He also called for language emphasizing international responsibilities and efforts.

**B. Domestic and international private business and finance:** This section of the zero draft was discussed on Tuesday afternoon.

Stressing that private finance should not be supplemented for international public finance, Suriname, for the G-77/China, once again called for the title to be more action oriented while noting that the current formulation suggests a shift away from resource mobilization to resource utilization. He suggested language on intellectual property rights (IPRs) that supports development; called for further clarification on the consideration of remittances, which are private in nature, under public fiscal policy procedures; and cautioned that governments usually end up bearing the costs of PPPs.

Benin, for the LDCs, called for a Foreign Direct Investment (FDI) support center for LDCs to provide information on existing investment facilities, FDI support programmes, risk insurance, guarantees, and incentives for investors.

The EU called for reference to: enabling environments for private sector participation; regulatory frameworks to encourage entrepreneurship; sustainable procurement practices; corporate social responsibility; and natural capital accounting. He said the EU could not support mandatory integrated reporting on environment, social and governance (ESG) frameworks for large companies.

The OECD called for the Policy Framework for Investment to be recognized in the text.

The Russian Federation opposed the inclusion of ESG regulatory frameworks without clarity on the roles and responsibilities of actors. He also raised some definitional questions on terms such as “blended” finance and “marginalized” communities.

France expressed disagreement with text suggesting that regulations designed to reduce risk-taking by banks encourage short-term investment behavior, and urged retaining carbon pricing in the text.

Latvia urged integrating small and medium enterprises (SMEs) in global value chains with necessary enabling environments, and stressed the need to hold the private sector accountable to the same standards as other actors on human rights issues.

Saudi Arabia opposed language on mandatory reporting on ESG practices, and on policies to internalize externalities through the polluter pays principle. UN Women called for transformative financing for women, with a significant increase in scale, scope and quality of finance. A Private Sector representative proposed encouraging reporting on ESG practices instead of making it mandatory, and supported market-based instruments to internalize externalities.

New Zealand suggested that by 2020, remittance corridors should not require charges higher than 5% and suggested strengthening language encouraging the use of renewable energy sources.

Mexico stressed that remittances are private flows and should not be equated to ODA or other international financial flows. Somalia underscored that remittances are strictly private sources and called for deleting references to integrating them into national financial inclusion strategies. Switzerland suggested that the text on remittances should focus on the role of migrants as generators of these financial flows, and called for a more nuanced description of the role of blended finance. Supporting the language on PPPs, Turkey called for including IFIs and development banks in the promotion of SME finance.

Australia suggested including language on the development of domestic capital markets, business and consumer policy reform, reducing remittance charges to 3% by 2030, and defining blended finance.

The US called for emphasis on financial inclusion, avoiding targets on reducing remittance costs without due evidence, a limited role for governments in private sector development, and a strong enabling environment for infrastructure instead of a new global initiative. With the Russian Federation, he supported the work of the Global Partnership on Financial Inclusion.

Canada opposed the inclusion of mandatory integrated reporting on ESG, and policies to internalize externalities. Japan emphasized the need for quality and reliable infrastructure development. Brazil, supporting the G-77/China, called for: the

Monterrey section titles to be maintained; a commitment from the business sector to support UN principles and agreements, in particular on corruption and curbing IFFs; making philanthropic foundations fully accountable and mindful of national priorities; and deleting references to the polluter pays principle.

Nepal, supporting the G-77/China and LDCs, called for language on: enhancing the investment potential of LDCs; supporting LDCs on the use of remittances in the public sector; encouraging MDBs to issue local currency bonds in LDCs; a minimum threshold for FDI to LDCs; and promoting a knowledge-based economy in the LDCs.

Iceland supported stronger language on gender equality and renewable energy. China cautioned against overemphasizing the role of institutional investors. Bangladesh opposed prescriptive language on remittances, while calling for additional references to SMEs.

The ILO proposed including the Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy, and strong language on youth employment and entrepreneurship. A Civil Society representative supported changing the title of the section to “Mobilizing international resources for development: foreign direct investment and other private flows,” as in the Monterrey Consensus.

A Private Sector representative called for realistic financing for the SDGs, and identified the need for national experts to develop sustainable projects, particularly in the field of renewable energy. Another Civil Society representative called for the inclusion of the UN Guiding Principles on Business and Human Rights and supported the call for mandatory reporting for large companies through a UN-standardized format.

Intervening on this issue on Thursday morning, Egypt, for the Arab States, called for, *inter alia*, language on recognizing the authority of the state, and consideration of remittances as finance for sustainable development. Supported by the UAE, he also called for deletion of language on equal rights for men and women on inheritance.

The UAE also called for language on the role and importance of the International Renewable Energy Agency (IRENA), and on financing renewable energy.

**C. International public finance:** Co-Facilitator Pederson opened discussion on this section on Wednesday morning.

South Africa, for the G-77/China, proposed retaining the Monterrey Consensus section title, “Increasing international financial and technical cooperation for development”, instead of “International public finance.” He called for, *inter alia*: scaling up financial commitments, including increasing ODA from 0.7% of gross national income (GNI) to 1%, and from 0.2% to 0.25% for LDCs; deleting references to the modernization of the ODA definition; keeping climate finance distinct from ODA and avoiding double counting; and deleting text on innovative financing mechanisms.

Noting that the section was premised on a North-South construct despite changing realities since the Monterrey Consensus, the EU called for language on: recognizing the need for efforts by all countries in accordance with their capabilities; transparent commitments on development assistance from emerging economies and upper middle income countries (MICs); focusing aid on countries that are most in need; an open and transparent discussion on the modernization of the

OECD Development Assistance Committee (DAC) system for monitoring ODA; and the need to develop effective instruments to address humanitarian crises.

Benin, for the LDCs, called for, *inter alia*: stemming the decline in ODA and increasing its share to the LDCs to 0.25% by 2020; creating an infrastructure funding facility to generate bankable projects; and mobilizing resources through innovative mechanisms while supporting a programmatic approach to pool finance and reduce donor fragmentation.

