First negotiation session, Financing for Development
New York, 28-30 January 2015
Australian response to the draft Elements paper

Introduction

Australia would like to reiterate congratulations to Ambassadors Talbot and Pedersen for a very well organised and structured debate, and thank them for the Elements Paper, which is a strong first step in bringing all parties to a zero draft of the negotiation text.

This document is designed to be read in conjunction with the five interventions Australia gave during the first negotiation session, 28-30 January 2015, available at http://www.un.org/esa/ffd/overview/third-conference-ffd/drafting-sessions.html.

In support of the need for interventions to be short and to emphasise the issues of most importance to member states, Australia has prepared these additional written submissions in response to the elements paper, as requested by the Secretariat.

Australia's written submissions are organised according to the January sessions and both summarise Australia's key points and detail some more direct reactions to the Elements paper.

General comments on Financing for Development and the Elements Paper

Development is changing, and Addis must help provide an updated model for development finance for sustainable development.

This approach must reflect the flexibility and heterogeneity of options in development partners that developing countries face today, by offering priorities, tools and support to respond to particular global, regional and country specific needs. One size cannot fit all.

Australia is particularly cognisant of two key groups that reflect the complexity of the Indo-Pacific region. The first category is comprised of middle income countries in the Indo-Pacific that face a mix of issues around graduation, access to finance and technical assistance, which will be critical actors if sustainable development objective are to be achieved. The second category is comprised of Pacific small island developing countries, who face similar issues around graduation and access to finance but face different challenges reflecting size, distance from markets and vulnerability to a range of environmental and economic shocks.

These issues need to be addressed within the Addis outcome document (potential name, the Addis Accord) needing to respond to two key groups of issues: 1) prioritising activities that transform economies; and 2) addressing normative gaps in the Monterrey Consensus and Doha Declaration.

Prioritising activities that transform economies to mobilise financial flows and promote effective use of finance

We know from the Intergovernmental Committee of Experts on Sustainable Development Financing (ICESDF) report and other literature, that to transform economies and build sustainable development, we as a global community should focus on four areas or 'game changers':

1) Domestic resource mobilisation – which is the key to providing domestic governments with the finance to implement their policy agenda

2) The domestic private sector – where broad access to capital and the development of domestic capital markets can build domestic economies that provide jobs and growth

3) A supportive international environment which reinforces trade and market access; access to finance; global economic growth and promotes foreign direct investment

4) Government policies and financing which shift these financial flows into sustainable development outcomes.

We also know that well calibrated policy settings and stable institutions were key to the success of countries that made significant progress against the Millennium Development Goals (MDGs) (World Bank). We have seen countries implement major domestic reforms which have delivered development results through enhanced knowledge, learning, capacity development and strengthened human capital. Public finance can be catalytic in this regard, but investments will fail to deliver if they are not supported by appropriate policy settings, effective institutions and innovative partnerships.

Every country, even those with high reliance on international public flows, will benefit from a greater focus on these 'game changers' and they should be integrated in the Addis outcome document.

Australia would note however, that as a non-binding framework, the Addis outcome document should assist countries to prioritise and suggest a range of key activities, but that the response to these policy should be calibrated in line with each country's context and contain sufficient flexibility regarding implementation.

Updating the Monterrey Consensus: addressing the changes in the development finance landscape

As was well reflected in FfD discussions in January 2015, the development finance landscape has changed.

Building on the discussion above, we believe that the Elements paper needs to address these gaps and ensure that the Addis outcome document is effective:

1) Ensuring that the framework is country focused and provides incentives and tools to empower domestic governments (particularly around domestic resource mobilisation, and enabling environments that support trade and access to finance via domestic capital market development)

2) A balanced approach across regions and across vulnerable groups, for Australia this will include an emphasis on the Indo-Pacific region and on Pacific small island developing states, landlocked developing countries and fragile and conflict affected states

3) A balanced approach to resource mobilisation and effective use of financing, including key principles such as country ownership, transparency, results-focus, inclusive partnership models, reduction of fragmentation and mutual accountability.

4) Seeking a common global approach to international public finance, which incorporates new donors and lenders and the range of concessional and non-concessional public and private finance which reflects the range of financing options for development open to developing countries

5) A greater focus on SME and gender financing, as a key to financial inclusion and adequate participation of women in the post-2015 sustainable development agenda

6) A stronger focus on collaboration, inclusive partnerships, knowledge management and results rather than the creation of new institutions. Any promotion of further architecture should be clearly tested, with a common framework for assessment adopted, including an audit on existing institutions, and collaborative approaches between institutions considered to ensure architecture harmonisation, and

7) That any reporting and accountability framework must progress towards the inclusion of all actors and all flows to promote stronger decision making, planning and effective use of financing.

