IMPLEMENTING
THE ADDIS ABABA ACTION AGENDA

The 2016 Inaugural ECOSOC Forum on Financing for Development Follow-up

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Preface

The Addis Ababa Action Agenda of the Third International Conference on Financing for Development (Addis Ababa, 13-16 July 2015) provides a strong foundation to support the implementation of the 2030 Agenda for Sustainable Development, including its 17 Sustainable Development Goals (SDGs). It develops a new global framework and contains a comprehensive set of policy actions, with over 100 concrete measures, to finance sustainable development and transform the global economy. Implementing such an ambitious agenda requires a strong, inclusive and sustained follow-up mechanism, with the engagement of all relevant stakeholders through a revitalized global partnership for sustainable development.

To this end, the Addis Agenda was an important step forward in reinvigorating and strengthening the United Nations financing for development follow-up process. It emphasized the need for a dedicated follow-up and review of the financing for development outcomes as well as the means of implementation of the 2030 Agenda. It mandated the follow-up process to assess progress, identify obstacles and challenges to the implementation of the financing for development outcomes and the delivery of the means of implementation of the SDGs, promote the sharing of lessons learned from experiences at the national and regional levels, address new and emerging topics of relevance and provide policy recommendations for action by the international community.

At the heart of the process is the newly established annual Economic and Social Council forum on financing for development follow-up (FfD forum), with universal, intergovernmental participation, to review the financing for development outcomes and the means of implementation of the SDGs. To provide substantive support to the deliberations of the forum, the Secretary-General convened an Inter-agency Task Force (IATF) on Financing for Development to report annually on progress, implementation gaps and recommendations for corrective actions. The outcome of the FfD forum, in the form of intergovernmentally agreed conclusions and recommendations, feeds into the overall follow-up and review of the implementation of the 2030 Agenda in the high-level political forum on sustainable development.

The present publication provides a general overview and highlights the salient features of the inaugural FfD forum, held in New York from 18 to 20 April 2016, under the overall theme "Financing for sustainable development: follow-up to the Addis Ababa Action Agenda". The forum, chaired by the President of the Economic and Social Council, H.E. Mr. Oh Joon (Republic of Korea), brought together a large number of high-level participants from Governments, international financial, development and trade institutions, civil society and the private sector. The extensive programme of the forum included an inaugural segment featuring keynote presentations; a general debate and an interactive dialogue; and a general segment organized around a series of round tables and panel discussions on the themes spanning the entire scope of the Addis Agenda. The opening address by the Secretary-General of the United Nations sent a strong call for action. The major institutional stakeholders — the World Bank Group, the International Monetary Fund, the World Trade Organization, the United Nations Conference on Trade and Development and the United Nations Development Programme — played a prominent role. The inaugural 2016 IATF report, entitled "Addis Ababa Action Agenda: Monitoring commitments and actions", served as the major substantive background document.

The 2016 FfD forum resulted in a concise, forward-looking outcome document. Most importantly, the outcome document reaffirms strong commitment to the full and timely implementation of the Addis Agenda, which builds on the 2002 Monterrey Consensus and 2008 Doha

Declaration on Financing for Development, and recognizes the close link between the Addis Agenda and the 2030 Agenda for Sustainable Development. Looking ahead, it also welcomes the three-pronged approach of the 2016 IATF report setting the monitoring framework for future reports on the implementation of the FfD outcomes and SDG means of implementation, and provides guidance for the preparation of future sessions of the FfD forum.

The rich substantive contributions from a diverse group of participants in the 2016 FfD forum highlight the forum's potential to provide an unprecedented political space and inclusive multi-stakeholder platform to promote the full and timely implementation of the FfD outcomes and SDG means of implementation through a holistic and integrated approach. This unique character of the FfD forum should be preserved and further expanded in the years ahead. Staying engaged and mobilizing political and public support to achieve sustainable development for all requires an unremitting effort by the international community at all levels. It is our hope that the present publication will contribute to raising public awareness, enhancing stakeholder ownership and accountability and increasing the effectiveness of the FfD follow-up process.

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I. Introduction

The Economic and Social Council forum on financing for development follow-up (FfD forum), including the special high-level meeting with the World Bank, the International Monetary Fund (IMF), the World Trade Organization (WTO) and the United Nations Conference on Trade and Development (UNCTAD), was held in New York from 18 to 20 April 2016 (see Annex I for the programme of the FfD forum). The forum was chaired by the President of the Economic and Social Council, H.E. Mr. Oh Joon (Republic of Korea). The overall theme of the forum was "Financing for sustainable development: follow-up to the Addis Ababa Action Agenda".

The inaugural forum brought together a large number of high-level participants, including 17 ministers and vice-ministers, as well as many high-level government officials in the areas of finance, foreign affairs and development cooperation. An unprecedented number of World Bank Group (WBG) and IMF Executive Directors, as well as senior officials from the United Nations system and other international organizations attended the forum. There was also strong representation from civil society organizations and the private sector.

The inaugural segment of the FfD forum featured an opening address by the Secretary-General, the video messages by the Managing Director of the IMF and the Director-General of the WTO, as well the statements by the Senior Vice President of the World Bank, the Administrator of the United Nations Development Programme (UNDP) (on behalf of the United Nations Development Group), the Under-Secretary-General for Economic and Social Affairs (as Chair of the Inter-agency Task Force (IATF) on Financing for Development), the Secretary-General of UNCTAD and the Executive Secretary of the Economic and Social Commission for Asia and the Pacific (ESCAP) (on behalf of the five regional commissions). In addition, statements were delivered by the heads of relevant intergovernmental bodies, including the Chair of the joint IMF/World Bank Development Committee, the President of the Trade and Development Board of UNCTAD and the Acting Secretary of the International Monetary and Financial Committee (IMFC) of the IMF.

A salient feature of the inaugural segment of the FfD forum was the interactive dialogue with the representatives of intergovernmental bodies and senior management of the WBG, IMF, UNCTAD and UNDP on two themes: (a) Policy coherence in implementing the Addis Ababa Action Agenda (Addis Agenda); and (b) Humanitarian and development nexus.

The general segment of the FfD forum was organized around six round tables on the themes: Global framework for financing sustainable development; Domestic and international public resources; Domestic and international private business and finance; Debt and systemic issues; Trade, science, technology, innovation and capacity-building; and Data, monitoring and follow-up. In addition, a dedicated panel discussion was organized on the outcome of the Global Infrastructure Forum.