The US supported the current title of the section, and language on: encouraging multilateral institutions to focus on countries most in need; improving data on South-South cooperation to enhance transparency and accountability; and improving the quality, not just quantity, of ODA. Noting that climate change should be addressed under the UNFCCC, he also opposed any reference to global taxes, such as a financial transaction tax, as innovative sources of finance for development.

New Zealand proposed references to increasing the effectiveness of climate finance; providing SIDS with additional support against external shocks and natural disasters; and improving the accessibility and disbursement of funds from the Global Environment Facility.

The UK supported a call for emerging economies and MICs to make international public finance commitments, and highlighted potential synergies between climate finance and ODA.

Japan opposed specific timelines for ODA targets, and supported mutual accountability and transparency with regard to South-South cooperation.

The Russian Federation supported targeting ODA to LDCs, and called for a reference to the International Conference on Nutrition as a platform to address global nutrition concerns.

Palau urged prioritizing ODA to target the needs of children, capacity building for health workers to deal with non-communicable diseases and mental health, the health of oceans, biodiversity conservation, and land degradation.

France supported innovative financial mechanisms, including green bonds, but opposed text calling for IFIs to establish a process to make multilateral and regional development finance institutions more responsive to the sustainable development agenda. Sweden called for an ODA package for LDCs; supported language on climate finance; and urged states to make substantial contributions to the Green Climate Fund.

Switzerland supported the language on climate finance and resource mobilization for implementing the Strategic Plan of the Convention on Biological Diversity, while urging integrating risk and resilience into international public finance considerations.

Iceland, supported by Niger, proposed the inclusion of financial considerations to implement the UNCCD Strategic Plan. Iceland also noted the importance of fisheries to food security.

Highlighting the crucial role of ODA in leveraging additional flows, Germany opposed deleting text on non-concessional finance, innovative financial mechanisms, and triangular cooperation. Turkey called for: capacity enhancement mechanisms for countries that graduate from MDB finance eligibility; a new paragraph on results-based financing for sustainable development; and acknowledgement of the importance of biodiversity for poverty reduction.

Australia called for emphasizing the importance of the quality of ODA, avoiding a timeline for ODA targets, and making South-South cooperation more accountable.

Noting there was no contradiction between ODA quality and quantity, Norway called for: reconfirming the 0.7% ODA target and strengthening South-South cooperation; considering all financial flows for humanitarian finance; and using results-based mechanisms for finance to achieve both climate mitigation and sustainable development benefits.

Mexico urged recognizing the heterogeneity of MICs to tailor assistance accordingly, and called for non-income criteria for graduation. Tanzania supported the removal of language on modernizing the ODA definition and on the proposed indicator of “total official support for sustainable development” (TOSSD).

Canada called for: more flexible language on ODA commitments while avoiding numerical targets; contributions from new and emerging donors; and allowing MDBs to set their own graduation criteria. The Republic of Korea cautioned against an indicative timetable for ODA targets with fiscal policy implications and supported the EU’s proposal on humanitarian assistance.

Timor-Leste said discussions on the quality of ODA should not overshadow quantity, and called for greater concessionality to the poorest countries, especially for their social sectors.

China underlined that previous commitments to ODA must be honored before delegates engage in discussions on paradigm shifts and new financial sources; and that new MDBs should take on board the lessons learned by their older counterparts.

The World Bank proposed deleting “negative language” calling on IFIs to be more responsive to the sustainable development agenda, noting the work of many IFIs in this area; and said the High Level Task Force on the Global Food Security Crisis may not be able to leverage the broad range of stakeholders required to coordinate the preparation of concrete proposals on improving food security and nutrition.

The IMF opposed references to instituting financial transaction taxes. A Civil Society representative stressed the need for developed countries to commit half of all ODA to LDCs, and emphasized that climate finance should not be part of ODA.

The OECD highlighted the commitment from DAC ministers to reverse the ODA decline and offer more concessional terms to countries in need; welcomed the call for an open and inclusive dialogue on measuring, monitoring and enhancing international development finance over and above ODA; and called for references to the DAC Rio markers, and the role of national and bilateral institutions and development banks from the North and South.

The Food and Agriculture Organization of the UN welcomed references to agriculture, food security and improved nutrition in the draft, and the emphasis on women, while calling for a comprehensive definition of agriculture, including crop and livestock production, fisheries, forestry and aquaculture. He further proposed the addition of language on the role of youth in agriculture.

OHCHR supported the use of innovative financial mechanisms and, supported by Civil Society, cautioned against lowering MDB social and environmental safeguards. A Civil Society representative supported accountability mechanisms for

ODA and retaining its focus on poverty reduction, while noting that there was no evidence to support the use of blended or pooled finance.

Brazil called for a complete revision of the narrative of the draft to avoid “outsourcing” ODA to the business sector, and to reflect instead how the business sector can be a responsible and accountable partner. He said ODA promises would remain “words in the wind” and remain unfulfilled without a mechanism to review commitments under the UN; called for the draft to reflect the Nairobi outcome document of the High-level UN Conference on South-South Cooperation; and cautioned against blurring the “tremendous divide” between the North and South.

Intervening on this issue on Thursday morning, Egypt, for the Arab States, said the section placed too much emphasis on South-South cooperation, and called for language referring to “donor countries” to be changed to “developed countries.” The UAE called for clarity, throughout the draft, on alternative sources of financing. He also requested the deletion of language on: scaling up South-South cooperation, a financial transaction tax, carbon taxes, taxes on fuels used in international aviation and maritime activities, and additional tobacco taxes.

**D. International trade for sustainable development:**

Co-Facilitator Talbot opened the session on international trade for sustainable development on Wednesday afternoon.

Mali highlighted the need for support to help LDCs increase national exports, and urged the inclusion of agriculture, given its importance to the LDCs.

Supported by the EU and the US, Australia urged consistency with WTO provisions; and stressed the importance of Aid for Trade and enabling environments in encouraging trade. The EU called on industrialized countries, emerging economies, and upper middle income countries to extend duty-free access to LDC exports; and supported the integration of sustainable development, in particular labor and environment provisions, with trade.

Sudan proposed new language on the negative effects of economic sanctions.

The US highlighted the positive effects of bilateral and regional trade agreements; urged early implementation of the WTO trade facilitation agreement and the LDC-related portions of the Bali Package; and called for the conclusion of a post-Bali work programme.

