

# **DRAFT Concept note**

## **2019 ECOSOC Forum on Financing for Development**

### **A) Introduction**

Since the 2018 FfD Forum, the world has seen a transition from broad-based growth to uneven global expansion with emerging downside risks. On the non-economic side, climate risks have become more apparent. Poverty is set to rise in several parts of the world. Geopolitical tensions weaken investor/consumer confidence. Frontier technologies are reshaping the job market and challenge conventional social protection and growth policies.

In this context, it has become even more critical to bring financing the SDGs to the center of the international agenda. 2019 offers several critical opportunities to do just that. The 2019 FfD Forum, as the center piece of the FfD follow-up process, has a dual task to: 1) review the implementation of the Addis Ababa Action Agenda in the past four years; and 2) forge consensus among increasingly divergent views and spread policy know-how to advance implementation against rising economic and non-economic risks. It will build momentum toward the first quadrennial high-level dialogue on financing for development, which will take place in September 2019, back to back with the HLPF at summit level.

### **B) Substantive scope**

While continuing the review of all action areas of the Addis Ababa Action Agenda, the Forum will place an emphasis on the following issues:

- a) Emerging trends and risks: Financing the SDGs is taking place in a dynamic environment. Emerging mega trends and rising risks maximize the negative impact of the structural impediments to financing for development. The Forum will highlight such trends and risks as well as policy implications for international financial, monetary and trading systems in relation to financing the SDGs.
- b) Promoting inclusive growth and reducing inequalities: Inequality is a drag on growth, undermining faith in the social contract. It is a clear obstacle to the achievement of the SDGs. Underrepresented and marginalized groups—including women and youth, among others—suffer disproportionately from poverty and are often excluded from basic services, financial systems and work opportunities. National policies and institutions play an important role in shaping inequalities. The Forum will feature policies that can ensure fiscal and financial systems actively promote greater equality, particularly for women, youth, and marginalized groups.
- c) National policy space and financing framework: The changing trends pertaining to global trade, investment and debt have implications for policy options at the national level. The Forum will create the opportunity to share national policies, tools and experiences to expand the space to mobilize domestic public and private resources to finance the SDGs.
- d) Mobilizing finance for climate action: Climate action and economic growth can be complementary. Mobilizing finance for climate action, including through investments

in climate mitigation and low-carbon growth, is critical for building resilience to climate shocks and achieving the SDGs. Such investment is not only an economic choice but also a political one. The “smart” policy choice and “right” balance in this investment (mitigation and adaptation) can vary with country context. The Forum will unpack the nexus with country cases.

- e) **Mobilizing long-term investment for the SDGs:** Achieving the SDGs requires the mobilization of investment at an unprecedented scale. Public investment, while of great importance for a number of countries, will on its own be insufficient to address this challenge which, in turn, necessitates efforts to scale-up private investment. At the same time, there is a need for private investors to shift towards a longer-term investment horizon and incorporate sustainability into their business models. The Forum will also review the progress of current efforts to better align the financial system with the 2030 Agenda through better incentivizing the provision of long-term finance aligned with sustainable development.
- f) **Innovation and frontier technologies:** The fast-paced financial, business and industrial innovations provide possibilities for developing countries to leapfrog the development ladders. In the meantime, policies and regulations must strike a balance in reaping their benefits while minimizing their negative impact on financing the SDGs. The Forum will feature initiatives and draw conclusions and recommendations.

The FSDR of the Interagency Task Force on Financing for Development will inform the deliberations of the Forum.

### **C) Format**

The Forum will create adequate space to engage the most relevant and influential stakeholders in multi-layered discussions ranging from forward-looking assessment to immediate practical actions. As a result, the 4-day Forum is proposed to include the following distinct but interrelated components: 1) opening/scene setting; 2) peer learning; 3) stock-taking; and 4) way forward.

#### **Opening/scene setting**

This component is expected to offer a forward-looking dialogue with focus on current and emerging challenges and opportunities and forward-looking solutions. It includes a high-level opening segment (ECOSOC President, the PGA, and the SG as well as heads of BWIs and WTO). The opening will be followed by two short strategic framing sessions on the global mega trends and global action among high-level representatives, with one focusing on economic factors and the other focusing on non-economic factors. This segment will also include the introduction/launch of the 2019 FSDR.

### **Peer learning**

This component will go one step further to dissect particular risk areas, analyze their impact and discuss immediate, medium and long-term solutions. The dialogue will be followed by 4 1.5-hour ministerial dialogues with each focusing on one particular risk or opportunity in relation to financing for development, including promoting inclusive growth and reducing inequalities; mobilizing climate finance, designing integrated national financing frameworks and harnessing new technologies. These dialogues are meant to anchor discussions of the Forum in national realities and provide peer learning opportunities. The Ministerial Finance dialogue will be followed by the annual interactive dialogue with BWIs, WTO and UNCTAD.

### **Stocktaking**

This component will examine progress, gaps, risks and opportunities relating to all action areas and crosscutting issues of the Addis Agenda. The sessions could address, as appropriate, the SDGs under review by the 2019 HLPF (quality education; decent work and economic growth; reduced inequalities; climate action; peace, justice and strong institutions). These sessions are expected to have strong participation relevant line ministries representing relevant SDGs to demonstrate how financing for development-related policies work with particular goals as well as the participation of relevant international organizations.

### **Way forward**

In addition to the adoption of the outcome document, this session is expected to identify action points and areas of work that could contribute to the upcoming intergovernmental processes such as the HLPF and the GA high-level dialogue on Financing for Development.

In addition to the above four components, the general debate will continue to highlight national experiences and positions.

## **D) Participation**

The Forum will be of multi-stakeholder nature and ministerial participation is envisaged throughout the Forum. The 2019 Forum aims to scale-up participation from Ministers, senior government officials, experts from multilateral organizations, and representatives from the business sector, civil society and local authorities. While continuing to draw upon the participation of ministers of finance/economy/development as well as senior representatives from international trade and finance institutions, it will aim to strengthen the engagement of the following actors:

- Line ministries (such as industry, technology, education, and employment) in relating to the SDGs under review by 2019 HLPF) to make a case of SDG investment in sectoral areas
- Regulatory and standard-setting bodies (national and international Banking/Securities/Insurance regulators)

- Leading multinational corporations (both finance and industry) and major institutional investors (pension funds and sovereign wealth funds) as well as micro small and medium enterprises (SMES)
- Leading academic institutions, think tanks and CSOs in SDG Finance space
- Major industry/business/philanthropy alliances and networks focusing on SDGs Finance
- Regional/sub-regional/national development banks
- Local authorities

## **E) Preparatory process**

The preparatory process entails close engagement and broad consultations with all stakeholders. It will involve a combination of a retreat, a breakfast meeting and workshops leading up to the Forum. These meetings will discuss the substance, format and outcome of the Forum. In addition, the annual visit of the ECOSOC Bureau to BWIs in January 2019, an integral part of the preparatory process, will be used to discuss and coordinate the preparation of the Forum with BWIs. There will be additional efforts to connect with national policy makers, practitioners and other constituencies through other means.

## **F) Outcome**

The Forum is expected to adopt intergovernmentally agreed conclusions and recommendations, which will feed into the HLPF and the High-level dialogue. The ECOSOC President has nominated co-facilitators to facilitate the negotiations of the outcome document.

In addition, the Forum will identify critical areas for attention and further discussion during the High-level Dialogue on Financing for Development. As usual, the ECOSOC President will prepare an official summary of the Forum as an input to the HLPF.

\*\*\*\*\*