The official programme of the FfD forum was complemented by a rich portfolio of 17 side events, which allowed for the presentation of diverse perspectives and supported the inclusive approach of the FfD process. Side events featured high-level participants and enabled substantive discussions on a wide spectrum of topics, including domestic resource mobilization, municipal finance, social issues, the role of the private sector, energy, trade, systemic issues and debt. A comprehensive summary of the discussions and outcomes of the side events is included in Annex VII.

The participants had before them the inaugural 2016 report of the Inter-agency Task Force (IATF) on Financing for Development, entitled “Addis Ababa Action Agenda: Monitoring commitments and actions” (available from http://www.un.org/esa/ffd/publications/inaugural-2016-iatf-report.html), which served as the major substantive background document for the forum as a whole. In addition, the main findings of the IATF report where highlighted in a note by the Secretary-General on monitoring commitments and actions in the Addis Ababa Action Agenda of the Third International Conference on Financing for Development.

II. Opening of the financing for development forum

The opening of the forum featured statements by the President of the Economic and Social Council, H.E. Mr. Oh Joon; the Secretary- General, H.E. Mr. Ban Ki-moon; the Managing Director of the IMF, Christine Lagarde; the Director-General of WTO, Roberto Azevêdo; and the Senior Vice President for the 2030 Development Agenda, United Nations Relations, and Partnerships of the World Bank Group, Mahmoud Mohieldin, who spoke on behalf of the President of the World Bank.

The **President of the Economic and Social Council**, in his statement (see Annex II), welcomed participants to the inaugural forum on financing for development follow-up, emphasizing that it marked a new chapter in the history of development cooperation. He highlighted that the forum was mandated to enable an integrated follow-up and review of the FfD outcomes and the means of implementation (MoI) of the 2030 Agenda for Sustainable Development (2030 Agenda). In this process, it was building on the momentum generated by the Monterrey, Doha and Addis Conferences in the discourse on financing for development issues among Member States, major institutional stakeholders and others.

He outlined the four unique functions to be performed by the forum. First, it will serve as the primary platform for policy dialogue on FfD follow-up to assess progress, identify challenges, and facilitate the delivery of the MoI. It will also promote the sharing of lessons learned at the national and regional levels, while addressing new and emerging topics. Second, the forum will provide a platform for concrete action and will result in intergovernmentally agreed conclusions and recommendations to guide the implementation of the Addis Agenda. Third, the forum will enable broad engagement by relevant stakeholders as well as by Member States. Fourth, it will carry out its work in accordance with an evidence-based approach, with the report of the IATF serving as the major analytical input for consideration.

> *"The launch of the ECOSOC FfD forum today, marks a new chapter in the history of development cooperation."*
>
> *— H.E. Ambassador Oh Joon, President of ECOSOC*

In his statement (see Annex III), **the Secretary-General** stressed that 2015 was a year of crucial milestones for development. The Addis Agenda, together with the 2030 Agenda for Sustainable Development and the Paris Agreement on climate change were triumphs of multilateralism. There was a collective responsibility to turn these landmark agreements into tangible actions. The financing requirements to achieve the Sustainable Development Goals (SDGs) were estimated to be in the order of trillions of dollars annually. Mobilizing these resources would be a significant challenge, particularly at a time of continued economic uncertainty and financial constraints. The global response must match the scope of the challenge. Following up on the Addis Agenda was the right starting point as it provided a comprehensive financing framework that, if fully implemented, would realign financial flows and policies with economic, social and environmental priorities.

He called for the implementation of the new "social compact" enshrined in the Addis Agenda to provide social protection and essential public services for all, as well as greater investments in sustainable and resilient infrastructure. Whereas South-South cooperation was driving innovation and demonstrating its effectiveness in many developing countries, official development assistance (ODA), especially to least developed countries (LDCs), remained crucial. Finance was also key in delivering on the new Paris Agreement and helping countries implement their national climate plans.

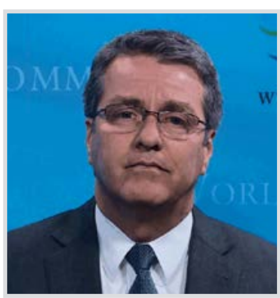
> *"The time for implementation is now. Following up on the Addis Agenda is the right starting point."*
>
> *— Secretary-General Ban Ki-moon*

In conclusion, he highlighted that the Addis Agenda provided the foundation for a renewed and strengthened global partnership for sustainable development that should lead to better lives and greater opportunities for people everywhere.

Ms. Lagarde called on all stakeholders to contribute to the full and timely implementation of the Addis Agenda, which was critical to achievement of the SDGs. She further highlighted a range of action taken by the IMF with the view to promoting macroeconomic stability, improving taxation, tackling climate change and supporting inclusive economic growth. In terms of macroeconomic stability, the IMF continued to advise countries on their national frameworks and potential spillover effects.

The speaker noted the progress made in international tax cooperation, largely due to the base erosion and profit shifting (BEPS) initiatives, and called for focus on improving national tax frameworks with a view to increasing tax revenues. On climate change, the IMF will continue to pursue research and provide technical assistance on subsidy removal strategies and the proper taxation of externalities, including through carbon taxation. Finally, Ms. Lagarde called on Governments to target their spending properly, including on the education of young people, in particular girls, in order to achieve inclusive and sustainable growth.

> *"We can all do something, wherever we have expertise, wherever it is our mission, but we need to focus it, we need to target it, we need to operationalize it and we need to customize it so it is actually helpful to the countries and to their people. We will continue doing so."*
>
> *— Ms. Christine Lagarde, Managing Director, IMF*



Mr. Azevêdo highlighted the importance of the FfD forum in ensuring coherence between the implementation of the FfD outcomes and the 2030 Agenda. He highlighted the active involvement of the WTO in the work of the IATF, especially in the area of trade. Given the complexity of achieving both the Addis Agenda and the SDGs, the report made a number of proposals aimed at determining the contribution of the multilateral trading system in specific areas, including special and differential treatment for developing countries and LDCs, issues in fisheries and agriculture, access to affordable medicines and the implementation of the outcomes of the WTO ministerial conferences in Bali and Nairobi.

"Trade is an enabler of development...but governments have to do more to ensure that trade supports these efforts to the fullest degree".

— Mr. Roberto Azevêdo, Director-General, WTO

According to the speaker, recent developments at the WTO had been encouraging. For example, in Nairobi, in December 2015, Governments agreed on the most significant reform of global agricultural trade in the history of the WTO with their decision to eliminate export subsidies, and set out new rules for export credits, international food aid and exporting State trading enterprises. Progress was also made on preferential rules of origin and the implementation of preferential treatment in services for LDCs. In addition, a group of WTO members agreed on a deal to expand the information technology agreement, eliminating tariffs on 200 new-generation IT products. The speaker concluded by stating that more work was needed, but progress achieved to date demonstrated the full commitment of the WTO members to the implementation of the 2030 and Addis Agendas.