Japan, with Brazil, Turkey and others, urged against prejudging the outcome of the Doha Development Agenda round of WTO negotiations, and supported deleting references to its failure. Japan also called for the deletion of references to agricultural and fisheries subsidies; and expressed concern over language on flexibilities in the WTO Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS).

Canada opposed the call to increase Aid for Trade to developing countries, noting his country’s opposition to blanket calls to increase aid in any one sector. The Russian Federation called for the deletion of text on strengthening safeguards in investment treaties. New Zealand proposed the inclusion of language on the elimination of fisheries subsidies.

Turkey welcomed language on combating protectionism, the accession of LDCs to the WTO, and duty-free and quota-free measures for LDCs. Brazil, *inter alia*, supported language on

WTO members taking full advantage of flexibilities in TRIPS, while calling for the elimination of all subsidies.

South Africa, for the G-77/China, supported by Saudi Arabia, noted that FfD3 is not the main forum for trade discussions, which belong under the WTO. He called for the title used in the Monterrey Consensus and Doha Declaration, “International trade as an engine for development,” to be retained, and proposed language on, *inter alia*: a transparent, predictable and more inclusive multilateral trading system; the role of trade in poverty reduction; the negative effects of trade barriers and unilateral trade sanctions; special and differential treatment (S&D) to developing countries, particularly those in special situations; policy space for national development strategies; and targeting of 50% Aid for Trade support to LDCs.

Switzerland supported language on, *inter alia*: the need for equal rights and opportunities for women to support their critical role as producers and traders; the inclusion of sustainable development concerns in trade and investment agreements; recognition of the positive impact of TRIPS in the development of new products related to public health; retaining the right to regulate trade in areas critical for sustainable development; and the liberalization of trade in environmental goods.

Timor-Leste, supporting the G-77/China, called for: the conclusion of the Doha Development Agenda under the WTO; S&D provisions for LDCs; a clear definition of Aid for Trade; inclusion of language on labor mobility; and preventing the arbitrary use of non-tariff trade barriers.

Mexico highlighted, among other things, the importance of regional trade, job creation, and the removal of protectionist measures. Ecuador called for more flexibility in trade agreements to support a greater role of MICs in global trade; and supported language on the need to correct and prevent trade restrictions and distortions in agriculture and fisheries.

Asking to view trade through a developmental lens, India called for textual changes on, *inter alia*: reviewing and strengthening implementation of S&D provisions; retention of TRIPS, including for adaptation and mitigation technologies; and deletion of a timeline for South-South cooperation.

UNCTAD highlighted linkages between financial and non-financial means to support trade; and called for fiscal stabilization measures, among others, to insulate countries from price shocks.

The IMF emphasized the market size and scale efficiencies that arise from global integration, and urged avoiding fragmentation of the global trading system. Latvia, supporting the EU, called for: strong domestic enabling environments; domestic policies to foster linkages with global value chains; and duty-free and quota-free access to LDCs.

A Civil Society representative said regional trade agreements should not undermine the benefits of an open multilateral system by diverting trade; and the trading system should not be used to curtail competition for multinational corporations. On behalf of the LLDCs, Zambia called for: expediting the transit of traded goods; deeper integration of LLDCs in regional networks; and highlighting the special situation of LLDCs along with LDCs.

The UN Industrial Development Organization (UNIDO) proposed stronger language on trade finance for SMEs, and called for strengthening the productive capacities of LDCs to increase their share in global trade. A Private Sector

representative reiterated a call to expand the productive capacity of SMEs, and called for references to blended finance and risk mitigation in support of SMEs in LDCs.

Intervening on this issue on Thursday morning, Benin, for the LDCs, called for the inclusion of: the Istanbul Programme of Action's target to double the share of LDC exports by 2020; and full and effective implementation of duty-free and quota-free market access. Egypt, for the Arab States, called for the inclusion of a reference to trade as an engine for development.

**E. Debt and Debt Sustainability:** This section was discussed on Wednesday afternoon.

South Africa, for the G-77/China, called for the title used in the Monterrey Consensus, "External Debt," to be retained. He proposed: a section on the history of debt, including reference to the Doha Declaration's language on debt renegotiation; stronger references to the work of UNCTAD in debt management; language on combating the effects of "vulture funds"; and reference to UNCTAD's principles on sovereign lending and borrowing.

The EU welcomed language calling on countries to continue to support the remaining heavily indebted poor countries (HIPC); supported timely data on public and publicly guaranteed sovereign debt, and on total external debt obligations; and noted that the outcome document should not pre-empt discussions on debt restructuring under the IMF.

The US opposed language on the need for new international arrangements on debt restructuring, noting that market-based approaches are the most suitable to address debt management. He called on governments to accept the new clauses on government bond contracts; and stressed that debt sustainability analysis should be left to the IMF, and that the lending decisions of the World Bank and IMF should be respected.

The UK called for capacity support to manage debt sustainably and assess the risks of different forms of debt finance, access to more affordable debt finance, and responsible lending and borrowing.

The Russian Federation supported a call to welcome the decision of the UN to establish a legal regulatory framework for sovereign debt restructuring processes.

Australia welcomed a suite of appropriately tailored debt management measures, and called for language on: improving budget and auditing processes; how debts are acquired and debt quality; and the role of MDBs in supporting debt management.

The IMF called for mention of its Catastrophe Containment and Relief Trust in the context of severe natural or economic shocks. A Civil Society representative called for mention of the UN's *Ad Hoc* Committee on Sovereign Debt Restructuring Processes and the UNCTAD principles on sovereign lending and borrowing, and for consideration of lender culpability.

France, supporting the EU, described the Paris Club of official creditors as a flexible space for dialogue between creditors and lenders, as opposed to supranational mechanisms that impose conditions.

Canada called for the deletion of language on, *inter alia*: prescribing tools for debt management to the IMF and World Bank; calling for a global consensus on guidelines for debtor and creditor responsibilities; taking into account the ability of countries to achieve sustainable development in debt

restructuring; and burden-sharing between public and private sectors, and between debtors and creditors.

