

**Zero Draft**  
**Outcome Document of the 2021 ECOSOC Forum on Financing for Development follow-up**  
**(19 March 2021)**

We, Ministers and high-level representatives, have met from 12 to 15 April 2021 at the Sixth Economic and Social Council Forum on Financing for Development follow-up.

We note with concern that while even before the COVID-19 pandemic, the world was not on track to achieve the SDGs by 2030, we are now facing a triple crisis of health, economic downturn and climate change.

The pandemic has caused immense human suffering across the globe and triggered the worst economic and social crisis in generations. It has exacerbated pre-existing inequalities and vulnerabilities within and between countries. Although the virus has impacted everyone everywhere, developing countries, especially the most vulnerable countries and people, have been disproportionately affected.

At the centre of a global recovery is equitable, affordable access for all to the COVID-19 vaccine. We resolve to ensure timely access for all countries to COVID-19 vaccines. We fully support the Access to COVID-19 Tools Accelerator (ACT-A) initiative and its COVAX facility and call on countries to redress the large funding needs of these facilities.

We are deeply concerned that many developing countries are unable to meet the essential health and humanitarian needs of their people and to recover from the recession due to growing liquidity and fiscal constraints, growing debt servicing obligations and high borrowing costs. There is a grave danger of a sharply diverging world – with one group of countries recovering on the back of strong stimulus measures and digital acceleration, and many others potentially facing a lost decade of sustainable development, if decisive action is not taken urgently.

The magnitude of the crisis calls for a proportionate and coordinated international response to achieve a resilient, sustainable and inclusive recovery everywhere. We welcome the Financing the 2030 Agenda in the era of COVID-19 and Beyond initiative and particular relevance of the upcoming G20, G7 and WBG/IMF meetings in order to push the Financing for Development agenda.

We welcome the extraordinary fiscal and monetary measures taken by many governments, which have cushioned the socio-economic impact of the pandemic. We commit to undertake strong and coordinated global stimulus efforts that promote decent work and support the transition to a healthier and sustainable economy, and will build inclusive societies. We will also work to overcome the systemic impediments to the achievement of the Addis Ababa Action Agenda, Sendai Framework of Disaster Risk Reduction, Paris Agreement and the 2030 Agenda for Sustainable Development.

### **Cross-cutting issues**

Pre-existing inequalities within and between countries are amplifying the impact of the pandemic, with the most vulnerable countries and people most at risk of being left further behind in the health and socioeconomic recovery efforts. We resolve to undertake responses that are targeted on reducing exclusion, tackling inequalities and ending discrimination.

The COVID-19 pandemic has severely impacted societies with women and girls being disproportionately affected. Years of progress towards achieving gender equality have been lost. We commit to massively lift our efforts to achieve gender equality by implementing COVID-19 recovery health, social and economic programs that place women and youth at the center.

Climate change has a severe impact on development through the compounding physical and financial losses to all economies and especially of developing countries. We reiterate the need for increasing the support to the most vulnerable countries to enable them to build resilience and adapt to climate change.

We further stress that investment in sustainable infrastructure is critical for an inclusive COVID-19 recovery and for acceleration towards the achieving the SDGs. The investment gap for the achievement of the 2030 Agenda is growing and investment in infrastructure in developing countries has declined by over \$50 billion last year alone. Private and public financing must be scaled up to catalyze investments in infrastructure that will help to achieve the 2030 Agenda.

### **Domestic Public Resources**

Public finance is crucial for health and social-economic recovery. We urge that timely support is given to countries to create the fiscal space to invest in the immediate COVID-19 response and recovery, and to drive the achievement of the SDGs. We reiterate that these exceptional fiscal measures be maintained for as long as needed to secure the health, social and economic recovery.

Social protection systems have been the first line of defense against the negative impacts of COVID-19 on people's health, livelihoods, and incomes. We are committed to scale up financing to protect the livelihood and health of vulnerable communities and to close the financing gap faced by vulnerable countries including the LDC's and SIDS. We **call on governments** to extend social protection to workers in the informal economy.

We reiterate that recovery programmes must advance the goals of the Paris Agreement. We will take concrete steps to phase out fossil fuel subsidies and introduce carbon pricing. Carbon taxation helps countries achieve the commitments of the Paris Agreement, while also generating co-benefits on health, environment, and equity, as well as strengthening the competitiveness of domestic industries. Multilateral solutions and international cooperation on carbon taxation should support national actions.