Chapter layout for the Addis

Australia generally supports the structural layout of the Elements paper.

However, following January FfD discussions, we propose an alternative chapter approach to return to a six chapter structure (similar to Monterrey) and organise conceptually related issues together (see table and comments below).

Table One: Suggested chapter arrangement for Addis outcome document

Chapter	**Elements paper**	**Monterrey Consensus**	**Suggested alternative chapter approach**
1	Domestic public finance	Mobilising domestic financial resources	Domestic public finance (including sovereign debt) (*due to importance of linking both domestic and international action with domestic framings)*
2	Domestic and international private finance	FDI and other private flows	Domestic and international private finance *(noting this will be a long chapter)*
3	International public finance	Trade	Trade *(should be linked with private finance chapter due to links with enabling environments*)

4	Trade	International Financial and Technical Cooperation	International public finance *(should be paired with chapter below like Monterrey Consensus due to increasingly strong conceptual links*)
5	Technology, innovation and capacity building	Debt	Global Partnership, including technology, innovation and capacity building
6	Sovereign debt	Systemic issues	Systemic issues
7	Systemic issues		

We suggest the following changes:

1) Bringing together domestic public finance and debt sustainability, which emphasised the importance of domestic public financial management as the primary framing through which other actions should be focused, particularly as a shift towards debt instruments is embraced

2) Noting that the private sector chapter will need to be long due to the critical (but interrelated) domestic and international elements (particularly the shared importance of enabling environments)

3) Bringing trade up to chapter three to connect it with private sector, due to the strong connectivity between these chapters, particularly in relation to enabling environments. This also reflects the original Monterrey Consensus outline.

4) Grouping chapters on international public finance and then the Global Partnership around technology, innovation and capacity building, which provides conceptual links between range of partnerships that will package concessional and non-concessional finance as well as supporting knowledge and skills basis. These issues were sequential in the Monterrey Consensus so it makes sense to keep them grouped.

Domestic public finance

Domestic resources are the most sustainable and reliable form of long-term financing to support resilient economic growth. Domestic public finance is the largest public financial flow, with estimates in developing countries ranging from $1.86 trillion (ICESDF report) to $7.7 trillion (World Bank) each year. Domestic public finance provides a foundation on which governments can plan their recurrent expenditure, finance infrastructure and encourage job creation.

Domestic resource mobilisation is an area where significant gains can be made regardless of a country's income category. Momentum in this area is a win-win for all countries. We support the focus on domestic resource mobilisation as the first chapter of the Addis outcome document, as it was in Monterrey.

In relation to key elements that need to be reflected and deepened in the zero draft, Australia would support greater focus on:

1) Tax reform, tax compliance and deeper tax cooperation (ICESDF report, p 17), including supporting work and momentum from G20 focus on international tax cooperation in the form of addressing Base Erosion Profit Shifting (BEPS) as well as issues around Automatic Exchange Of Information (AEOI)

2) Good financial governance and public financial management (ICESDF report, p 19), we would also support calls from private sector groups for greater cooperation (and technical assistance) to allow developing countries to make more effective use of their balance sheets to leverage greater flows of finance.

3) Inequity and promote financial protection (ICESDF report, p 20), particularly utilising and measuring gender financing in order to target women and girls as being fundamental to effective sustainable development

4) Effective public debt management (ICESDF report, p 22) and would suggest bringing debt issues into this part of the text rather than its own chapter, particularly due to the connection between debt and leverage (see point 2)

5) Institutional options that promote long-term investment and therefore can be geared towards sustainable development objectives, such as national development banks and other public institutions (ICESDF report, p 22).