Japan called for deletion of text referring to a "loose set of arrangements" governing the resolution of sovereign debt crises; and opposed referring to the work of the UN in this area.

Intervening on this issue on Thursday morning, Benin, for the LDCs, called for cancellation of all bilateral and multilateral debt owed by LDCs, asked for a sunset clause on HIPCs, and urged revisiting debt sustainability frameworks in light of the SDGs. Egypt, for the Arab States, stressed the need to highlight the work of UNCTAD in sovereign debt management.

**F. Systemic issues:** Co-Facilitator Pederson opened the discussion on systemic issues on Thursday morning.

Noting the importance of the international financial and economic system in achieving sustainable development, Suriname, for the G-77/China, supported by the African Group, urged discussing matters related to policy space of developing countries in the chapeau of the text. He called for: strengthening the voice and representation of developing countries in the governance of IFIs, including geographic balance in the selection of the heads of these institutions; greater flexibility in IMF policies to ensure sensitivity to developing country needs; periodic allocation of special drawing rights (SDRs) to support development; and limiting regulatory reliance on credit rating agencies, while introducing standards to assess their performance.

The EU supported retaining this section only if a new section on domestic enabling environments is added to the draft, or if issues of enabling environments are included in the section itself. The EU proposed textual amendments, including: highlighting the importance of multilateralism for the post-2015 agenda; urging system-wide coherence of the UN; and maximizing sustainable development benefits from migration and mobility by increasing portability of earnings, lowering cost of recruitment, and protecting human rights. He opposed: periodic allocation of SDRs; creation of public credit rating agencies; and the deletion of text on fossil fuel subsidies.

Benin, for the LDCs, called for a crisis mitigation and resilience fund for the LDCs, universally approved criteria for country credit ratings, and a greater voice and participation of LDCs in IFIs. Mexico supported structural long-term solutions to systemic issues and called for stronger language on migrants.

Chad, for the African Group, opposed additional references to domestic enabling environments; called for strengthening UN leadership and enhancing equitable representation in the IMF and World Bank; and underscored challenges due to the volatility of food and energy markets, while calling for strengthened cooperation to develop energy systems to meet development needs and stabilize climate, in accordance with CBDR.

Canada called for the deletion of references to regulatory gaps and misaligned incentives in text on the regulation of financial markets; and called for the inclusion of language on the rights of children, ending child trafficking, and addressing other forms of trafficking. Supported by the US, he said issues of SDRs are under the purview of the IMF.

Turkey called for stronger language on inclusive governance of IFIs to enhance their effectiveness. The US supported stronger language on domestic enabling environments; called for reference to stateless people and refugees with regard to

inclusive growth and sustainable development; and stressed the independence of financial regulators and credit rating facilities.

Maldives, for AOSIS, emphasized the special situation of SIDS, and encouraged language on including them in setting norms for, and governance of, IFIs.

Underscoring the need to promote coherence but also respect the mandates of individual institutions, Japan called for the deletion of the reference to SDRs; and suggested that the Financial Stability Board should be encouraged to work on increasing developing country participation in international economic decision-making and norm-setting.

Bangladesh called for stronger language on an “inbuilt safety net” for LDCs to respond to external shocks caused by financial disruptions in major economies. Lebanon supported the inclusion of a new paragraph on financing for humanitarian crises. New Zealand supported AOSIS on the inclusion of language on their special vulnerability, and asked for language on ending trafficking of women.

Saudi Arabia urged highlighting economic and social challenges, and opposed language specifying sustainable development objectives for international and national development institutions.

Brazil called for a “commensurate” transformation in universal economic governance in line with the ambition of the sustainable development agenda, and proposed stronger language on: strengthening participation of developing countries in global economic governance; protecting the rights of migrant workers; and sustainability reporting, instead of ESG targets.

Calling for a separation between the issues of migration and terrorism in the text, Somalia urged addressing systemic aspects of migration and emphasized the need to combat terrorism.

India proposed the inclusion of language on the need for: effective surveillance of policies in developed countries that have disproportionate impacts on the global economy; strengthening participation of developing countries in all standard-setting bodies; and a balance between capital and labor mobility.

The IMF highlighted the need for financial sector supervision and enforcement of financial regulations; and urged consistency between language in the text and IMF rules and procedures on SDRs. Noting that systemic issues had been downplayed in the draft, UNCTAD urged building on the holistic approach of the Doha Declaration and called for greater attention to financial stability, policy coordination and surveillance, and regulation of financial interests.

Iran called for aligning IMF resources to support the achievement of the SDGs, and proposed a global coherence and oversight mechanism for the UN system. OHCHR called for greater coherence between human rights norms and standards and policy regimes on trade, finance and the environment. A Civil Society representative called for language to address the negative consequences of volatile commodity prices and speculative trading practices that distort prices.

Egypt, for the Arab States, called for stronger language on the governance of IFIs, and the inclusion of language on facilitating the mobility of labor in the context of remittances.

#### **G. Technology, innovation and capacity building:**

Discussion on this section of the zero draft took place on Thursday afternoon.

The EU, supported by many others, proposed amending the section title to “Science, Technology, Innovation and Capacity Building.” He called for stronger language on capacity building, good governance, the role of science as a driver for the SDGs, and research and development (R&D); and noted his opposition to language on flexibilities in the TRIPS agreement to create conducive policy environments for technology development and dissemination. Supported by Australia and Japan, he said the draft should not pre-empt findings of the High-Level Panel on organizational and operational functions of a proposed technology bank for LDCs.

Canada called for technology transfer to be subject to mutually agreed terms; and, supported by Australia, opposed earmarking aid for science, technology, engineering and mathematics (STEM) education, and for R&D for vaccines and medicines for communicable and non-communicable diseases.

New Zealand supported the allocation of ODA to support science, technology and innovation (STI) in SIDS. Benin, for the LDCs, welcomed the reference to the High-Level Panel on organizational and operational functions of a proposed technology bank for LDCs, and called for language on allocating 0.1% of ODA towards STI in LDCs.

A Civil Society representative questioned the inclusion of this section, which was not present in the Monterrey Consensus or Doha Declaration; stressed that it should only be considered in the context of the post-2015 process; noted the lack of adequate reference to traditional knowledge; and questioned the high priority accorded to the private sector and PPPs.