We recognize the importance of transparent fiscal systems in combating inequality and recommit to strengthening the capacities of revenue administration through modernized, progressive tax systems, in line with the Addis Ababa Action Agenda. We recognize the need to advance progress on taxation of the digital economy taking fully into account the input of developing countries and their unique needs and capacities. We **call on the United Nations** to support countries, particularly developing countries, in building policy and administrative capacity for the effective and efficient taxation of the digital economy. We welcome the work, including capacity development by the United Nations on tax policy and administration as well as on infrastructure asset management for sustainable development.

We reiterate our deep concern on the growing illicit financial flows internationally. We note the report of the FACTI Panel and welcome consideration of its fourteen recommendations.

We will also work to lower barriers to cross-border access to beneficial ownership information for unconditional and speedy recovery and return of stolen assets. We propose that policy actions be taken to ensure immediate return of stolen assets and invite UNODC in collaboration with the World Bank Group to present a full proposal for a multilateral mediation mechanism for asset return before the next FFD Forum. We **call for more concerted efforts at the national level** to address the role of the financial institutions, lawyers, accountants and others in enabling corruption, crime and tax evasion.

We **call upon Member States** to recommit to addressing the challenges of preventing and combating illicit financial flows and strengthening international cooperation and good practices on assets return and recovery, including by more effective measures to implement existing obligations under the United Nations Convention against Corruption and the United Nations Convention against Transnational Organized Crime and the Protocols thereto, and to implement effective, inclusive and sustainable measures to prevent and combat corruption within the framework of the 2030 Agenda.

We will work to enhance financial accountability, transparency and integrity for sustainable development by strengthening international coordination and decide to **establish an inclusive and legitimate global**

**coordination mechanism at United Nations Economic and Social Council (ECOSOC)** to address financial integrity on a systemic level.

In order to ensure coherent support for domestic resources mobilisation, we acknowledge the positive role that Integrated National Financing Frameworks (INFFs) plays in SDG planning and implementation. The COVID-19 pandemic has highlighted the importance of incorporating multi-hazard risk analysis into national development planning. INFFs support public financial management reforms, as well as help to mainstream gender-responsive budgeting.

### **Domestic and international private business and finance**

The crisis provides an opportunity to build a new business model that works for everyone under a new social contract that focuses on long term gains. We recommit to taking collective actions to further align private business and finance with the SDGs and channel investment where it is most needed.

We also recognize the need to make private business more accountable for its impact on sustainable development. This requires consolidating existing reporting frameworks, ensuring global coherence and mandating a minimum level of disclosure as appropriate.

We welcome the initiatives of the UN system on SDG financing and **call on the UN system** to advance innovative solutions that can further unlock investment in SDGs. In this regard, we welcome the Secretary-General's ongoing efforts, through a series of Roundtables on Extractive Industries, to maximize extractive industries contribution to sustainable development.

We further welcome the work of the GISD Alliance convened by the UN Secretary-General. We will explore options to address the role of credit-rating agencies in the context of the COVID-19 recovery and implementation of the 2030 Agenda and invite the Inter-agency Task Force on Financing for Development to include analysis in this regard in its 2022 report.

We are concerned about the decline in remittances, an important source of income for receiving families in developing countries, which has decreased by about \$40 billion due to the Covid-19 crisis. We further express our concern at the continued decline in correspondent banking relationships. We will work to improve the access to, usage and quality of financial services to lower the cost of remittances. We recommit to taking concrete actions to reduce the average transaction cost of migrant remittances by 2030 to less than 3 per cent of the amount transferred, as agreed in the Addis Ababa Action Agenda.

We recognize that investments in low-carbon technologies and sustainable and resilient infrastructure can spur growth and economic recovery, address inequalities, and at the same time accelerate the transformation towards climate-resilient economies.

We acknowledge the availability of capital in the market seeking investment opportunities in sustainable infrastructure, but most developing countries are unable to access this capital. At the same time, investors have been unable to adequately access viable investment projects in most developing countries.

We will incentivize additional financing and investment in infrastructure and facilitate efforts to channel long-term sustainable investment to developing countries. We commit to help developing countries benefit from cheaper financing sources, develop a pipeline of investable projects, and use risk-sharing mechanism to incentivize private investment, where applicable.