Mr. Mohieldin stressed the need to fully implement last year's landmark United Nations agreements. Implementation required good data, skillful delivery and solid financing, including preparedness for shocks and natural disasters, and the capacity to respond to crises of all kinds. The WBG was deeply engaged in the FfD process, including through taking an active part in the work of the IATF. The WBG, other multilateral development banks (MDBs) and the IMF were working together to use shareholder capital, innovative financing solutions, knowledge and convening power to catalyse and crowd in additional public- and private-sector resources.

The WBG private sector arm, the International Finance Corporation (IFC), and its political risk insurance arm, Multilateral Investment Guarantee Agency (MIGA), were using innovative ways to crowd in private financing and leverage the private sector in developing countries. The WBG also worked on strengthening domestic resource mobilization capacity through the Joint Initiative with the IMF on Strengthening Tax Systems in Developing Countries. According to the speaker, another crucial aspect of the FfD agenda was infrastructure financing.

"Now the real work begins — requiring good data, skilful delivery, and solid financing."

— Mr. Mahmoud Mohieldin,
Senior Vice President for the 2030 Development Agenda, United Nations Relations and Partnerships, WBG

In this context, he highlighted the launch of the new Global Infrastructure Forum in response to the mandate contained in the Addis Agenda. He further emphasized that the WBG remained committed to attracting investment in societies and markets impacted by conflict, climate change or migration.

III. Statements by representatives of intergovernmental bodies of major institutional stakeholders

Statements were made by the Chair of the joint IMF/World Bank Development Committee, Bambang Brodjonegoro (Indonesia); President of the Trade and Development Board of UNCTAD, Alfredo Suescum A. (Panama); and the Acting Secretary of the International Monetary and Financial Committee (IMFC) of IMF, Calvin McDonald.

Reporting on the outcome of the recent meeting of the Development Committee, **Mr. Brodjonegoro** highlighted that the Committee had noted the continued subdued global growth in 2016, and pointed towards substantial risks to growth following weak demand, tighter financial markets, softening trade, persistently low oil and commodity prices, as well as volatile capital flows. The WBG and IMF, within their mandates, were called upon to monitor risks and vulnerabilities and to update the Debt Sustainability Framework for low-income countries. The speaker referred to the current Forward Look exercise of the Development Committee, where proposals would be developed to ensure that the WBG remained responsive to diverse client needs, made "billions to trillions" a reality, partnered with the private sector, became a more effective development partner and adapted its business model accordingly.

> *"[Governors] called on the Bank Group and IMF to step up efforts to implement the Addis Ababa Action Agenda on Financing for Development, in particular, crowding in the private sector and boosting domestic resource mobilization, including by tackling illicit financial flows."*
>
> *— Mr. Bambang Brodjonegoro, Chairman, IMF/WB Development Committee*

The Development Committee encouraged the IMF, MDBs, the United Nations and the WBG to work together to support developing countries towards the achievement of the SDGs by stepping up efforts to implement the Addis Agenda through the crowding in of private sector investment and boosting domestic resource mobilization, including by tackling illicit financial flows. Concerns were raised over issues of fragility and conflicts which had led to the forced displacement of millions of people. In this regard, the Development Committee had welcomed efforts by the Islamic Development Bank, the United Nations and the WBG to develop a financing facility for the Middle East and North Africa (MENA) region and encouraged donor countries to contribute to this important initiative. The Committee urged the WBG and the IMF to

become more effective in fragile and conflict situations, through strengthened operational capacity in affected countries, better-tailored capacity development activities, incentives and enhanced security for staff, and innovative financing and resourcing. The Committee also welcomed the Paris Agreement and committed itself to helping to operationalize climate-smart policies and projects, as well as to scaling up technical and financial support for mitigation, adaptation and resilience in vulnerable States.

Mr. Suescum emphasized that UNCTAD would continue to contribute to global policy and norm-setting though its analytical work. He noted that the United Nations was the only truly multilateral body where certain issues, such as global economic governance or sovereign debt restructuring, could be legitimately discussed. He explained that UNCTAD, as an institutional stakeholder of the FfD process, could play an important role in revitalizing the multilateral trading system, serving as a forum to exchange ideas and approaches to advance the WTO process and to ensure greater coherence among the international financing, trading and monetary systems.

> *"Ideas, of course, are good; follow-up is better."*
>
> *— H.E. Mr. Alfredo Suescum A., President, Trade and Development Board, UNCTAD*

The speaker also noted the importance of international investment agreements and the broad interest in improving the investor-State dispute prevention and settlement system to promote an environment conducive to development. He recommended that UNCTAD and the United Nations regional commissions adequately covered FfD issues in their intergovernmental programmes of work to ensure that the full breadth of experience and knowledge in the United Nations system was harnessed. He called for a robust follow-up process, with on-the-ground implementation of its outcomes.

Reporting on the outcome of the recent meeting of the IMFC, **Mr. McDonald** pointed out that the global economy was currently at a delicate juncture, with weakened baseline growth projections and financial market volatility on the rise. Moreover, there was a rise in terrorist activity, and the refugee and migrant crises

continued to pose grave systemic challenges. Decisive action and concerted efforts would be needed to address these lingering problems in a comprehensive fashion. The IMFC called for a general three-pronged approach, spanning structural, fiscal and monetary policies, to address current economic challenges. Shared actions could mutually reinforce economic activity and reduce risks to financial stability.

A strong global financial safety net that protected countries from sudden liquidity shortages or external shocks would be important. Moving forward, the IMF will have three strategic priorities. First, it will identify fiscal space and propose measures to improve the policy mix. Second, it will provide financial support, when needed, with instruments suited to evolving needs of member countries. Finally, it will help address new challenges. The IMF would also undertake a number of reforms, including strengthening coordination with regional financing arrangements, revisiting the lending toolkit, and considering further support for countries impacted by the decline of commodity prices, refugee crises, epidemics and natural disasters.

> *" We are facing important challenges, but the destination is clear — strong, durable and inclusive growth."*
>
> *— Mr. Calvin McDonald, Deputy Secretary, IMF and Acting Secretary, IMFC*

IV. Keynote presentations

Keynote presentations were delivered by the Administrator of UNDP, and Chair of the United Nations Development Group (UNDG), Helen Clark; the Under-Secretary-General for Economic and Social Affairs, and Chair of the IATF, Wu Hongbo; the Secretary-General of UNCTAD, Mukhisa Kituyi; and the Executive Secretary of ESCAP, Shamshad Akhtar.