UN Women called for: the inclusion of the STI contribution and needs of women and girls; equal opportunities for women and girls in accessing agricultural technologies; and gender disaggregated data on the uptake of STEM education.

Suriname, for the G-77/China, welcomed the inclusion of this section. Supported by Brazil, Chad for the African Group, Maldives for AOSIS, and Indonesia, he called for the outcome document to support the creation of a UN technology facilitation mechanism. He also proposed: greater attention to capacity building; technical assistance from developed countries for information and communication technologies to reduce the digital divide; an IPR regime that supports the achievement of the SDGs; and separating the discussion of IPR issues regarding energy from those of vaccines and essential medicines.

Italy underscored the ability of international cooperation to empower research and capacity building. France highlighted the role of the private sector in innovation and urged strengthening national infrastructure to build indigenous capacity for innovation and technology development.

The US highlighted: the role of national development strategies in promoting STI from the lab to the market place; and the necessity of rule of law, governance and private property rights, among others, for innovation to flourish. He opposed the establishment of a new online global platform on technology, pointing to existing facilities.

Switzerland supported the role of entrepreneurs and bringing together public and private actors, while noting that further clarification is necessary on the need for a UN technology facilitation mechanism, and calling for a briefing by the expert group set up by the UN on this issue.

Chad, for the African Group, highlighted: the importance of a technology facilitation mechanism; technology transfer in specific areas including industrialization, agriculture, infrastructure and clean energy; linkages between multilateral companies and domestic private sector as a means of promoting technology transfer; the need for a fund to support innovations in their early stages; and the importance of capacity building.

Maldives, for AOSIS, highlighted technology transfer and capacity building as the highest priority for SIDS. Ecuador called for ODA to strengthen the national capacities of MICs to develop and disseminate STI. India called for action-oriented language on STI and capacity building, underscoring that this discussion is not a substitute for technology transfer considerations in other fora. Egypt, for the Arab States, proposed reference to the capacity needs of MICs for the development and dissemination of technology. Saudi Arabia called for the deletion of language on low carbon energy sources.

**H. Data, monitoring and follow-up:** This section was discussed on Thursday afternoon.

Noting that the follow-up processes of Monterrey and Doha were the weakest aspects of the FfD process, Suriname, for the G-77/China, welcomed greater attention to this issue. He said the Group supported the establishment of a subsidiary body under ECOSOC or using UNGA arrangements for monitoring and follow-up, but cautioned against “subsuming” FfD under the High-Level Political Forum (HLPF). He urged, *inter alia*: standardization of data pertaining to international resource mobilization including ODA; development of disaggregated statistics and appropriate indicators to assess progress based on the SAMOA Pathway; and deleting “full” from “full stakeholder participation” to retain the process’s intergovernmental nature.

Highlighting the need for a holistic approach to monitoring and follow-up, the EU noted that progress on, and implementation of, the post-2015 development agenda should be done in conjunction with all MOI. He supported a comprehensive framework for tracking financial and non-financial MOI, both national and international. On monitoring and follow-up, the EU emphasized the oversight role of the HLPF to review implementation of all outcomes, and opposed the creation of a new inter-agency taskforce, while urging greater cooperation among existing forums and avoiding duplication.

Mexico called for including gender disaggregated data on domestic financial flows for sustainable development. The UK: urged the recognition of data as MOI in its own right; called for greater focus on the way data is made available and for stronger language on transparency; and stressed the need for one monitoring and review framework based on existing frameworks.

Noting that the HLPF was designed as the home for the SDGs, the Russian Federation identified FfD3 as the correct venue for discussing MOI for SDGs, but stressed that financing for development requires its own follow-up process. He called for: clarity on the need for a new well-being metric; caution when discussing multi-stakeholder participation in the implementation of the outcome document; and further clarity on the procedure for deciding on a follow-up international conference to review and further advance implementation of the outcome.

Switzerland supported: multi-stakeholder participation; a role for the HLPF to follow up on the FfD3 outcome; the use of TOSSD to increase data transparency; and using the MDG Gap Task Force to report annually on progress on FfD3.

Noting the importance of learning from the non-fulfillment of commitments in the Monterrey Consensus and Doha Declaration, Brazil emphasized the need to institutionalize a UN follow-up process for FfD3. Benin, for the LDCs, supported a multi-stakeholder monitoring and follow-up framework, and proposed tasking an intergovernmental expert group with deriving a new metric for well-being.

Lichtenstein reiterated that the HLPF should be the follow-up and review mechanism for FfD3. Japan called for the further elaboration of the global partnership, noting that it should be based on results-focused, inclusive partnerships that are transparent and accountable; and stressed that the monitoring and follow-up process of the FfD3 should be an “integral part” of the post-2015 development agenda.

Australia cautioned against creating a parallel system for tracking financial flows and supported using the HLPF as the follow-up venue, to bring together the FfD3 and post-2015 processes. Bangladesh highlighted the importance of transparency and urged building on the International Aid Transparency Initiative to encourage states to publish timely, comprehensive and forward-looking information.

Sweden supported the language on full participation of stakeholders, and called for capacity building to support data collection and use. Austria supported a multi-stakeholder approach for national-level monitoring, accounting and review to increase ownership of sustainable development initiatives. The Inter-Parliamentary Union highlighted the role of parliaments in ensuring a people-centered and human rights-based approach to financing for development.

The OECD highlighted: the importance of quality, regular and independent national statistics; consolidating existing efforts on monitoring financial flows; and pooling efforts in the development of indicators. A Civil Society representative welcomed: better data on all financial flows for sustainable development; data disaggregation to ensure that no one is left behind; capacity building to improve data collection and use; transparency for monitoring of FfD3 commitments, using common, open and electronic formats; and a strong intergovernmental follow-up mechanism for FfD3.

Saudi Arabia expressed skepticism over the need for another metric of well-being, other than GDP, as an indicator for sustainable development.

When delegates returned to this issue on Friday morning, the US emphasized the role of data in enabling decision-makers to target funding better, and called for language on the need for high-quality disaggregated data at the national, local and municipal levels, based on mutually agreed standards; and for tools to turn data into user-friendly formats. He also called for more clarity on the purpose of, and costs associated with, the proposed inter-agency task force.