Issue	*Australian position and rationale*	*Page number*
Discussion regarding actions on domestic resource mobilisation and exchange of tax information can be deepened. While work on G20/OECD BEPS project is mentioned, this work could be deepened by work on automatic exchange of information for tax purposes. The Addis outcome document should reflect this work and help to build momentum in this area.	In 2013, G20 Finance Ministers endorsed automatic exchange of tax information as the expected new standard and in 2014 G20 Finance Ministers endorsed the OECD's Common Reporting Standard for automatic exchange. The G20 Development Working Group (DWG) endorsed a roadmap for developing countries to participate in automatic exchange, developed by the Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum). The G20 has supported pilots of the roadmap undertaken between developing and G20/developed country partners, facilitated by the Global Forum and working with the World Bank Group and other international and regional organisations. <u>Additional areas to expand the text could be through</u>: 1) Increase / rebalance development assistance towards tax-related activities • in 2009 USD1.27b of aid money was	p. 3 and p. ii

	spent on non-tax Public Finance Management (PFM) activities compared to USD45.7 million on tax related activities. 2) Invest in and socialise approaches to assess the needs of tax administrations in order to undertake capacity strengthening • IMF led Tax Administration Diagnostic Assessment Tool (TADAT) offers consistency and objectivity in assessing the strengths and weaknesses of a given tax administration. 3) Promote a consistent approach to advice provided to developing countries around toolkits produced by the OECD in 2015. 4) Look at means to simplify bilateral tax treaty provisions (given that there are now 3000 bilateral tax treaties) – potentially through a multilateral instrument.	
Upgrading the UN Tax Committee into a standing intergovernmental committee; alternatively, strengthening a participatory broad-based dialogue on international tax cooperation including the UN, G20, IMF, OECD, World Bank and regional forums.	Australia does not support the proposal to upgrade the UN Tax Committee into and standing intergovernmental committee. Canada, Australia and New Zealand have previously expressed a united position opposed to the upgrading of the UN Committee on Tax. As per our high level comments on new institutional creation, Australia believes that the most effective way of strengthening institutional arrangements to promote international cooperation in tax matters would be to comprehensively document the work being done by all international taxation forums, with a view to maximising the UN's ability to contribute to and take advantage of that work.	p. iii

Domestic and international private finance

As the elements paper notes, the private sector is the engine of economic growth and job creation in most developing countries. In developing countries, the private sector generates 90 per cent of jobs, funds 60 per cent of all investments and provides more than 80 per cent of government revenues. The links between private finance and domestic public finance (and indeed other chapters) should be better conceptualised in the zero draft.

The great majority of private investment in developing countries is derived domestically. Looking at gross fixed capital formation as a multiple of foreign direct investment (FDI) by region; domestic investment in South Asia is more than 25 times larger than FDI; over 10 times larger in South East Asia; and around 5 times larger in Sub-Saharan Africa (World Bank, WDI). A focus on harnessing the *domestic* private sector through appropriate policies and investments will be key to transforming economies and delivering sustainable development. The zero draft should reflect the evidence base and prioritise actions that will reap the greatest impact.

The private sector is critical to economic growth and poverty reduction, but it cannot and does not act alone. A strong investment climate at the national level is fundamental. Enabling environments – economic, legal and regulatory – are crucial to attracting private sector finance, whether it is international or domestic finance. Countries able to attract the greatest share of finance are those with the most developed and effective policy and legal frameworks and higher capacity institutions. Further, no amount of finance can have sustainable development impact without the right country-level policy frameworks and institutions in place.

The vast majority of constraints to growth identified by the private sector are linked directly to government decisions and action. Government's policy and legislative decisions determine to a large degree the scale and quality of economic growth and the private sector's role in it. We expect this dimension to be central in the zero draft.

Issue	*Australian position and rationale*	*Page no.*
Private sector engagement	Policy or program responses that aim to increase the flow of non-ODA financing and investment need to bring non-ODA financiers into the centre of the policy making and implementation. It is unclear how the proposed policy responses aim to do that. Clearer articulation is needed on how the FfD process will incentivise the private sector to engage, particularly when it comes to areas such as transparency. Traction and gains being made in the private sector, such as the concept of responsible business conduct, where companies are seeing sustainable development as a core part of their business should be recognised and incentivised.	p. 6-7
Remittances	Remittances are a critical source of private finance for many households. Remittance flows, relative to other development finance flows such as ODA (i.e. $450 billion in remittances expected this year which is trebles ODA flows), should be more clearly spelled out in the zero draft. Financial institutions are facing difficulty complying with anti-terrorism/money laundering requirements and may cease money transfer services and/or close the accounts of non-bank money	p. 5