We **call upon all relevant stakeholders** to place a focus on infrastructure diagnostics to help identify gaps and financing requirements, and to create an enabling environment that accounts for resilience and climate change. We recognize the important role of the UN development system in addressing the funding gaps in sustainable infrastructure investment, complementing existing initiatives.

### **International Development Cooperation**

We acknowledge the critical role that ODA plays as a counter cyclical measure and **call on all development partners** to protect ODA budgets and fulfill their commitments to achieve the 0.7 per cent ODA targets. All development partners should align their support with country priorities, as identified in the national sustainable development strategies and integrated national financing frameworks of developing countries.

We recognize the central role of international public finance in supporting the global recovery from COVID-19 and advancing the provision of global public goods, including vaccine development, manufacturing, and distribution. We **call on development partners** to support the COVID-19 recovery efforts of developing countries, especially the poorest and most vulnerable among them.

We welcome ongoing efforts to improve the quality, effectiveness and impact of development cooperation. We **recognize that South-South cooperation** is an important element of international cooperation for development as a complement to, not a substitute for, North-South cooperation. We also commit to strengthening triangular cooperation as a means of bringing relevant experience and expertise to bear in development cooperation.

We recognize that in order to support the most finance-constrained countries, immediate steps must be taken by the international community to **expand concessional financing** and deliver it to where it is most needed. We encourage development partners to prioritize grant finance for the most vulnerable countries. We note the **potential of blended finance**, while recognizing that for different SDGs investment areas, different types of finance may represent the most effective financing modalities.

We recognize the **need for increased longer-term financing for sustainable development** that takes advantage of the current low interest environment, including by replenishing the capital of Multilateral Development Banks (MDBs) as necessary. We encourage official lenders to explore options to provide ultra-long term fixed rate financing to developing countries for investment in long-term growth and development.

MDBs play a **crucial role in supporting developing countries**, providing long-term finance, which is critical to building back better and stimulating growth and sustainable development. We invite multilateral development banks to scale up and leverage private finance to decrease vulnerabilities in support of efforts aligned with the national sustainable development goals and priorities of developing countries.

We reaffirm our commitment to scale up and **improve access to climate finance**, particularly for countries that are the most vulnerable to the impacts of climate change, to accelerate the implementation of climate change mitigation and adaptation policies and the achievement of ambitious emission reduction targets. We will strengthen our efforts to increase adaptation finance and prioritize grant finance for LDCs and SIDS.

We stress that building a resilient global economy requires the mobilization of \$100 billion per year by developed countries as a crucial initial step for a sustainable and resilient recovery. The inclusion of the call for \$100 billion per year through to 2025 will signal the importance of a climate resilient recovery.

### **International trade as an engine for development**

We are concerned by the disruption of supply chains and the sharp reduction and slow recovery in world trade triggered by COVID-19. This has significantly affected developing countries. We will ensure that any emergency trade measures designed to tackle COVID-19 are targeted to protecting the most vulnerable and do not create permanent barriers to trade or disruption to global supply chains, and are consistent with WTO rules.

We are concerned about the adverse impact of the pandemic on tourism-dependent economies. We encourage Governments to facilitate the resumption of essential cross-border travel to normalize trade and services, in accordance with national laws and regulations, while safeguarding public health in line with our efforts to combat the pandemic as well as to minimize the socio-economic impacts of COVID-19.

We recognize the need to increase the sustainability and resilience of national, regional, and global supply chains that foster the sustainable integration of developing and least developed countries into the trading system, and share the objective of promoting (gender) inclusive economic growth including through increased participation of micro-, small-, medium-sized enterprises (MSMEs) in international trade and investment.

We recognize the need to scale up trade finance and trade-facilitation measures for the developing countries. We will continue to promote a universal, open, non-discriminatory and equitable international trading system under the WTO and recommit to advancing the necessary reform of the WTO and to improve its functioning as an essential step in reviving dynamic growth in global trade, especially of the developing countries.

We will advance efforts towards international norms for e-commerce and **call on all relevant stakeholders, including the United Nations**, to support developing countries in building capacity in this area. We will continually modernize multilateral and regional trade agreements and international investment agreements with a view to enhancing their contribution to sustainable development.