#### **PENDING ISSUES**

On Friday morning, Amb. Macharia Kamau (Kenya) and Amb. David Donoghue (Ireland), Co-Facilitators of the post-2015 process, addressed the meeting. Highlighting the universality and ambition of the post-2015 agenda, Kamau

emphasized the expectation that FfD3 will link directly to the post-2015 agenda, by addressing MOI for the SDGs. He identified five priority areas necessary to implement the ambition of the SDGs: a global policy framework; institutional arrangements; financial resources; a stronger global partnership; and an effective follow-up and review mechanism. Recognizing that FfD3 is not a pledging conference, he nevertheless noted a high expectation that commitments would be made to implement the post-2015 agenda over the next 15 years.

Donoghue said a joint session between the FfD3 and post-2015 processes was scheduled for the following week to address, *inter alia*: coherence between the two processes; a briefing on options for a technology facilitation mechanism; and an interactive dialogue with stakeholders.

In the brief discussion that followed, Brazil called for differentiation to be taken into account and proposed a checklist to track how the FfD3 outcome draft is addressing the SDG targets. Iran called for adequate resources to implement the SDGs, and paying attention to systemic and coherence issues.

Switzerland, supported by Spain, read a joint cross-regional statement from over 30 countries, highlighting gender equality and women's empowerment as not only the right thing to do, but also smart economics. He welcomed the integration of gender in the zero draft, while calling for strengthened language in some sections.

#### LAUNCH OF LOGO AND WEBSITE

A launch ceremony for the FfD3 logo and website took place on Tuesday. Wu Hongbo, Under-Secretary-General (USG) for Economic and Social Affairs, highlighted key features of the logo including: its circular form symbolizing the global nature of the conference; arrowheads representing a multi-stakeholder approach; and the sun with beams implying a comprehensive framework with concrete deliverables. Noting that the slogan "Time for Global Action" highlights the link between the conference and the post-2015 agenda, he also drew attention to the website ([www.un.org/ffd3](http://www.un.org/ffd3)) as the main platform that will bring together substantive, organizational and logistical information on FfD3.

Highlighting 2015 as a year with major international conferences and the time for global action, Cristina Gallach, USG for Communications and Public Information, described the preparatory work undertaken by her department, including the development of a range of media products and mobilization of the UN Department of Public Information offices around the world. She encouraged the use of the #action2015 hashtag in social media platforms.

Amb. Tekeda Alemu, Ethiopia, noted conference preparations were well underway and expressed hope that the negotiations would speed up so that delegates can shift their focus to implementation matters at the Addis Ababa conference.

#### CLOSING SESSION

On Friday morning, Co-Facilitator Talbot announced the next steps in the process, calling on all delegations to submit their comments to the draft by Wednesday, 22 April 2015 for compilation and distribution by the beginning of May. Thereafter, the Co-Facilitators will propose a revised draft based on this compiled text. He also announced two intersessional

consultations, 11-13 and 26-29 May; and expressed hope for the conclusion of all negotiations in advance of FfD3.

South Africa, for the G-77/China, welcomed the compilation of the contributions made during the week, and called for the intersessional meetings to be intergovernmental, and conducted on a paragraph-by-paragraph basis. The EU queried the need for two intersessional meetings, and welcomed a revised draft as a basis for negotiations.

The Russian Federation supported the intersessional meetings, requesting that they be held in a smaller room with provisions for free seating and a screen for line-by-line discussion of a compiled text. He also proposed a limited-access web portal for delegates to share documents.

Benin, speaking for LDCs, urged a transparent process with representation from all groups.

Germany, with Japan, Canada and Switzerland, supported intersessional negotiations based on a revised draft. Japan called for the draft to also take into account the joint post-2015 and FfD3 discussions taking place from 21-24 April 2015, while Canada called for the draft to identify areas of emerging consensus.

Jamaica expressed the hope that an "underbelly of goodwill and good sense" would determine success at FfD3, while calling for increased ODA to LDCs and support for MICs, to prevent them slipping into LDC status in future. Mexico noted that the FfD3 process is not limited to financing the SDGs, and called for clarity on the linkages between FfD and the post-2015 processes.

Co-Facilitator Pedersen expressed hope that continued cooperation would lead to a successful FfD3 outcome. He closed the meeting at 11:56 am.

### A BRIEF ANALYSIS OF THE MEETING



**FINANCING FOR DEVELOPMENT**  
13-16 JULY 2015 - ADDIS ABABA - ETHIOPIA  
TIME FOR GLOBAL ACTION

The FfD3 logo launched at this drafting session symbolizes the conference's global nature, multi-stakeholder approach, and comprehensive outcome with concrete deliverables. The slogan, "Time for Global Action," is reflective of the link between FfD3 and the post-2015 development agenda. However, it became clear during this meeting, where delegates reacted to a zero draft of the outcome document, that Member States still have some distance to travel before they can achieve this ambition.

This brief analysis will assess how far the process has travelled in the direction of these goals thus far.

#### A CIRCULAR LOGO, REPRESENTING FFD3'S GLOBAL NATURE

The circular design of the logo symbolizes the global nature of FfD3. Yet, the extent to which the outcome document should

focus on global action, and the extent to which it will focus on domestic action emerged as a fracture line early in the session. Developing countries protested the change of the Monterrey Consensus and Doha Declaration format, which emphasized global responsibility for development on the basis of CBDR, to one that placed a lot more emphasis on the responsibility of national governments. They argued, for instance, that the section on domestic public finance hardly addressed international assistance, such as the need to scale up ODA, instead focusing heavily on prescriptive national-level action, such as domestic enabling environments and even monetary targets for social protection. They called for the text to be entirely re-written, to emphasize international responsibilities and efforts, and to focus on resource mobilization, not utilization.

Developed countries, meanwhile, strongly emphasized universality as a basis for financing sustainable development, with all Member States taking on commitments. They were eager to point out the changed economic realities since Monterrey and Doha, and emphasized the need for emerging economies and upper middle income countries to step up their level of responsibility. The need to jointly address global challenges was accepted, but members of the G-77/China and others, including the Russian Federation, repeatedly called for the text to reflect the CBDR principle. “There is universality, but only with differentiation,” Brazil said. They called for deletion of references to any “new” global partnership, saying the old one, agreed at Monterrey, Doha and the 2002 World Summit on Sustainable Development, still needed fixing.