	transfer operators (MTOs). This should be reflected as a challenge in the paper. A "global non-profit remittance platform" might be appealing but there are commercial incentives for private sector companies to participate and the market has been growing at 10-20% per annum. The real issue is cost to consumers and the recent MTO bank account closure issue. On price, we note that the G20 adopted a target to lower the average cost of remittances to 5% in 2011 and extended in 2014. We would suggest this target would be suitable for adoption in Addis.	
Access to financial services	Whilst 'insufficient access to financial services' remains a major issue, beneath this is an array of other issues worth articulation. Including: • There is a need to better support the financial institutions providing these services and financing i.e. facilitate finance to the institutions doing the lending, and to build their capacity. • It is not just a lack of supply when it comes to financial services but also an issue of quality, with a need to ensure that clients have the capability to understand such services through financial literacy and consumer protection programs.	p. iii
Financial inclusion assessments	Reconsider the need for "multi-stakeholder reviews on the availability of financial services" as there are already many such indicators e.g. the World Bank Findex and the IMF Financial Access Survey (FAS).	p. iii
Broaden tax base	It is worth noting that to increase domestic resource mobilisation, a broader base with which to tax is needed i.e. sustained DRM and broadening the tax base is intrinsically linked to having a dynamic private sector to tax. Issues of domestic resource mobilisation need to be clearly linked with private sector development. Also important to link in related concepts around BEPS and transfer pricing as well as AEOI approaches.	p. i
Fight corruption	Additional actions could be included here to improve the enabling environment, particularly with regard to addressing corruption in land and property transactions and zoning decisions and development approvals. Also important to link with actions to combatting illicit financial flows.	p. ii
Reducing risks for private investment	This really needs to be unpacked with more explicit recommendations to address the enabling environment for lending particularly land tenure and credit security, credit bureaus or credit scoring, improving contract law and judicial systems for contract enforcement as well as the provision of risk mitigating instruments such as guarantees.	p. iii
FDI and tech transfer	Support the encouragement of development-enhancing linkages between multinational enterprises and local production activities. The technology transfer implicit in foreign direct investment should be better articulated in the zero draft.	p. iv

Environmental, Social and Governance (ESG) reporting	Strongly support increased ESG reporting, but leave this open to countries to determine the most effective policy framing, either via promoting or mandating reporting.	p. iv
Impact investing	Impact investing warrants greater mention in the zero draft. Working closely with impact investor groups will be critical to the success of financing sustainable development, such as the Global Impact Investing Network. Estimates are that the size of the impact investing sector will grow to US$400 billion by 2020. Examples include networks like the Global Impact Investing Network supported by the Rockefeller Foundation.	p. 6-7

International public finance

As discussed above, development is changing, and Addis must help provide an updated model for development finance for sustainable development.

Public international finance, including ODA, will be an essential to unlock broader financial flows and facilitate the effective use of finance. Australia remains fully committed to delivering a high quality, transparent and effective international public finance, including ODA, however this must be contextualised. Commitments must be seen within a broader context of stronger interlocking mutual accountability based on the following:

1) Mutual accountability that focuses on the country level, includes all partners and focuses on effective use of financing, and results
2) A strategic approach designed to maximise the quality, reliability and strength of flows that incentivises independence and de-incentivises aid dependency (including approaches to debt management and relief)
3) A nuanced approach which looks at the country context – what are the best financial options, the best partnerships and collaborative approaches and what kind of technical assistance does this require
4) An holistic approach which looks at systemic issues around barriers to access and finance, including issues around access to finance and graduation

But for it to be used effectively, we must identify how best it should be used and to whom it should be directed.

The evidence base tells us that one of the most effective uses of public money, including ODA is to facilitate and maximise other, larger flows of finance for development.

These maximised flows will therefore allow governments to target the poorest and the most vulnerable either through direct investments or by tackling systemic issues that are underpinning poverty and unsustainable development.

Today, there are critical gaps, across both the financial and non-financial (knowledge and technical assistance) agenda. Australia will look to see that these gaps are addressed in a regionally balanced way that reflects the needs of the Indo-Pacific.

ODA remains an important source of development finance, particularly for vulnerable countries including Least Developed Countries (LDCs), Small Island Developing States (SIDS) and fragile states.

Australia agrees that ODA should be directed to where it can be best used and most effective. Australia believes the best use of our ODA is for it to be focused in our region, as of our 25 closest neighbours, 22 of them are developing countries. Australia has also committed to spending 90 per cent of our bilateral aid in our region.