### **Debt and Debt Sustainability**

We are concerned that the COVID-19 pandemic has exacerbated debt risk and exposed fragilities in global financial architecture, with more than 50% of IDA countries at high risk of or in debt distress and a narrowing fiscal space in many developing countries. Owing to the current crisis, some developing countries have already defaulted on their debt; others may be forced to do so. Debt distress has hampered developing countries' capacity to address health issues, food security, growing unemployment and poverty rates. Green recovery will not be possible until the issue of debt and liquidity are addressed.

We recognize the G20's Debt Service Suspension Initiative (DSSI) as a welcome short-term initiative in alleviating liquidity pressures. However, much more relief is needed to give developing countries the capacity to tackle the crisis. We **call for expansion of the DSSI** to include all developing countries facing fiscal and liquidity challenges and request for relief. We also **call for extension of the DSSI** beyond 2021.

We invite official bilateral creditors to systematically include state-contingent debt instruments in their own lending, building on existing experiences. We encourage creditors and debtors to expand debt swap initiatives for sustainable development and climate action. We encourage the exploration of credit enhancements and debt buy backs in specific circumstances to incentivize creditor participation without reducing relief for the debtor.

We are concerned about the lack of participation of private creditors in DSSI. Without their participation, public resources are likely to be used to bailout private creditors rather than for recovery and development. We encourage the international community to consider measures to incentivize greater private sector participation on comparable terms, when requested by eligible countries.

We welcome the Common Framework proposed by the G20, which offers a platform for transparent and broad-based creditor participation and for deeper debt treatment than currently provided by the DSSI. Debt treatment should be aligned with the SDGs and the goals of the Paris Agreement.

We stress that debt restructuring should create an enabling environment for investing in the SDGs while maintaining sustainable debt levels. Debt restructuring should be coupled with addressing the systemic debt vulnerabilities, improving fiscal policies and ultimately managing debt in a more transparent and sustainable manner and enabling vulnerable countries to access the borrowing needed to finance the SDGs.

In this regard, we **call on the international community** to initiate dialogue with a view to establishing a global forum on sovereign debt as an inclusive platform for all countries to advance the discussion on debt transparency and responsible lending and borrowing and the rules of engagement, including with the private sector.

### **Addressing systemic issues**

We recognize the urgency to strengthen global coordination and policy coherence to protect global financial and macroeconomic stability. We acknowledge the role of monetary policy and financial regulation in ensuring financial stability, including by strengthening the resilience of the financial system to climate-related risks.

We recognize that climate change poses risks to the stability of the financial system. Climate risk considerations need to be further included in global financial regulation in a timely fashion. We invite central banks to continue integrating climate risks into policy frameworks. We further encourage regulators to support climate risk management of financial institutions.

Even as international financial markets have since recovered, many developing countries—in particular the poorer and more vulnerable—continue to face difficulties in accessing international liquidity. We note with concern the record capital outflows from developing countries in early 2020. Credible measures are needed to keep liquidity problems from turning into solvency problems.

We underscore the importance of a functioning global financial safety net and a well-funded IMF to ensure liquidity to building forward better, while including pro-poor and climate considerations. We support efforts to make the IMF adequately resourced in the medium term through a quota increase, while strengthening the voting rights of developing countries.

We recognize that to urgently unlock much needed liquidity, a new general allocation of Special Drawing Rights (SDRs) is a critical first step. We therefore **call for a SDR allocation** of at least US \$500 billion. To ensure this primarily benefits low-income and middle-income countries, we **call for voluntary redistribution of SDRs** from countries with sufficient international SDRs reserves to support countries most in need.

We support creating a “Liquidity and Sustainability Facility” (LSF), as proposed by Economic Commission of Africa, which could provide short-term liquidity and lower borrowing costs for developing countries with strong macroeconomic fundamentals, freeing up vital resources in the short term.

Rapid technological change is creating new challenges for monetary authorities and regulators, including the rise of digital currencies and digital finance. We **call on regulators** to continue to move towards regulating financial intermediation based on the function it performs rather than the type of institution involved.

We further **call on regulators** to ensure that global “stablecoins” comply with financial stability and integrity requirements, including by cooperating across jurisdictions and making sure that the voices of all countries are part of discussions on setting new regulatory standards.

