

## 2018 ECOSOC Forum on FfD – Zero Draft

1. We, ministers and high-level representatives, having met in New York at UN Headquarters from 23 to 26 April 2018 at the third ECOSOC Forum on Financing for Development, express our resolve to continue to work towards the full and timely implementation of the Addis Ababa Action Agenda (Addis Agenda). We reaffirm that the Addis Agenda provides us with a global framework for financing sustainable development and the means of implementation of the SDGs, and is an integral part of the 2030 Agenda for Sustainable Development (2030 Agenda).
2. We welcome the 2018 report of the Inter-agency Task Force on Financing for Development (IATF), which assesses progress and gaps, provides policy options across the seven action areas of Addis Agenda and examines the challenges in financing the SDGs to be reviewed at the 2018 High-level Political Forum (HLPF), SDGs 6, 7, 11, 12 and 15, as well as SDG 17. We encourage Member States to continue to support the work of the IATF, including through voluntary contributions.
3. We are encouraged by the broad-based upturn in the world economy, which has underpinned progress in the policy agenda across all the action areas of the Addis Agenda. We nonetheless recognize that the world economy remains vulnerable to financial and economic volatility and the need to address medium-term risks, including the potential effects of rising global interest rates leading to reversal of capital flows from developing countries and increased risk of debt distress. We further note that long-term investment, especially in countries most in need, remains insufficient to meet our global goals. We commit to use the positive momentum of the world economy to address implementation gaps that restrain progress towards achieving the SDGs. We reaffirm our strong political commitment to address these challenges in the spirit of global partnership and solidarity, aiming at reversing persistent inequalities within and among countries.
4. We commit to take three key actions in support of implementation of the Addis Agenda in the current global context. We will (i) make use of all sources of financing, recognizing that they have different objectives and characteristics, which make them suitable in different contexts and sectors; (ii) work to align incentives of both public and private actors with long-term sustainable development; (iii) operationalize national financial frameworks into investable projects and pipelines.
5. We reaffirm the need to mainstream gender equality throughout policy making and programming, including in fiscal policies, finance, trade, development cooperation, labour markets, the care economy and other areas. We commit to measure our progress by implementing gender-responsive budgeting.
6. We strongly stress the critical role of technology and innovation in achieving the SDGs. We acknowledge the complex challenges and risks of technology, which should be addressed by policy and regulatory frameworks.
7. We also recognize the importance of addressing the diverse needs and challenges faced by countries in special situations, in particular African countries, least developed countries (LDCs), landlocked developing countries (LLDCs) and small island developing States (SIDS) and countries in conflict and post-conflict situations, as well as the specific challenges faced by middle-income countries.
8. We call on the third Global Infrastructure Forum, to be held in Bali, Indonesia, in October 2018 to support countries in building project pipelines and standardizing infrastructure contracts, including aiming at ensuring universal access to affordable, reliable and sustainable energy while recognizing

that further work is required to better understand risks associated with creating liquid instruments on illiquid assets.

9. We welcome progress in domestic revenue mobilization, but note that large gaps remain between LDCs, LLDCs, SIDS, middle-income countries and countries in developed regions. We will strive to strengthen revenue collection and public service delivery at the national and subnational levels, including through whole-of-government approaches, and medium-term revenue strategies. We commit to enhance progressivity of our fiscal systems to tackle inequalities. We welcome initiatives to promote transparency, accountability and public participation in the budgeting process. We encourage donors to help increase capacity in revenue mobilisation at all levels.

10. We acknowledge that the digitalization of business and finance holds potential for improving tax revenue collection, but also opens up opportunities for tax avoidance. We recognize the importance to developing countries of fiscal management, including domestic resource mobilization and urge that a larger share of ODA be channelled to this purpose. We will apply technology to tax administration, enforcement, and combatting illicit financial flows (IFFs), and encourage donors to support these efforts. Efforts in international tax cooperation should be universal in approach and fully take into account the needs and capacities of all countries. We welcome the work programme of the United Nations Committee of Experts on International Cooperation in Tax Matters. We note the progress made through international tax cooperation, including the implementation of enhanced international standards on tax transparency. We acknowledge that more work is needed to enable developing countries, especially the poorest countries, to benefit from these standards. We will strengthen international cooperation to combat IFFs and tax evasion, and invest in the human and technical resources necessary to speed up assets return and welcome progress made on developing good practices in this field.

11. We welcome the holding of the first global conference of the inter-agency Platform for Collaboration on Tax on “Taxation and the SDGs” in February 2018 and take note of the Platform partners’ statement.