At the outset, **Ms. Clark** underlined the importance for countries to have the capacity to blend, catalyse and leverage different types of public and private finance to mobilize the vast resources needed for sustainable development. She further noted that the FfD forum must drive forward a clear plan for monitoring and reporting. At each annual forum, the international community could take stock of progress; consider who is being reached and who risks being left behind; and share experiences about innovative approaches to financing sustainable development. UNDG and UNDP could provide further support to implementation in a number of ways.

> *"We will, as we must, intensify our focus on the poorest and most vulnerable countries."*
>
> *— Ms. Helen Clark, Administrator, UNDP and Chair of UNDG*

First, UNDP would showcase the range of innovative financing approaches through its country-level work, including initiatives in green financing, blended financing and impact investing. Second, the United Nations development system would support Governments in mainstreaming the 2030 Agenda into national plans and budgets, assessing the risks of shocks which might stand in the way of progress, and addressing how to reduce and manage those risks. It would also help build capacities to collect data and report on national progress and advocate for the SDGs. Third, UNDP could support countries in building the broad coalitions and partnerships called for in the Addis Agenda. Fourth, UNDP would intensify its focus on the poorest and most vulnerable countries which not only struggled to attract private investment and raise domestic revenues, but which were also extremely vulnerable to shocks and stresses such as commodity price volatility. Fifth, in partnership with the Organisation for Economic Co-operation and Development (OECD), UNDP would continue to advance the Tax Inspectors without Borders initiative, which supported developing countries in building their tax audit capacities.

In his capacity as the Chair of the IATF, **Mr. Wu** launched the inaugural IATF report. He began by recounting the holistic and coherent framework for financing for sustainable development, which contained hundreds of actions to mobilize resources and align financing flows with policies on sustainable development. He asserted that sustainable development would be possible only if the commitments in the Addis Agenda were acted upon in a timely manner. He acknowledged the significant role of the IATF, which comprised more than 50 United Nations agencies, programmes and offices, regional commissions and other relevant international institutions. The IATF had two tasks: (a) to map out commitments and actions in the Addis Agenda and their relationship to the MoI of the SDGs; and (b) to present the monitoring framework and data sources that would allow for annual assessments. Thematic clusters of the commitments in the Addis Agenda were also reflected in the report along with specific action items for each cluster. The data presented for monitoring each cluster also included discussions on qualitative, quantitative and contextual analysis and case studies.

Mr. Wu concluded with three observations. First, the evolving global context called for flexibility in the follow-up process and the themes it addressed. Second, given the comprehensive and complex nature of the FfD outcomes, the IATF proposed including an online appendix to address a broader set of commitments in addition to the report. Future reports would also contain a brief discussion of the global context and its implications, and, if Member States so requested, a discussion of specific thematic issues. Finally, commitments and actions related to national sustainable development strategies should be monitored through national-level reporting. Further guidance from Member States would be needed to assess options for country reporting in the FfD process, and how it would relate to the SDGs.

> *"...realizing the Sustainable Development Goals will be possible only if the Addis commitments are translated into action in full and in a timely manner."*
>
> *— Mr. Wu Hongbo, Under-Secretary-General for Economic and Social Affairs and Chair of IATF*

Mr. Kituyi stated that while substantial flows of foreign direct investment (FDI) were anticipated

to fill some of the financing gaps towards attaining the SDGs, UNCTAD research had raised concerns, such as lack of investment in greenfield projects, the preponderance of mergers and acquisitions as a main form of investment, a collapse of investment in some commodity-dependent economies, and limited positive recovery and trade in the Middle East, Africa and Latin America. These factors significantly impacted the ability of Governments to reach the ambitions of the Addis Agenda. He spoke about the need for international solidarity towards achieving the Addis Agenda, with particular reference to the importance of meeting ODA commitments.

> *"Good monitoring is only secondary to good implementation."*
>
> *— Mr. Mukhisa Kituyi, Secretary-General, UNCTAD*

However, in the context of the current global crisis of forced displacement, he underscored the paradoxical relationship between in-country refugee costs covered through ODA and ODA targeted towards developing countries, particularly LDCs. While it was necessary to tend to the issue of forced migration, a reduction of investment in productive capacities and gainful employment in poor countries compounded the impacts of migration. Furthermore, in a time of limited inflows, he emphasized the need to think about tax evasion and illicit financial flows. He also stressed that tax avoidance practices were responsible for a significant leakage of development financing resources. An estimated $100 billion of annual tax revenue losses for developing countries was related to inward investment stocks directly linked to offshore hubs. This amount was more than double the amount of FDI to Africa in 2015. In concluding, he acknowledged the need to repurpose institutions and fine-tune mandates and expertise in a complementary way towards

coherent action. However, while he welcomed the attention to data and statistics in monitoring implementation, he argued that these were only secondary to good implementation. He invited participants to engage in the fourteenth session of UNTAD (UNCTAD XIV) in July 2016.

Ms. Akhtar reported that ESCAP had held regional consultations with a view to generating momentum for delivery of the MoI of the 2030 Agenda, focusing on financing for development. These consultations reviewed priorities in the implementation of the Addis Agenda, such as mobilizing domestic resources, overcoming gaps in infrastructure financing, implementing sound macroprudential policy frameworks and tools to address financial vulnerability and enhancing debt sustainability management. She also emphasized the need to combat illicit financial flows and to promote global partnerships for countries in special situations. Ms. Akthar recapped some important initiatives at the regional level undertaken with a view to addressing these priorities.

ESCAP would explore ways to promote financial integration in Asia-Pacific markets, establish an Asia-Pacific tax forum and support the creation of a regional centre to meet the capacity needs of small island developing States (SIDS), among other initiatives. The Economic Commission for Africa (ECA) planned to create a comprehensive regional policy framework to concentrate efforts to mobilize internal and external resources to finance the African Union's Agenda 2063 and the 2030 Agenda. The Economic Commission for Latin America and the Caribbean (ECLAC) would undertake projects on financial inclusion focusing on innovative practices to promote social, productive and structural change in selected countries. The Economic Commission for Europe (ECE) focused on developing laws, policy frameworks and institutions for transition economies to better leverage infrastructure finance. The Economic and Social Commission for Western Asia (ESCWA) remained focused on raising new resources for reconstruction and development in conflict-affected countries. Ms. Akhtar concluded by recommending that the global follow-up and review process more comprehensively recognize the role of the United Nations regional commissions.

