

We would like to thank the co-facilitators for the Elements Paper; as witnessed during the discussions in the first drafting session of the Financing for Development (FfD) preparatory process, it serves as a good starting point for considering all the main issues.

Canada believes the “**building blocks**” identified in the Elements Paper are the right ones for establishing the conceptual framework for the FfD outcome document. While the Monterrey Consensus was relevant when it was struck in 2002, the landscape of development finance has changed substantially since then; in particular, private flows have taken on increasing importance and can only be expected to grow in the coming years. In order to remain relevant out to 2030, we believe that the conceptual framework in the final outcome document needs to reflect these changes.

We believe that the **Annex** contains too many policy ideas to provide a coherent basis for discussions; were they woven into the outcome document, the agenda would lack focus and be unrealistic to implement. Moreover several of the ideas are also highly contentious such as specific proposals regarding financing levels, financial flows management, and international organizations, and their consideration would risk derailing the FfD negotiations. Nevertheless, Canada, like other members, would like to see specific financial means of implementation put forward. We believe a limited number of initiatives linked to each building block would make for a manageable agenda, one that demonstrates the determination of the international community to make improvements and also stands greater promise of being implemented. The initiatives should be aspirational goals reflecting the desire of all members to make progress toward their attainment; divisive targets should be avoided.

Drawing from the list of policy ideas in the Annex, we have identified a number of initiatives that we believe are important and around which consensus could be built. We recognize that international public finance will continue to play an important role as a source of development finance, especially in low-income countries, and have emphasized initiatives in this area. However, we see greater potential for dramatically expanding financing for development through initiatives in domestic public finance as well as domestic and international private finance. These represent areas of growth and, in the longer term, will be the most important sources of development finance for every country.

1. Domestic public finance:
 - a. Raise public revenue through improved tax administration:
 - i. Strengthen tax administration, including through digitalisation
 - ii. Broaden the tax base as appropriate
 - iii. Strengthen regional tax administration networks and global knowledge sharing
 - b. Strengthen public financial management capacity
2. Domestic and international private finance:
 - a. Partner with private sector groups to access new resources for new infrastructure and sustainable investment
 - b. Strengthen financial inclusion strategies at the national level (with a particular focus on women)
 - c. Use new technologies to promote financial inclusion
 - d. Protect consumers, regulate business conduct and improve financial literacy

- e. Enhance institutional and legal infrastructure to support micro, small and medium-sized enterprise lending, including strengthening the use and quality of credit data
 - f. Increase competition and transparency in remittance sending and receiving countries
 - g. Improve the enabling business environment by strengthening domestic legal systems, and the policy, regulatory and institutional environments
 - h. Encourage local currency bond market development
3. International public finance:
- a. Strengthen linkages between ODA and the three pillars of sustainable development
 - b. Promote the use of international public finance to leverage other sources of financing, including public, private and innovative sources of financing
 - c. Enhance efforts to improve the quality of ODA and increase the effectiveness of development cooperation
 - d. Increase the contribution of Southern providers to international public financing of development and improve the quality of their assistance
 - e. Encourage the formulation of initiatives for creating partnerships for implementing the SDGs
4. Trade:
- a. Complete the Doha Round of multilateral trade negotiations
 - b. Implement duty-free, quota-free access for all LDCs to all high and upper middle income countries' markets
 - c. Align Aid for Trade with regional integration and national strategies
5. Technology, innovation and capacity building:
- a. Increase international cooperation and collaboration on innovation, science and research, including by building on existing initiatives
6. Sovereign debt:
- a. Strengthen national debt management strategies
 - b. Publish all available information on public and publicly guaranteed debt
 - c. Improve standardized contractual terms in sovereign bond contracts
 - d. Strengthen domestic legal systems and frameworks for sovereign debt restructuring
7. Systemic issues:
- a. Enhance global macroeconomic stability including through policy coordination and policy coherence

In addition to a focused list of policy proposals, thought will need to be given to broader thematic considerations. In particular, we believe that the final outcome document will need to place a heavier emphasis on gender issues. For example, we know that women disproportionately lack access to formal financial services. In addition to this fact, there is insufficient access to finance for micro, small and medium enterprises, which again disproportionately affects women, who are more often the owners of small enterprises. As was recommended by the Commission of the Status of Women in its Agreed Conclusions in March 2014, it is important to work towards ensuring that global trade and financial and investment agreements are conducive to the promotion of gender equality and the empowerment of women and human rights of women and girls, including through reaffirming the critical role of open,

equitable, rules-based, predictable, non-discriminatory multilateral trading system, and strengthening the effectiveness of the global economic system's support for gender responsive development. Thus, there is need for a more systematic sex-disaggregated tracking and analysis of investment and a more systematic analysis, monitoring and evaluation of the contributions of investments to the reduction of gender gaps.

On **monitoring, data and follow-up**, Canada believes the data sources that exist under the UN, the Bretton Woods Institutions and regional development banks need to be reviewed in order to determine their adequacy. We should consider which institutions are best suited to lead data gathering efforts. On international public finance, we encourage full participation in international efforts to improve transparency. While not supportive of efforts to create new entities or reporting requirements, Canada supports the repurposing and retooling of existing mechanisms and reports to address new realities. We also support further analysis of how the FfD financial monitoring and the Post-2015 Development Agenda's results monitoring mechanisms and associated reports will align; ideally we should have a single integrated process.

As indicated at the recent High Level Thematic Debate on Means of Implementation for a Transformative Post-2015 Development Agenda, Canada believes all means of implementation, both financial and non-financial, should be negotiated in the FfD process in order to avoid duplication of efforts and facilitate strong linkages. Ideally the financing for development outcome, once concluded in Addis Ababa, could then become a separate means of implementation chapter in our Post-2015 Agenda.

We understand that the co-facilitators aim to have a zero draft ready for the end of February or, at the latest, the first week of March. We believe it is important to begin negotiations on a draft of a final outcome document at the second drafting session in April. It will be too late in the process if line-by-line negotiations only begin at the third and final drafting session in June. Therefore, we suggest that the co-facilitators invite members' written comments on the zero draft by the last week of March, with the aim of allowing the production of a first full draft of the outcome document that can be used for line-by-line negotiations at the second drafting session in April.

Finally, the co-facilitators will recall during the first drafting session of the FfD preparatory process that the Canadian representative noted Canada is playing a leadership role in the Re-Designing Development Finance Initiative (RDFI), in partnership with the World Economic Forum and OECD, in order to foster greater use of blended finance. In order to encourage further reflection among member states of how we can use public resources to leverage private financing to improve development outcomes, Canada offers to co-host an event in support of the Third International Conference of Financing for Development on the issue of blended finance.