Preparatory Process for the
Third International Conference on Financing for Development

Substantive informal session: "Follow-up process"

12 December 2014, 3:00 – 6:00 p.m.,
Trusteeship Council Chamber, United Nations, New York

A strong and meaningful follow-up process and accountability framework for Financing for Development will be a crucial element of a successful outcome of the Third International Conference on Financing for Development in Addis Ababa on 13-16 July 2015.

Programme

Co-Chairs

- **H.E. Mr. George Wilfred Talbot** (Guyana)
- **H.E. Mr. Geir O. Pedersen** (Norway)

Panel discussion:

Moderator

- **Mr. Alexander Trepelkov**, Director, Financing for Development Office, Department of Economic and Social Affairs, United Nations

Speakers

- **H.E. Ms. María Castro**, former Minister of Finance, Guatemala, Head of Delegation
- **Mr. Amar Bhattacharya**, Senior Fellow, Brookings Institution
- **H.E. Mr. Oscar de Rojas**, Director of Global Partnerships and Professor of United Nations Studies, Long Island University

Interactive discussion

Closing remarks by the Co-Chairs

Substantive informal session: "Follow-up process"

Briefing Note

As noted in the Doha Declaration on Financing for Development and also discussed in the previous substantive informal sessions, the global context has changed significantly since the adoption of the Monterrey Consensus, and new challenges have emerged. Given the new global environment for Financing for Development, adapting and strengthening the follow-up process will be essential to ensure the implementation and monitoring of the Conference outcome.

Overview of the Financing for Development follow-up process

The final chapter of the Monterrey Consensus[1] comprises the general parameters and specific modalities for the follow-up to the Monterrey Conference. A leadership role in the process was assigned to the United Nations, with participation of and in collaboration with all relevant stakeholders, including the institutional stakeholders (the IMF, WB, UNCTAD, UNDP and WTO), civil society and the business sector.

This has been implemented through:

- Interactions between ECOSOC and the Executive Boards of World Bank and IMF, as well as representatives from WTO
- The annual spring meeting of ECOSOC with the World Bank, IMF, WTO and UNCTAD
- The biennial High-level dialogue of the GA on Financing for Development and related issues
- Participation of all relevant stakeholders, including civil society and private sector.

The outcome document[2] of the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, held in Doha in 2008, contained four key messages for the follow-up process:

- The need to intensify the engagement of all stakeholders
- The need for a strengthened and more effective intergovernmental inclusive process to carry out the Financing for Development follow-up
- The decision to hold a UN conference at the highest level on the global financial and economic crisis[3]
- The decision to consider the need for a follow-up conference by 2013.

In 2012, the Secretary-General proposed three options for strengthening the Financing for Development intergovernmental follow-up[4]:

[1] http://www.un.org/esa/ffd/monterrey/MonterreyConsensus.pdf
[2] http://www.un.org/esa/ffd/doha/documents/Doha_Declaration_FFD.pdf
[3] http://www.un.org/ga/econcrisissummit/
[4] A/67/353.

- An incremental evolution of existing modalities. However, this option proved to be inadequate to address the significant decline in participation across all categories of stakeholders. It also proved challenging to keep up with changes in both the global context for development finance and other related processes, such as the Development Cooperation Forum.
- A new intergovernmental body. Proposals were put forward by the Secretary-General, various country groups, civil society and the business sector. However, there has not been political consensus on this option.
- Ensuring coordination and coherence with the intergovernmental process on sustainable development financing. This option was partly implemented. The 2012 UN Conference on Sustainable Development (Rio+20) mandated the Intergovernmental Committee of Experts on Sustainable Development Financing (ICESDF) to prepare a report "proposing options on an effective sustainable development financing strategy to facilitate the mobilization of resources and their effective use in achieving sustainable development objectives".

From the outset, the Financing for Development follow-up process has been quite weak. Neither the annual spring meeting of ECOSOC nor the biennial High-level dialogue of the General Assembly produced agreed outcomes. This contrasted sharply with the mechanisms supporting the follow-up of other major United Nations conferences in the economic and social areas — such as sustainable development, social development, population and women — that meet on a lengthier and more frequent basis and adopt recommendations for consideration by the Council and the General Assembly.