> *"The demand in developing countries for infrastructure financing is huge, and call for maximum private sector engagement."*
>
> *— Ms. Shamshad Akhtar, Executive Secretary, ESCAP*

V. General debate

During the general debate, over 50 government representatives made statements, including 17 ministers and vice-ministers. Representatives of United Nations agencies, civil society organizations and the private sector also spoke. Joint statements were delivered by the Group of 77 and China, the European Union, the Group of African States, the Community of Latin American and Caribbean States (CARICOM), the Alliance of Small Island States (AOSIS) and a group of countries in support of middle-income countries (MICs).

Delegations welcomed the FfD forum as a significant milestone in the implementation of and follow-up to the Addis Agenda and the 2030 Agenda. They reaffirmed the centrality of the Addis Agenda in accelerating progress on financing sustainable development and called for strengthened cooperation in implementing all action areas of the Addis Agenda in a full and balanced manner, leaving no one behind. Many delegations also recognized that the FfD forum was instrumental in paving the way for a successful high-level political forum (HLPF) on sustainable development, to be held in July 2016 under the auspices of the Economic and Social Council.

Many speakers agreed that significant progress had been made in implementing the FfD outcomes, but much more needed to be done to translate commitments in the Addis Agenda into concrete actions. A number of delegations stressed the need to ensure an adequate balance between an enabling international environment, global partnership for development and domestic resource mobilization. Policy coherence, mobilization of financing from a variety of sources and aligning financial flows with sustainable development objectives was seen as crucial. Implementation must go beyond finance and cover policies as diverse as good governance, trade, private sector engagement and gender equality. Member States expressed their commitment to formulate policies which would facilitate integration of both the Addis Agenda and the 2030 Agenda into their national plans and priorities.

Member States welcomed the inaugural IATF report and agreed on the proposed three-pronged approach comprising a brief discussion of the global context, a concise overview of each chapter with updated data and new initiatives, and a discussion of specific thematic issues, drawing on inputs from across the seven action areas of

the Addis Agenda. Recognizing that monitoring required accurate measurements and an updated reporting from all stakeholders, delegates noted that annual reporting on progress by the IATF would be key to ensuring coherence among different actors, identifying gaps and best practices and making recommendations for future action.

Participants noted that the international community was facing serious economic and humanitarian challenges, with a wide gap between needs and resources. Innovative and comprehensive approaches were required to raise additional financing for sustainable development. There was a broad consensus that South-South cooperation had proven to be an important supplement to North-South and triangular cooperation. Private business activity, investment and innovation were acknowledged as major drivers of sustained growth, job creation and poverty reduction. Strengthened partnerships were also needed with multilateral organizations, civil society and academia. Some speakers highlighted the potential of remittances, urging the international community to reduce the transaction costs.

> *"The European Union is committed to fully playing its part to fully implement the Addis Ababa Action Agenda and the 2030 Agenda for Sustainable Development. We will also assist others in their efforts in the spirit of a strong global partnership."*
>
> *— Mr. Neven Mimica, EU Commissioner*

Domestic resource mobilization, underscored by the principle of national ownership, was recognized as a central element of public financing. Sustainable growth, coupled with an enabling environment, was a precondition for raising those resources, while at the same time there was a need to help countries increase their tax revenues, combat corruption and improve public services.

Calls were made for scaling up international tax cooperation and for greater transparency in financial flows. Tax evasion and money laundering represented a threat to international stability and development, and participants committed themselves to working together in the fight against illicit financial flows. To strengthen transparency, appropriate policies should be adopted, including country-by-country reporting by multinational enterprises; access to beneficial ownership information for competent authorities; and progress towards automatic exchange of tax information among tax authorities, with assistance to developing countries, especially the LDCs.

Several speakers emphasized the need for a development-centred and inclusive system of international trade. Stressing that trade was an engine for development, developing countries called for the elimination of unfair trade rules that prevented their full integration into the global economy. Many Member States highlighted the urgency of completing the Doha Round of multilateral trade negotiations.

> *"To fully implement the Addis Agenda and make the forum most relevant, we must ensure that all action areas of the Addis Agenda are implemented in a full and balanced manner while leaving no one behind."*
>
> *— H.E. Mr. Virachai Plasai, Thailand on behalf of G77 and China*

While recognizing that all sources of financing were important to achieve sustainable development, delegates stressed that ODA remained an essential component of international development cooperation and that the fulfilment of all ODA commitments was crucial. Concern was expressed about the continued fall in ODA to LDCs.

Some delegations pointed out the unique challenges faced by African countries, LDCs, landlocked developing countries (LLDCs) and SIDS, as well as MICs and countries in conflict and post-conflict situations. Inadequate resources exacerbated by illicit financial flows, discriminatory trade rules, high debt burden, systemic issues and lack of capacity were highlighted as additional obstacles to sustainable development in these countries.

SIDS emphasized the particular difficulties they were facing because of climate change. While climate change adaptation costs in SIDS were among the highest in the world, most SIDS were ineligible for concessional funding because such funding did not take into consideration the increased risks from extreme weather events. High levels of public debt and associated borrowing costs remained another challenge for many SIDS.

Many participants endorsed efforts to assist developing countries in attaining long-term debt sustainability, including measures aimed at fostering debt financing, debt relief, debt restructuring and sound debt management. Successful debt restructuring should have at its core a determination of real payment capacity that would not compromise national growth perspectives. Note was taken in this regard of the ongoing work being carried out by the United Nations system and international financial institutions to examine options for more effective debt restructuring.

Technology transfers, cooperation in science and research, and promotion of the latest innovations and know-how were recognized as strong engines for economic growth that fostered sustainable development. Greater technology transfer and access to technologies, in particular environmentally sound technologies, were highlighted as essential to reducing the technological gap between countries. Participants acknowledged the launch of the Technology Facilitation Mechanism (TFM), including the establishment of the United Nations Inter-agency Task Team on Science, Technology and Innovation for the Sustainable Development Goals and an online platform to exchange information on existing science, technology and innovation (STI) initiatives, and welcomed the first annual Multi-stakeholder Forum on Science, Technology and Innovation for the Sustainable Development Goals, to be held from 6 to 7 June 2016 in New York.

Member States recognized that capacity development was of great importance for addressing the specific needs of developing countries and should reflect their national sustainable development strategies and priorities. A call was made for increased international support and establishment of multi-stakeholder partnerships to implement effective and targeted capacity-building in developing countries. In this regard, some Member States called for an enhanced engagement of major international institutions, including UNIDO and UNCTAD, in providing technical assistance and expertise in the areas of industrialization, as well as in trade and investment.