12. We note that the momentum around sustainable investment is growing, and private companies are progressively recognizing that sustainability can foster long-term value. We will explore ways to incentivize institutional investors to take a long-term approach, including by reviewing regulatory frameworks, accounting measures, short-term benchmarks, compensation systems and other incentives. Proper interpretation of fiduciary duty for long-term investors should include all material impacts on returns that drive long-term performance of investments. To institutionalize and facilitate SDG investing, it is important to report on environmental, social and governance (ESG) indicators in an open, transparent and comprehensive manner. In this regard, we emphasize the need to improve standards, measurement, and disclosure of ESG indicators and promote new financial instruments, such as green and SDG bonds. We emphasize that the UN should continue to bring together relevant stakeholders to discuss and disseminate the benefits of SDG investing.

13. We recognize recent progress in financial inclusion, but note that gaps remain in the access to finance for women, as well as for micro, small and medium-sized enterprises (MSMEs). We recognize the important role that can be played by development banks in this area. New financial technology applications may also help lower the cost of remittances. We emphasize the need for effective regulation to monitor any systemic or consumer risks related to the digitalization of finance. We will continue to broaden the range of financing instruments accessible to SMEs, including through blended finance mechanisms.

14. We welcome the increase in ODA in real terms in 2016. The decline in ODA to LDCs has been reversed, but overall disbursements to countries most in need have stagnated in recent years. ODA providers should continue efforts to increase ODA, fulfilling their commitments, and to further increase their ODA allocations to LDCs and other vulnerable countries. We recognize that South-South cooperation is a complement to, not a substitute for, North-South cooperation and welcome its expanding contribution and added value in SDG implementation. We appreciate efforts to highlight its contribution to SDG implementation. We will hold open, inclusive and transparent discussions on the modernization of the ODA measurement and on the proposed measure of “total official support for sustainable development” and we affirm that any such measure will not dilute commitments already made.

15. We welcome the efforts of Multilateral Development Banks (MDBs) in support of the 2030 Agenda and encourage them to continue to strengthen their collaboration. We emphasize that countries graduating from concessional financing windows should not lose access to sufficient and affordable long-term financing. We welcome a wider use of existing exceptions to eligibility, as well as additional support to countries to manage transitions and graduation. We encourage the MDBs to further align their work with the SDGs and to continue their efforts to maximize their balance sheets. We emphasize the potential of blended finance, and stress that projects are aligned with national priorities, have long-lasting development impact and are in the public interest, while recognizing that for some SDG investment areas public finance represents the most effective financing modality. We call for more analysis in designing blended finance instruments to respond to the unique situation of countries, especially those with special needs. We acknowledge that the FfD follow-up process provides important opportunities to consider how emerging principles for blended finance relate to respective commitments in the Addis Agenda. We welcome efforts by the Green Climate Fund to enhance access to its funding and encourage other providers to work toward simplifying access, particularly for vulnerable countries.

16. We call on the Development Cooperation Forum, to be held in New York, on 21-22 May 2018, to provide policy guidance and identify capacity building opportunities concerning the effective use of blended financing to support developing country efforts to implement the 2030 Agenda. We further call on the Development Cooperation Forum to enhance its support in demonstrating the contribution of South-South and triangular cooperation to sustainable development.

17. We welcome that in 2017 trade growth recovered, albeit at low rates. We note with concern that exports of LDCs as a share of the global total declined in recent years. We further note the major role trade can play in the promotion of sustainable development and the alleviation of poverty, as recognized in the 2030 Agenda. We underline the importance for all countries, and in particular LDCs, LLDCs and SIDS, to benefit from opportunities that the multilateral trading system generates. We reaffirm the importance of an open, fair, rules-based international trading system and of policies that ensure that the gains from trade are shared more widely within countries. We will explore policies that encourage growth in cross-border e-commerce, including for MSMEs. We welcome greater dialogue on aligning new trade agreements with the SDGs.

18. We call for enhancing trade finance, including by promoting standardization of trade finance instruments. We encourage export credit agencies and MDBs to explore further developing trade and supply chain finance programs. We stress that aid for Trade, support for trade facilitation, continued preferential market access for the exports of LDCs, and targeted trade-related capacity building are essential to integrate vulnerable countries, in particular, LDCs, LLDCs and SIDS into the trading system. We take note of the ministerial decisions adopted at the 11th Ministerial Conference of the WTO, held in December 2017. We encourage WTO members to deliver on the SDG target 14.6 to reduce certain forms of fisheries subsidies.