Similarly, while Australia recognises and respects global efforts to support the needs of Least Developed Countries, out of the 48 countries classified as LDCs, only four are in the Pacific region and a further nine in Asia. Any outcome in Addis on international public finance will need to reflect a broader range of vulnerable countries (including particularly Pacific small island developing states and fragile and conflict affected states).

In order to more accurately reflect a more complex financing picture, the Addis outcome document must also be more sophisticated in relation to the shifting discussion from quantum of ODA flows towards a better understanding of developing country benefit / donor-lender effort across a range of actors and instruments.

The ICESDF report and other literature tells us that a more detailed and sustained consideration of the range of support needed to reach our shared ambition for sustainable development, and must go beyond the Monterrey Consensus (for example to promote risk instruments, results based finance instruments, public private partnership facilitation and pipeline development).

In order to reach our ambitions we must recognise all actors (traditional public donors and lenders and emerging public donors and lenders) and use all public tools to shift the way the world does business to a sustainable path. We must begin a conversation of better ways to include and measure all actors in this space, to start to build a common language on results and impacts on sustainable development.

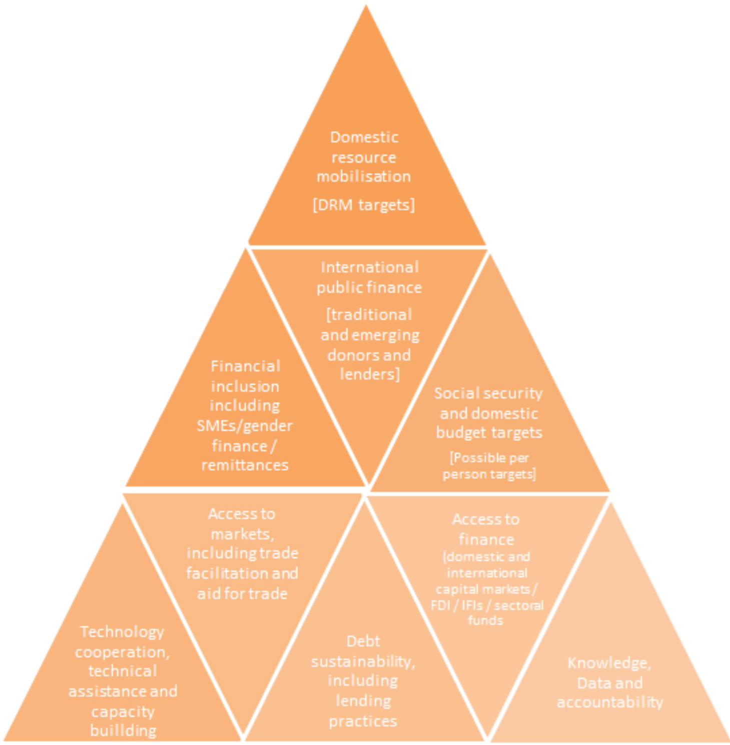
The reality is that the impact on the ground of a grant or loan depends on its terms and its results; it does not depend on who provides it.

Australia welcomes the initial work of the OECD DAC in developing a new statistical measure, Total Official Support for Development (TOSD). Australia believes that the DAC has a strong technical contribution to make in the post-2015 process, in particular to the global monitoring framework. The Addis outcome document should encourage and incentivise key partners to work closely together in this space to move towards a future accounting system and supporting principles that could capture the totality of international public finance flows that are already having impacts in developing countries and will need to be increased in order to respond to the size of the ambition captured by the sustainable development goals (SDGs).

In relation to development effectiveness, Australia welcomes progress that has been achieved, but believes that further efforts are needed to better capture the range of financing flows that developing countries receive and need to improve order to achieve sustainable development. We believe that there needs to be collective agreement to align our efforts and investments to achieve development effectiveness. We commend the work that the Global Partnership for Effective Development Cooperation (GPEDC) in this regard and believe that the Addis outcome can progress this area across all development finance actors.

Australia sees international public finance as one part of a broader multi-stakeholder partnership of mutual accountability. We see this as primarily being a compact between governments as public sector actors, who work together to promote effective and strategic public expenditure, governance and financial management as a means to facilitate greater access to finance, markets and results in order to achieve our shared ambitions.

Figure One: Mutual accountability: the public sector effort in financing for development, and potential framing for the Global Partnership (OWG Goal 17). This requires a range of interlinking domestic and international public sector actions to facilitate the mobilisation and effective use of finance for sustainable development from public and private sources.