It was further noted that developing countries should have a stronger role in international economic decision-making, norm-setting and global governance.

VI. Interactive dialogue on "Fostering policy coherence in the implementation of the Addis Ababa Action Agenda"

Programme

Opening remarks:

- H.E. Mr. Oh Joon, President of the Economic and Social Council (Republic of Korea)
- Mr. Merza Hasan, Dean of the Board of Executive Directors, World Bank Group
- Mr. Aleksei Mozhin, Dean of the Board of Executive Directors, IMF
- H.E. Mr. Alfredo Suescum A. (Panama), President, Trade and Development Board, UNCTAD

Moderator: Ms. Eliza Anyangwe, Guardian News and Media; and CNN International

Coherence in implementation of the Addis Ababa Action Agenda

Lead discussants:

- Mr. Matthew McGuire, Executive Director for the United States, World Bank Group
- Mr. Serge Dupont, Chair, Executive Board Committee for Liaison with the World Bank, the United Nations and other International Organizations; Executive Director for Canada, Ireland and the Caribbean Region member States of the IMF
- H.E. Mr. Héctor Alejandro Palma Cerna (Honduras), Vice-President of the Economic and Social Council

Interactive dialogue

Humanitarian and development nexus

Lead discussants:

- Ms. Satu Santala, Executive Director for Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway and Sweden, World Bank Group
- H.E. Mr. Jürg Lauber (Switzerland), Vice-President of the Economic and Social Council

Interactive dialogue

Closing remarks: H.E. Mr. Oh Joon, President of the Economic and Social Council

Background note

Objective

The dialogue was intended to engage representatives of United Nations Member and observer States, including Ambassadors to the United Nations and intergovernmental representatives of major institutional stakeholders of the FfD process, in a focused exchange of views on coherent implementation of the Addis Agenda and the means of implementation (MoI) of the 2030 Agenda for Sustainable Development. To this end, the representatives of intergovernmental bodies were invited to share information on lessons learned, ongoing initiatives, as well as planned action by their respective institutions to promote policy coherence in the implementation of the two Agendas, in accordance with their respective mandates.

Background

The Addis Agenda specified that one day of the newly established Economic and Social Council forum on FfD follow-up would comprise the special high-level meeting with BWIs, the WTO and UNCTAD. Over the years, the special role and strong reputation of the special high-level meeting as a platform for engagement between the United Nations, the BWIs and other major institutional stakeholders of the FfD process has been widely accepted and appreciated by the relevant stakeholders. In particular, one of the identifying features of that meeting has been the dialogue between Ambassadors to the United Nations and intergovernmental repwresentatives of these institutional stakeholders. Responding to expressions of mutual interest by these stakeholders, an attempt was made at the inaugural FfD forum to intensify the exchange of views between the respective intergovernmental bodies in the form of an interactive dialogue.

Promoting coherence has been at the heart of the FfD outcomes. The 2002 Monterrey Consensus recognized the urgent need to enhance coherence, governance and consistency of the international monetary, financial and trading systems, in order to complement national development efforts.

The 2008 Doha Declaration resolved to strengthen the coordination of the United Nations system and all other multilateral financial, trade and development institutions so as to support economic growth, poverty eradication and sustainable development worldwide, based on a clear understanding and in line with their respective mandates and governance structures.

Through the Addis Agenda, Heads of State and Government further committed themselves to taking measures to improve and enhance global economic governance and arrive at a stronger, more coherent and more inclusive and representative international architecture for sustainable development, while respecting the mandates of the respective organizations. Progress has been

made in enhancing cooperation among major institutional stakeholders towards the achievement of the Millennium Development Goals (MDGs). At the policy level, there was enhanced policy dialogue and action around support for the follow-up to Monterrey and MDG 8 (Develop a global partnership for development). There has also been increased cooperation between the United Nations and the BWIs, in particular in countries emerging from conflicts and complex emergencies.

Continued efforts are also being extended towards coherent follow-up to the Addis Agenda and SDG 17 (Partnerships for the goals). The IATF on FfD was established, and delivered its first report in support of the follow-up to FfD outcomes and the MoI of the SDGs. The IATF brings together relevant international organizations in the review of the implementation of the Addis Agenda and the MoI of the 2030 Agenda. Ahead of the Addis Conference, joint initiatives were launched and brought together relevant actors in specific areas. If effectively implemented, those initiatives could catalyse joint action and coordination. For example, the World Bank and the IMF launched a Joint Initiative to Support Developing Countries in Strengthening Tax Systems. There are also renewed attempts towards coordinated support to countries in post-conflict or post-crisis situations in their transition from relief to long-term development. The IMF/World Bank Development Committee is set to discuss this particular issue in relation to their institutional mandates.

During the recent visit of the Economic and Social Council Bureau to the Executive Boards of the World Bank and IMF, a strong mutual desire emerged to intensify the interaction and dialogue between the intergovernmental bodies of the United Nations, the World Bank and IMF. Such dialogue offers an opportunity for intergovernmental bodies of major institutional stakeholders to share information on lessons learned as well as on actions envisaged for coherent follow-up to FfD outcomes. It will also provide ideas on how to strengthen exchange and interaction among intergovernmental bodies of institutional stakeholders.

Issues and guiding questions

The following questions were considered as basis for the dialogue:

- Major institutional stakeholders have pursued collaboration in the implementation of MDG 8, the Monterrey Consensus and the Doha Declaration. What lessons have been learned? What were the challenges encountered? Can the actions, initiatives, mechanisms and arrangements that proved effective be replicated in the implementation of the Addis Agenda and the MoI of SDGs?

- The Addis Agenda contained several specific actions addressed to major institutional stakeholders. What early actions have been taken in these areas and what further steps are envisaged? What priority action areas and policy initiatives could have the potential to yield immediate and tangible results to foster coherence?
- Supporting the transition of countries in conflict and post-conflict situations from relief to economic, financial and social stability and longer-term development has increasingly become an important challenge for the work of the United Nations, as well as of the World Bank and the IMF. What have been the main results of deliberations at the Executive Boards of the World Bank and IMF?
- The Economic and Social Council FfD forum offers a primary platform for exchange among major institutional stakeholders, in particular their intergovernmental bodies. What can be done to further the exchange among intergovernmental bodies of major institutional stakeholders in the preparatory process for the future forums?

Summary

The interactive dialogue was attended by an unprecedented number of 30 World Bank and IMF Executive Directors and Alternates.