The global vs. national emphasis of the zero draft also came up for discussion in the context of systemic issues, when developing countries called for institutional reform, and for increased participation of developing countries in global economic governance. The G-77/China, for instance, called for strengthening the voice and representation of developing countries in the governance of IFIs, including geographic balance in the appointment of the heads of these institutions. However, developed countries either opposed language on institutional reform, or made it conditional on the inclusion of domestic enabling environments. The EU said its support for the section on systemic issues was conditional on the inclusion of either a separate section on domestic enabling environments, or additional language on domestic enabling environments in the section itself.

The universality of the FfD3 outcome was also questioned when it came to discussing the FfD3 institutional arrangements. Developed countries supported the use of existing institutions, stating preference, for instance, for the IMF to be the sole institution under which to consider debt restructuring, or the OECD to be the institution to lead a discussion on the measurement of official assistance. Developing countries, meanwhile, called for new and more inclusive institutions under the UN, such as upgrading the UN International Committee on Tax Matters and a new global online platform for infrastructure development. One delegate remarked that he could not understand the opposition of developed countries to the reform of existing institutions and, at the same time, their refusal to set up new, more inclusive institutions that reflect the needs and aspirations of developing countries.

### ***ARROWHEADS, DENOTING A MULTI-STAKEHOLDER APPROACH AND VARIOUS SOURCES OF FINANCE***

The arrowheads in the logo symbolize the multi-stakeholder approach of the FfD3 process, and the need to mobilize financial support from all sources. Complications arose in both contexts during the week.

On the multi-stakeholder approach to the FfD3 process, many governments were clearly unhappy that stakeholders were proposing textual changes in what they thought should be solely an intergovernmental negotiating process. The FfD3 modalities, as stated in UNGA resolution 68/279, clearly reaffirms a “special role” for the “major institutional stakeholders” of the FfD process (World Bank, IMF, WTO, UNCTAD and UNDP), including their active involvement in preparatory work. In fact, these institutional stakeholders were involved in the drafting of the zero draft of the outcome document.

At the drafting session, however, institutional stakeholders with exclusive and regional membership, such as the OECD, also provided comments and proposals. This was not acceptable to many delegations, who stressed the intergovernmental nature of the FfD3 process, and asked that the role of stakeholders be restricted in the drafting process. Their discomfort with this process manifested itself in lack of trust, and resistance to allowing the Co-Facilitators to revise the draft. The repeated requests for the text to be projected on a screen, line-by-line changes to be recorded, and a smaller room for the intersessionals with restricted participation, for instance, were clearly aimed at ensuring greater control over the draft.

On the need to mobilize finances from all sources, developing countries raised concerns that the sustainable development agenda was being “outsourced” to the private sector, innovative financial mechanisms, and South-South cooperation. The G-77/China, for instance, pointed to the need for more balance in the text with regard to the critical role of ODA, by bringing back the Monterrey Consensus section title, “Increasing international financial and technical cooperation for development,” instead of “International public finance”; meeting existing ODA commitments and making new commitments, by scaling up ODA from 0.7% of GNI to 1%; and deleting references to innovative financing mechanisms. There was also pushback against South-South cooperation, and the “modernization” of the ODA definition to “TOSSD,” which would measure sources of development finance “beyond ODA.”

Developed countries disagreed, emphasizing the need for FfD to be considered in light of changing global realities and the need for all actors to contribute to the new global sustainable development agenda. Some supported fulfilling the 0.7% GNI for ODA commitment, but also called for mobilizing all possible financial flows while aligning South-South cooperation to agreed aid effectiveness principles.

### ***THE SUN, SYMBOLIZING A COMPREHENSIVE OUTCOME WITH CONCRETE DELIVERABLES***

The sun in the logo symbolizes a comprehensive framework with concrete deliverables. With some issues on the FfD agenda clearly within the mandate of other institutions and agreements, how comprehensive and concrete can the outcome be?

While many countries, like the US, cautioned against encroaching on the space of existing international institutions and agreements, others like India responded by saying that

FfD3 could even address trade, as long as it was through a “developmental” lens. It is clear, however, that the FfD’s level of comprehensiveness will have to be balanced with the desire of countries to respect the institutional autonomy of other international institutions and their processes.

The extent to which the process will deliver concrete deliverables was also not clear. While concrete targets and timelines for ODA were met with opposition from most developed countries, who warned that they could not predict future budget cycles, concrete targets for domestic action were opposed by developing countries, who warned against encroaching on domestic policy space and being too prescriptive.

Beyond formulating concrete deliverables, it is also not yet clear what the follow-up mechanism will be to track these deliverables and ensure action. Although this was identified as an important factor for the success of FfD implementation by both sides of the North-South divide, there was disagreement on the forum under which follow up should take place. Some countries supported a single follow-up process for FfD3 with the post-2015 agenda, under the High-Level Political Forum on Sustainable Development. Others, mainly developing countries, supported a new inter-agency follow-up process coordinated by the UN, or a process under the auspices of the UNGA. They expressed fears that FfD could “get subsumed under the HLPF,” as one delegate put it.

#### **TIME FOR ACTION – A SLOGAN TO LINK FFD3 WITH THE POST-2015 AGENDA**

How will FfD3 link with the SDGs? When he addressed the meeting, post-2015 Co-Facilitator Macharia Kamau had no hesitation in stating that FfD3 is *the* arena that will address SDG 17 on MOI, and the crosscutting MOI elements incorporated in the other SDGs. However, this linkage was less clear during the meeting itself. While the EU strongly supported FfD3 as the one and only MOI pillar for the entire post-2015 process, developing countries noted that on the one hand, FfD3 was about more than MOI for the SDGs, and on the other, the post-2015 agenda will incorporate more than SDGs. Developing countries, notably Brazil, did support a “bridging section” in the FfD3 outcome document, listing all 17 SDGs and their targets, to keep track of whether and how they were addressed. However, they also supported a separate discussion on MOI under the SDGs.