Trade

Trade liberalisation (when complemented by an appropriate enabling domestic environment) is fundamental to sustainable development. Australia recognises the need to progress better market access for vulnerable countries, including duty free and quota free approaches, and implemented these reforms a decade ago (2003).

Australia supports the inclusion of aid for trade issues in the elements paper and would like to see issues around trade facilitation and aid-for-trade given a strong focus in the Addis outcome. The potential benefits of the WTO Agreement on Trade Facilitation (ATF), to unlock an estimated increase in global GDP by US$1 trillion per year and create 21 million jobs (18 million of which would be in developing countries) should be clearly spelled out.

More and better trade will also unlock further financial flows, which will be critical to the success of the sustainable development agenda.

While the importance of the multilateral system should not be underestimated,
we must also recognise the momentum and progress that can be gained through smaller forums (bilateral and regional trade arrangements).

Issue	*Australian position and rationale*	*Page no.*
Strengthen public interest exemptions under WTO Agreement on TRIPS	The recommendation in relation to "TRIPS flexibilities" is problematic. Australia would not support such a proposal. We consider existing TRIPS flexibilities in the WTO are sufficient to address these issues. Suggest instead exploring options to help developing countries make better use of existing flexibilities under TRIPS.	p. viii
Export subsidies – beyond developed countries	Echo the point that export subsidies by major emerging economies can potentially be just as damaging to the interests of Least Developing Countries as EU export subsidies.	p. 7
Aid for Trade	Australia has made aid for trade a priority of its aid program – setting itself a target of increasing aid for trade investments to 20 per cent of its total aid budget by 2020. Australia supports the importance of aligning aid for trade with regional and national growth strategies. References to 'additionality' of aid for trade are unhelpful. Creation of new, stand-alone aid for trade initiatives is not always required. OECD definitions are sufficient to code activity. Monitoring growth in aid for trade activity against a target should be sufficient.	p. vii
Blanket treaty amendment	Do not consider a general commitment to amend treaties (to address shortfalls of arbitration for investor-state dispute settlement) is appropriate as this is a decision for the parties to each treaty.	p. viii
Safeguard the right to regulate on health, environment, safety etc.	Support the principle that investment agreements should not prevent governments from implementing non-discriminatory regulations for public welfare objectives. Consider that there is a range of ways to reflect this in agreements.	p. viii
Undertake a comprehensive international review of existing	Would need more information about the focus and parameters of a review and how it relates to other reviews and surveys of investment agreements to assess the value of this proposal.	p. viii

investment agreements		
Lack of agreement on sustainable development focused trade rules	Current trade rules in the WTO allow for a balance between trade and environment policy and the WTO itself recognises that international trade and environment policy and related measures should be, as far as possible, be mutually supportive. Australia sees this current balance as the appropriate one, and views those critical of the current balance as not having offered up any alternatives with any demonstrable value to either trade or the environment.	p. 8

Sovereign debt

Access to sustainable debt finance is crucial to a strong Addis outcome.

However, debt must be effectively managed. The primary objective of debt management is to ensure that countries have ongoing access to debt financing through effective management of resources and that such financing is used to promote sustainable development.

As stated in our overarching comments sovereign debt is a part of public financial management and should be located under that chapter.

As the elements paper points out, debt ratios of developing countries have dropped considerably since Monterrey. The ICESDF report notes the progress made by developing countries, with external debt collectively dropping from 33.5 per cent of GDP in 2003 to 22.6 per cent of GDP in 2013. However, there are a range of indications around increasing debt levels across a range of countries, including Pacific island countries.

Australia sees strong benefit in focusing collective effort on domestic and international measures towards debt crisis prevention and by enhancing debt management capacity building in developing countries. We recognise and support the range of existing debt relief and assistance mechanisms, including HIPC, the multilateral development banks and the Paris Club.

We would also support calls of others to work towards an agreed set of common 'best practice' principles on sustainable borrowing and lending.

Australia supports the emphasis on shared responsibility of debtors and creditors for preventing unsustainable debt situations. We expect the zero draft to deliver a balanced discussion of the interests and responsibilities of both lenders and borrowers. Further, the attention in Addis should largely rest on measures – domestic and international – to support debt crisis prevention.

Australia recognises both the challenge and importance of effectively addressing debt sustainability. We note significant buy-in from the international community on the work of the IMF on improving the contractual approach to restructuring.