In his opening remarks, **the President of the Economic and Social Council** recalled that, since Monterrey, the intergovernmental dialogue on FfD had contributed to common understanding among intergovernmental bodies of major institutional stakeholders in the FfD process and had become a defining feature of the special high-level meeting with BWIs, the WTO and UNCTAD. He explained that the innovative format of the dialogue was designed to respond to the mutual desire of the Council and the Executive Boards of the WBG and the IMF to strengthen their interaction within the framework of the FfD forum. Addressing the theme of the dialogue, the President pointed out that coherence was at the core of the FfD outcomes. Over the years, the United Nations and the BWIs had improved cooperation at the policy and operational levels, as demonstrated by their joint work on monitoring MDG 8 and in countries emerging from conflicts and complex emergencies. Referring to the commitment of Member States in the Addis Agenda to take measures to improve and enhance global economic governance, the President of the Council called for joint efforts to build a strong, more inclusive and representative architecture for sustainable development, with due regard to the mandates of respective organizations. The interactive dialogue was thus extremely opportune as it provided a unique opportunity to share experiences and lessons learned on the implementation of the Addis Agenda from the perspective of both Member States and major institutional stakeholders.

Mr. Hasan welcomed the efforts of the Council to strengthen the dialogue, making it more inclusive and interactive. He recalled that the international community was responsible and accountable for delivering on the 2030 Agenda for Sustainable Development, the Addis Agenda, the Paris Agreement and the Sendai Framework for Disaster Risk Reduction. Highlighting the emerging global challenges, in particular the humanitarian crisis, he noted that the World Bank had redesigned its modalities and country-specific approach to become more dynamic. The Bank also saw the need to use its concessional resources more strategically by focusing more on leveraging the private sector, while strengthening partnerships with other actors, including with the United Nations. Looking forward, the Bank strove to strengthen support to countries facing humanitarian crises and internal displacement of people. It would do so by better coordinating with global and regional players, creating new initiatives, helping its clients become more resilient and investing more in data and statistical capacity-building.

Mr. Mozhin welcomed the renewed dialogue with the Council as an opportunity to underpin the IMF partnership with the United Nations and to foster progress among all stakeholders towards delivery of the ambitious 2030 and Addis Agendas. Furthermore, he emphasized the need to wield the efforts of individual countries within a solid global partnership in order to secure financing, provide technical support and produce the right policies to make sustainable development a reality for all. He echoed the Managing Director of the IMF in saying that policies needed to be country-specific, while taking into account their impact on other countries. In this regard, he stressed the commitment of the IMF to the implementation of the Addis Agenda and noted that during the IMF/World Bank Spring Meetings, Ministers and Governors committed to upgrading their efforts to secure sustained economic growth. In addition, new initiatives had been developed to complement the Fund's traditional role of fostering sustainable economic growth and financial stability.

Mr. Suescum pointed out that the scope and ambition of the new agenda increased stakes and challenges, thereby warranting unprecedented collaborative efforts among institutions. It was important that the United Nations system avoid duplication at both the Secretariat and the intergovernmental levels. On the other hand, the United Nations development pillar should be better funded and its expertise better harnessed. He further underscored the value of bringing together trade, finance and development ministers so that coherence could be addressed in both substance and format. Therefore, the Council might consider a gathering of governing bodies of relevant entities of the United Nations family and the BWIs on financing for development. The FfD forum itself represented an important step in that direction. Beyond institutional issues, addressing policy coherence should not shy away from tackling the tough questions, for example, global economic governance, financial crisis mitigation, international taxation challenges and sovereign debt restructuring. The UNCTAD Trade and Development Reports offer good food for thought in that respect.

The dialogue addressed two themes: (a) Policy coherence in implementing the Addis Ababa Action Agenda; and (b) Humanitarian and development nexus. Under the first theme, the lead discussants were: the WBG Executive Director for the United States, Matthew McGuire; the Chair of the IMF Executive Board Committee on Liaison with the World Bank, the United Nations and other International Organizations and the Executive Director for Canada, Ireland and the Caribbean, Serge Dupont; and the Vice-President of the Economic and Social Council, Héctor Alejandro Palma Cerna (Honduras).

Mr. McGuire argued that policy coherence required conceptual clarity and that current strategies needed to respond to the current reality. The world had a solid sense of how to move forward in general terms, for example, on domestic resource mobilization, but progress needed to be made in crowding in private capital to support the attainment of the SDGs through use of relevant tools and financial instruments. Regulatory harmonization for the new tools and actors, such as crowd-funding entrepreneurs and Diaspora Investment Funds, was important. Furthermore, Mr. McGuire pointed out that the ongoing humanitarian crisis was a human development crisis and the success in addressing it should not be measured by the headline financial figures but by the actual impact of the support provided. The international community should work more closely with multilateral institutions, which had already proved their unique role.

> *"Success is not hitting a number; success is making an impact"*
>
> *— Mr. Matthew McGuire, Executive Director for the United States, WBG*

Mr. Dupont recalled the core responsibility of the IMF to promote monetary and financial stability, as well as its three business lines, surveillance and policy advice; lending; as well as capacity development and technical assistance. He presented the IMF initiatives to implement the 2030 Agenda, including expansion of its concessional lending facility by 50 per cent and the zero interest rate on its rapid credit facility, both targeting low-income countries. The IMF would feature more domestic revenue mobilization in its surveillance work, expand its capacity-building activities and work on issues such as infrastructure, gender and climate change. Following the 2010 quota reform, it would embark on the Fifteenth quota review, to be completed by its 2017 annual meeting.

> *"There can be no monetary and financial stability without sustainable development, and there can be no sustainable development without monetary and financial stability."*
>
> *— Mr. Serge Dupont, Chair, Executive Board Committee on Liaison with the World Bank, the United Nations and other International Organizations; Executive Director for Canada, Ireland and the Caribbean Region member states, IMF*

Mr. Palma Cerna highlighted the distinct challenges of MICs. He argued that the per capita income-based category did not reflect the multidimensional nature of poverty. In this connection, he asked the representatives of the World Bank and IMF to elaborate on mechanisms that had been established and actions that had been taken to consider the specific challenges of the MICs. He also raised a question of how to engage non-State actors to become full-fledged development partners.

In the ensuing interactive discussion, it was noted that coherence needed to be implemented at the institutional and project levels. It was also critical to support the tools and the development of local expertise to achieve bankability at the project level. Member States were called upon to stay open-minded and act on the ideas that had emerged from the FfD forum. Noting the overwhelming attention to monitoring and review, participants were reminded of the importance of follow-up in the form of normative policy discussions.