We request the United Nations to support developing countries through knowledge sharing and capacity building in order to better understand the implications of emerging digital technologies for fiscal and monetary policies and harness the opportunities offered by technologies.

### **Science, technology, innovation and capacity building**

We recognize that the COVID-19 pandemic has accelerated the digital transition and a shift towards digital business models. We are concerned about the risks of a widening of the digital divide in- and between countries, especially related to gender, and the possible negative impact of emerging digital technologies on job creation, social protection and equality.

We do not see digitalization as the overall solution to development. Digitalization can accentuate the divide between developing and developed countries. Fast moving digitalization can make the challenge of closing the development gap even more challenging.

We therefore underscore the urgent need to accelerate investment in the digital transition and strengthen efforts to bridge the digital divide, especially for women. We **call for strengthened international cooperation** to support developing countries in strengthening science, technology and innovation, including financing investment in ICT infrastructure.

We welcome the role of financial innovation in enhancing financial inclusion, while recognizing its associated challenges for consumer protection, new forms of exclusion, cyber security, and financial stability. We also underscore the need to grasp the opportunities and tackle the challenges associated with financial technology, especially for women who are disproportionately affected by it.

We will strengthen dialogue, including at the United Nations, between policymakers, regulators, and innovators to promote mutual learning and create awareness of the opportunities for financial inclusion.

We understand open source public domain technologies could support innovation that helps accelerate the Sustainable Development Goals (SDG). We **call on the United Nations** to take initiatives that encourage the shift towards open source technologies.

### **Data, monitoring and follow-up**

We underline the importance of data in assessing the impacts of the COVID-19 pandemic and in identifying gaps for accelerated action. Timely, quality, open, (gender) disaggregated and geospatially enabled data and statistics are needed to understand, manage, and mitigate the human, social and economic effects of the pandemic and make progress towards achieving the SDGs.

We will further **strengthen efforts to collect, analyze and disseminate disaggregated data**, which is critical in measuring the disparate impacts of the pandemic on communities and groups.

We are concerned that the COVID-19 pandemic has exacerbated global data inequalities. We underscore the **need to scale up financial support, equipment and infrastructure and technical assistance to strengthen capacities of national statistical offices and fill data gaps**. In this regard, we recognize that civil registration and vital statistics systems and geospatial information sources must be a priority to prepare for future disasters and make progress on the SDGs.

We recognize the opportunities and challenges around new sources of data for public policy. We **call for increased support from all sources, including international cooperation**, to strengthen capacity building and technical support for data monitoring and follow up, particularly for developing countries. We recognize the importance of data as a strategic asset to prepare for future risks and disasters and for achieving sustainable development.

We request the IATF to issue an advance unedited version of its 2022 report, no later than the end of February 2022, to be updated with the latest data upon its release, in order to facilitate the timely preparation of the draft conclusions and recommendations.

The devastating impact of the pandemic demands bold solutions. We are committed to tackle this unprecedented crisis through unprecedented leadership, determination, and solidarity with the 2030 Agenda as our roadmap to achieve a resilient, sustainable and equitable future for all.

We have agreed that a coordinated global effort comprised of commitment to increased ODA; better capitalized MDB's, new and ultra-long concessional financing arrangements, provision and allocation of new SDR's, establishment of new financing arrangements for special categories of vulnerable countries, including MIC's; significant debt relief that is additional to concessional aid, and extension of DSSI are important starting premise for actions. These actions will be pursued urgently through relevant international forums including the G7 and the G20. We member states stand ready to propose additional measured and options until an inclusive recovery is secured.

The present health, financial and economic crisis has drawn further attention to the central role that the UN Development System and the FFD Forum has to play in harnessing and shaping international consensus on proposals for decision making bodies during such extraordinary crisis as we face today.

We decide that the 7<sup>th</sup> ECOSOC Forum on Financing for Development follow-up will convene from 25 to 28 April 2022 and will include the special high-level meeting with the Bretton Woods institutions, the World Trade Organization and the UNCTAD. We also decide that the forum's modalities will be the modalities that applied to the 2019 Forum.

Towards this end, as decided in the intergovernmentally agreed conclusions and recommendations of the 2020 Financing for Development Forum, we underline the need to hold a follow-up conference in 2022 (Monterrey+20) with a focus on the financing of Agenda 2030 and discuss transformative ways towards a new global economy.