Issue	*Australian position and rationale*	*Page no.*
Enhanced country information reporting on debt	Consideration of SIDS is needed when proposals for enhanced reporting are considered; these countries face significant capacity constraints which must be considered and effective technical support is essential.	p. ix
Responsible lending	All lending providers should be encouraged to adopt international best practice when it comes to responsible lending	p. ix
Debt Sustainability Analyses	Given the particular sovereign debt issues experienced by small island developing countries more effort could be made to ensure Debt Sustainability Analyses are tailored to SIDS economic profiles. For instance, reference to debt as a percentage of GDP has little relevance if FOREX earnings are limited. DSAs could also examine the quality of the debt-financed investment and adherence to countries' debt policies and alignment with national development plans.	p. 9
Capacity building – to improve debt management	Elaboration on capacity building areas to support debt management would be useful, particularly in highlighting some of the issues at hand. For example: • Develop policies for managing unsolicited bids, value for money assessments, and negotiating and tracking debt • Strengthen public accounts committees' ability to provide effective oversight of new lending • Ensure specifications for infrastructure projects are fit-for-purpose • Calculate operational and maintenance costs through national infrastructure plans.	p. 9
Debt management strategies	While supportive of efforts to improve debt management, strengthening debt management strategies should ideally be translated into country-owned debt management policies and legislation.	p. viii
'Tied' procurement	The issue of 'tied' procurement should be canvassed. If projects are not subject to international competitive bidding, they are likely to cost substantially more than the true market price; with opportunities for domestic business and local employment reduced, limiting the beneficial effect on the local economy.	

Systemic issues and monitoring, data and follow up

While there is an immediate priority for Addis to be relevant to the post-2015 goals, it also must stand on its own to address future development finance needs. Addis needs to have its own conceptual coherence. This includes recognising the practical links between non-financing and financing issues, one unlocks the other.

In this regard data needs are critical. We must focus on data that is useful for national policy and decision makers in developing countries, particularly SIDS and LDCs.

Relationship between the post-2015 Intergovernmental Process (IGP) and the Financing for Development Conference (FfD3)

We commend the thoughtful efforts of the Netherlands and others regarding how Addis could intersect with the Post-2015 Summit outcomes. We think that a strong holistic Addis outcome should be the main basis for means of implementation in the post-2015 outcome.

Accountability: Approaches and Principles

The evidence base has demonstrated time and time again that effective use of resources and appropriate planning is critical to achieving effective outcomes on the ground.

Australia strongly supports the notion set out in the elements paper that a suitable monitoring framework, with related processes, will ensure the right data is available to support stronger decision making for governments, for businesses and for citizens.

The reality is that the impact on the ground of a grant or loan depends on its terms and its results; it does not depend on who provides it.

As mentioned above, Australia welcomes the initial work of the OECD DAC in developing a new statistical measure, Total Official Support for Development (TOSD). Australia believes that the DAC has a strong technical contribution to make in the post-2015 process, in particular to the global monitoring framework. The Addis outcome document should encourage and incentivise key partners to work closely together in this space to move towards a future accounting system and supporting principles that could capture the totality of international public finance flows that are already having impacts in developing countries and will need to be increased in order to respond to the size of the ambition captured by the sustainable development goals (SDGs).

Any accountability framework is only as effective as the inputs and information it is able to collect. For the Addis outcome to be a success, steps must be made towards greater transparency of all actors and all flows. It will also need to meaningfully talk to the post-2015 agenda.

To this end, Australia views the following principles as critical to our deliberations:

- Monitoring efforts must be fit for purpose and produce information which helps policy makers, governments, businesses and citizens target investment to improve development outcomes

  We need to:

  - Make progress to better capture all flows of public finance (both concessional and non-concessional and by all actors, including emerging donors and lenders) in a holistic way and identify key data gaps

  - Consider new ways to capture the benefit developing countries derive from innovative and inclusive partnerships, regional approaches and new instruments; that capture and incentivise more innovative donor effort; that provide incentives for greater transparency; that more creatively engage with the business community, and institutional investors; and identify key groupings that facilitate transformative change, including SMEs, women and girls and municipalities

- Accountability and monitoring must build on existing processes and systems as much as possible

    - Recognising that technical and financial support that will be needed across this framework, particularly in relation to National Development Financing Strategies.

- Any framework should evaluate the extent to which financing is achieving outcomes, including in relation to women and girls, SMEs and municipalities, including the full utilisation of tailored pro-poor results based financing tools.