However, in the context of the post-2015 framework and the preparation of the Third International Conference on Financing for Development, the general interest in the process from both Member States and institutional stakeholders has recovered. The chance and challenge will be to sustain the momentum to the implementation phase beyond 2015.

The role of the accountability framework

Accountability is neither a goal in itself, nor targeting general process management. It has to be seen as a means of effective cooperation and hence for effective sustainable development results. A direct link has to be established between expected sustainable development results and actors in charge of implementation to hold them accountable.

At the international level, accountability is even more complex than at the national level. The allocation of responsibilities among different actors is often not clear. Vertical accountability is limited, and neither checks and balances between branches of power, nor independent oversight over action of states (horizontal accountability) generally exist, with few exceptions. Similarly, enforcement as the ultimate force at the international level is limited to the Security Council and the decisions of international human rights and criminal courts, plus the dispute settlement mechanisms in trade and investment treaties. Furthermore, most commitments by countries are made on a voluntary, non-binding base.

Strong monitoring of commitments therefore forms the basis of international accountability. International organisations are in a good position to ensure independent monitoring of commitments and holding governments accountable for meeting or not meeting their commitments. Horizontal accountability can be strengthened through peer reviews, which should be exercised with equal rigour ('even-handed') for all Member States.[5] Accountability is made even more complex in the context of partnerships that include all stakeholders. In particular, accountability of the private sector is not well-defined in this context, since private sector actors are ultimately responsible to their shareholders and to national laws.

With regard to the Financing for Development follow-up process, further discussion will be needed to establish a common understanding of a future accountability framework that will serve as a means for effective cooperation in support of the process.

Perspectives on the Financing for Development follow-up process

A strengthened Financing for Development follow-up process will have to take into account the changes in the global landscape of sustainable development. The scope of the Addis Ababa conference includes reinvigorating and strengthening the Financing for Development follow-up process[6] to bridge the gap between policy making and implementation. Calls were made by some Member States to set up a more results-based follow-up process, which could include policy reviews and performance benchmarks at the country level. To that end, there has been a call for setting up an effective decision-making mechanism on financing for development.[7] Some Members States suggested a strengthening of the financing for development follow-up process through the establishment of a financing for development commission as a subsidiary body of the Economic and Social Council[8], while others opposed to the idea of creating new bodies.

To be effective, the Financing for Development follow-up process needs to ensure coherence and avoid duplication with other existing processes, including the Development Cooperation Forum (DCF) and the High-level Political Forum (HLPF). One element of the Financing for Development follow-up process could be the consideration of ways and means to provide substantive inputs and expertise on Means of Implementation, in particular Financing for Development, to the HLPF (e.g. a balanced expert body on financing for development, reflecting an adequate equitable geographical and gender distribution, representing different national systems). Furthermore, the reporting system could be streamlined, including the conversion of the MDG Gap Task Force report to a report on proposed Sustainable Development Goal 17.

In addition to the question how the follow-up process will be framed within the UN system, it will be equally important to discuss the design of arrangements outside the UN system. This

[5] Ocampo, José Antonio and Natalie Gómez Arteaga (March 2014): Accountability for Development Cooperation, available from http://www.un.org/en/ecosoc/newfunct/pdf13/dcf_germany_bkgd_study_3_global_accountability.pdf.
[6] A/RES/68/279.
[7] E/2012/62.
[8] A/67/519.

includes the institutional stakeholders (World Bank, IMF, UNCTAD, UNDP, WTO), as well as the private sector and civil society.

The framework of the follow-up process which will be decided on by Member States will have a significant impact on the success in implementing and monitoring the outcome of the third International Conference on Financing for Development, as well as the post-2015 development agenda.

Guiding questions

1. *What are the main deficiencies of the current Financing for Development follow-up process? Why didn't its evolution over the past 12 years meet the expectations of Member States and other stakeholders?*
2. *What measures should be taken to strengthen the Financing for Development follow-up process and accountability framework in light of the substantive challenges and changes to the global context since the adoption of the Monterrey Consensus?*
3. *How can the contribution of the Financing for Development follow-up process to the implementation of the post-2015 development agenda be effectively enhanced?*