19. We note that emerging debt challenges in developing countries have intensified. We recognize that it is helpful to differentiate how borrowing resources are used and that public investments in infrastructure and productive capacity in support of the SDGs can have a positive impact on fiscal space and debt sustainability. We encourage further work in this regard, including how this could be incorporated into public debt analysis. We emphasize that improving debt analysis and management capacities remains important, including through better and broader data collection and technical assistance. We encourage creditors to make terms and conditions of lending public and easy to track.

20. We will explore the potential of innovative debt instruments, particularly for countries and regions facing climate-related disasters and adaptation needs. We commit to explore how official creditor cooperation mechanisms can address the potentially more complicated future insolvencies, due to changes in emerging and developing countries' debt compositions, more effectively. We will continue efforts to make sovereign debt workouts effective and fair, as called for in the Addis Agenda. We will explore complementarities and incongruities of existing initiatives to specify principles and guidelines for debtor and creditor responsibilities. We request the IATF to advance the analysis of state-contingent debt instruments, GDP-linked bonds, insurance coverage and other innovative mechanisms, as a means of reducing risks to sovereign balance sheets, particularly on small and open economies more vulnerable to disasters.

21. We welcome progress in reforming international financial regulation and commit to implementing agreed reforms while being watchful of unintended consequences and the need to balance the goals of access to credit with financial stability. We note with concern the decline in correspondent banking in many regions and welcome efforts by international organizations, as well as the private sector to address these. We are mindful of new gaps that may result from financial innovations, including digital finance. We note the ongoing 15th General Review of Quotas of the IMF and look forward to the successful conclusion of the World Bank Group's shareholding reform.

22. We will continue our work on closing the remaining gaps in the coverage of the global financial safety net (GFSN) to ensure adequate levels of financing, flexibility and counter cyclicity. We support efforts to improve the coordination between different elements of the GFSN. We will work to shift resources from ex-post responses to ex-ante instruments when dealing with economic shocks. We recognize that the international system's overall financial response to disasters is insufficient and that a better mix of ex-ante resilience building mechanisms and quick-disbursing ex-post instruments is required. We take note of successful regional sovereign risk insurance facilities, while underscoring that global risk management would offer more efficient risk diversification, sustainability and efficiency. We call on donors to support countries that are not able to afford participation in these mechanisms.

23. We remain committed to closing the digital divide in access and capacity within and between countries, including the gender gap. We recognize that new technologies are affecting the functioning of labour markets and the international division of labour, with new types of employment replacing traditional patterns of work. We will support lifelong learning and skill acquisition for all, adapt and strengthen employment and social protection policies, and address continued gender disparities and enhance inclusion of marginalized groups.

24. We continue to encourage capacity-building for developing countries to strengthen their national science, technology and innovation ecosystems. We welcome that ODA for scientific, technological and innovative capacity has increased significantly, but note with concern that it has not sufficiently benefited the poorest and most vulnerable countries. We welcome the operationalization of the Technology Bank for the LDCs in September 2017 and encourage all development partners to

provide financial and technical assistance to ensure its effective operation. In this context, we request the IATF to further reflect and report on possible options to improve developing countries access to appropriate technologies and innovative solutions.

25. We call on the third annual Multi-stakeholder Forum on Science, Technology and Innovation for the Sustainable Development Goals, to be held in New York, on 5-6 June 2018, to discuss the impact of new and emerging technologies on sustainable development finance, which will be fed into the preparations of the 2019 ECOSOC Forum on Financing for Development follow-up.

26. We recognize that large data gaps persist, particularly at the disaggregated levels, and that significant efforts are required to modernize and strengthen national statistical systems, including investment in integrated national systems for gender statistics and better financial sector data. We encourage increased ODA, capacity building and technical support to strengthen statistical systems. We will strengthen our efforts to produce sex-disaggregated data and make better use of gender statistics to improve policy design and implementation.

27. We invite international, bilateral and other potential donors to consider contributing generously to the Trust Fund to Support Activities for the Follow-up to the International Conference on Financing for Development, in particular to support the travel to and participation of representatives from developing countries, in particular LDCs, LLDCs and SIDS, in the annual ECOSOC Forum on Financing for Development follow-up.

28. We decide that the 4<sup>th</sup> ECOSOC Forum on Financing for Development follow-up will convene from [... 2019], and will include the special high-level meeting with the Bretton Woods institutions, the WTO and the UNCTAD. We also decide that the forum's modalities will be the modalities that applied to the 2018 forum.

29. We request the Inter-Agency Task Force on Financing for Development to issue an advance unedited version of its 2019 report, no later than the end of [... 2019], to be updated with the latest data upon its release, in order to facilitate the timely preparation of the draft conclusions and recommendations.