Amb. Kamau listed five areas where the FfD3 and post-2015 process must strive for coherence: policy environment; institutional arrangements; commitments for financial resources; strong global partnership; and a follow-up and review process. A joint session between the two processes is scheduled to take place from 21-24 April. If this helps the FfD3 process to develop a better understanding of its final destination and a roadmap to get there, the rest of the journey to Addis could be less bumpy.

During the drafting session, Amb. Tekeda Alemu, the Permanent Representative from the FfD3 host country, Ethiopia, called on delegates not to settle for the least common denominator. It remains to be seen if the process is deserving of the logo, and lives up to the hopes of those who need financing for development the most.

## UPCOMING MEETINGS

**Special high-level meeting of ECOSOC with the World Bank, IMF, WTO and UNCTAD:** The special high-level meeting of ECOSOC with the Bretton Woods Institutions, the World Trade Organization, and the UN Conference on Trade and Development will address “Coherence, coordination and cooperation in the context of financing for sustainable development and the post-2015 development agenda.” **dates:** 20-21 April 2015 **location:** UN Headquarters, New York **contact:** Jennifer DeLaurentis **phone:** +1-212-963-4640 **fax:** +1-212-963-5935 **email:** [ecosocinfo@un.org](mailto:ecosocinfo@un.org) **www:** <http://www.un.org/esa/ffd/events/ecosoc-spring-2015.html>

**Joint Session between FfD3 and Post-2015 processes:** This session is expected to address the relationship between FfD3 and the post-2015 processes, as well as means of implementation and the global partnership for sustainable development. **dates:** 21-24 April 2015 **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>

**Asia-Pacific High-Level Consultation on Financing for Development:** Members and associate members of the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) and other stakeholders are expected to agree on the Jakarta Consensus, an outcome document containing discussions and recommendations related to the mobilization and effective use of financial resources in Asia and the Pacific, which will be the region’s input to the preparations and outcomes of FfD3. **dates:** 29-30 April 2015 **location:** Jakarta, Indonesia **contact:** ESCAP **phone:** +66-2-288-1234 **fax:** +66-2-288-1000 **email:** [escap-scas@un.org](mailto:escap-scas@un.org) **www:** <http://www.unescap.org/events/hlcffd2015>

**Intersessional consultation for the outcome document of the Third International Conference on Financing for Development:** An informal intersessional consultation on the FfD3 outcome is expected to take place. **dates:** 11-13 May 2015 (tbc) **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/ffd3/>

**Intergovernmental Negotiations on the Post-2015 Development Agenda – Fifth Session:** The fifth session of the intergovernmental negotiations on the post-2015 development agenda will focus on follow-up and review. **dates:** 18-22 May 2015 **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>

**Intersessional consultation for the outcome document of the Third International Conference on Financing for Development:** A second informal intersessional consultation on the FfD3 outcome is expected to take place. **dates:** 26-29 May 2015 (tbc) **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/ffd3>

**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/ffd3>

**Intergovernmental Negotiations on the Post-2015**

**Development Agenda – Sixth Session:** The sixth session of the intergovernmental negotiations on the post-2015 development agenda is expected to focus on negotiating the outcome document for the September 2015 Summit to adopt the post-2015 development agenda. **dates:** 22-25 June 2015 **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>

**Third Meeting of the High-level Political Forum:** The third meeting of the High-level Political Forum on Sustainable Development, which will take place under the auspices of ECOSOC, will focus on the theme, “Strengthening integration, implementation and review – the HLPF after 2015.” The HLPF is mandated to meet every year under the auspices of ECOSOC and every four years at the level of Heads of State and Government under the auspices of the UN General Assembly. **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. The conference will result both in an intergovernmentally negotiated and agreed outcome and summaries of the plenary meetings and other deliberations of the Conference, to be included in the report of the Conference. **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/ffd3>

**Intergovernmental Negotiations on the Post-2015**

**Development Agenda – Seventh and Eighth Sessions:** The seventh and eighth sessions of the intergovernmental negotiations on the post-2015 development agenda will focus on negotiating the outcome document for the September 2015 Summit to adopt the post-2015 development agenda. **dates:** 20-31 July 2015 **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>

**UN Summit to Adopt the Post-2015 Development Agenda:** The Summit is expected to adopt the post-2015 development agenda, including: a declaration; a set of Sustainable Development Goals, targets, and indicators; their means of implementation and a new Global Partnership for Development; and a framework for follow-up and review of implementation. **dates:** 25-27 September 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:** <https://sustainabledevelopment.un.org/post2015/summit>

**GLOSSARY**

AOSIS	Alliance of Small Island States
CBDR	Common but differentiated responsibilities
DAC	Development Assistance Committee
ECOSOC	Economic and Social Council
EITI	Extractive Industries Transparency Initiative
ESG	Environmental, social and governance
FfD3	Third International Conference on Financing for Development
GDP	Gross domestic product
GNI	Gross national income
HLPF	High-Level Political Forum on Sustainable Development
ICT	Information and communication technologies
IFFs	Illicit financial flows
IFIs	International financial institutions
ILO	International Labour Organization
IMF	International Monetary Fund
IPR	Intellectual property rights
LDCs	Least developed countries
LLDCs	Landlocked developing countries
MDGs	Millennium Development Goals
MDBs	Multilateral development banks
MICs	Middle income countries
MOI	Means of implementation
ODA	Official development assistance
OECD	Organisation for Economic Co-operation and Development
OHCHR	Office of the High Commissioner for Human Rights
OWG	Open Working Group on Sustainable Development Goals
PPPs	Public-private partnerships
SDGs	Sustainable Development Goals
SDRs	Special drawing rights
SIDS	Small island developing states
SME	Small and medium enterprises
STI	Science, technology and innovation
TOSSD	Total official support for sustainable development
TRIPS	Trade-Related Aspects of Intellectual Property Rights
UAE	United Arab Emirates
UNCCD	UN Convention to Combat Desertification
UNCTAD	UN Conference on Trade and Development
UNDP	UN Development Programme
UNFCCC	UN Framework Convention on Climate Change
UNGA	UN General Assembly
WTO	World Trade Organization