Focusing on national implementation, a World Bank Executive Director asked whether international institutions were providing coherent support for country implementation and whether those efforts were successful. In response, Governments confirmed their readiness to work with international organizations to implement the Addis Agenda. National efforts to expand the tax base and the need to remove harmful trade-distorting subsidies were emphasized. Noting the ongoing challenges of low commodity prices and high unemployment rates, industrialization and addressing illicit financial flows were seen as high priorities. There was also a call for greater policy space for developing countries in light of the impact of free trade and investment agreements.

Several questions regarding institutional adaptation were addressed to the Executive Directors.

The Dean of the Board of Executive Directors of the WBG reaffirmed that the Bank was changing its way of engaging with countries by studying country situations and encouraging the private sector to support national development with instruments such as guarantees. Likewise, the IMF had taken an approach sensitive to country circumstances and had continued to assess the fitness of its toolkit based on crystallized risks. One of the examples was its increased engagement in the area of gender as women's empowerment had been seen as a productivity-boosting factor and macroeconomically important.

To enable global policy coherence, it was emphasized that some shared understanding of the SDGs and some basic concepts, for example, on how to leverage the private sector, should be developed among institutions. The related question was the institutional set-up to allow for the development of such shared understanding. Since the implementation of the Addis Agenda went beyond official development assistance (ODA), the coordination arrangements must also go beyond the aid community. To this end, the FfD forum was seen as an appropriate platform. However, to achieve real progress, more engagement among global institutions, beyond the forum's annual exchange, was needed.

Under the second theme on the humanitarian and development nexus, the lead discussants were: Vice-President of the Economic and Social Council, Jürg Lauber (Switzerland); and the WBG Executive Director for Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway and Sweden, Satu Santala.

Mr. Lauber stressed the need to bridge the humanitarian and development divides at the operational level, with a view to helping countries strengthen their capacity for crisis prevention and resilience-building. Allocation of funding had a critical role to play in supporting coherence. Earmarking of resources contributed to duplication, competition and waste of resources. Getting humanitarian finance right could help push through institutional changes leading to improved coherence. The United Nations and the World Bank needed to work on a multiyear programme based on their comparative advantages to deliver aid on the ground.

Ms. Santala highlighted priority actions before, during and after a crisis. Before a crisis, relevant institutions and systems needed to be put in place to provide a social safety net, when needed. During a crisis, a longer-term vision needed to be adopted. Affected populations should not be seen as victims only but also as productive forces. Investment needed to focus on education, job creation and infrastructure development. After a crisis, attention had to be shifted to unlocking the potential of the private sector and exploring possible solutions at the regional level. According to the speaker, collaboration between institutions, such as the United Nations and the World Bank, should not depend only on the good will of the leaders of the institutions, but should become a permanent way of working for the benefit of the recipient countries, and should be supported by financial and internal incentives.

In the interactive discussion, an IMF Executive Director presented the work of the IMF in fragile and conflict-affected States. He emphasized that the IMF focused on institution-building and capacity development by deploying long-term advisors and working with national authorities and other actors. The Dean of the Board of Executive Directors of the WBG also highlighted the distinct focus needed in the context of natural disasters and conflicts. In the former, efforts should be directed towards making the economy more resilient, whereas, in the latter, the focus should be shifted to prevention. Another WBG Executive Director stressed that the World Bank needed to work more closely with the United Nations to better understand the local context.

It was noted that short-term and long-term interventions should continue in parallel, but greater attention was needed for investment in long-term development. Member States called upon international organizations to work with national institutions, which were most familiar with national contexts. Lessons learned from the Ebola crisis, the importance of having a unified vision and priorities, as well as strategic planning, were emphasized.

VII. Round tables and panel discussion

The objective of the round tables was to: (a) take stock of commitments and actions contained in the Addis Agenda and the related means of implementation (MoIs) of the Sustainable Development Goals (SDGs); (b) review early actions taken towards implementation of the relevant provisions, as well as voluntary initiatives put forward at the Third International Conference on Financing for Development (Addis Ababa, Ethiopia, 13-16 July 2015); (c) identify obstacles and bottlenecks that impede policy action; and (d) discuss the monitoring and assessment framework, building on the report of the Inter-agency Task Force (IATF) on Financing for Development.

The background notes for the round tables included the links to the relevant chapters of the IATF report, presenting proposals for monitoring the implementation of the commitments under the respective action areas and other chapters of the Addis Agenda. (The ITAF report is available from http://www.un.org/esa/ffd/publications/inaugural-2016-iatf-report.html.)

Round table A: Global framework for financing sustainable development

Programme

Chair:	H.E. Mr. Ahmed Shide, State Minister of Finance and Economic Cooperation, Ethiopia
Moderator:	Mr. David Nabarro, Special Adviser on the 2030 Agenda for Sustainable Development
Panellists:	Ms. Lakshmi Puri, Deputy Executive Director, Strategic Partnerships, Coordination and Intergovernmental Support Bureau, United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women)
	Ms. Maria Helena Semedo, Deputy Director-General, Natural Resources, Food and Agriculture Organization (FAO)
Lead discussant:	Ms. Isabel Ortiz, Director, Social Protection, International Labour Organization (ILO)

(Followed by an informal exchange of views among participants)

Background note

Cross-cutting initiatives and commitments in the Addis Ababa Action Agenda

The Addis Agenda puts forth a comprehensive set of policy actions, with a package of over one hundred concrete measures to finance sustainable development, transform the global economy and achieve sustainable development and the SDGs. It provides a new global framework for financing sustainable development that aligns all financing flows and policies with economic, social and environmental priorities and ensures that financing is stable and sustainable.

In this endeavour, the Addis Agenda aims to mobilize public finance, set appropriate public policies and regulatory frameworks to unlock private finance, trade opportunities and technological development, and incentivize changes in consumption, production and investment patterns. It further seeks to align all resource flows and policies with economic, social and environmental priorities. It covers the full range of financial and non-financial means of implementation: public and private, domestic and international financing flows, public policies and regulatory frameworks, technology, capacity-building, and an international enabling environment.

As a comprehensive and broad framework, the Addis Agenda includes all of the MoIs of the SDGs. Nonetheless, the 2030 Agenda for Sustainable Development and the Addis Agenda have different structures, which can make it difficult to track similar targets across the two Agendas. In particular, while the 2030 Agenda is organized around the SDGs, or around goals and outcomes, the Addis Agenda follows the Monterrey Consensus, and is structured around different financial and non-financial MoIs.

As emphasized in the Addis Agenda, the 17 SDGs have enormous synergies across goals, with implementation of one contributing to progress in others. Similarly, there are synergies across the Addis chapters, as well as between the Addis Agenda and the SDGs. To further harness these synergies, the Addis Agenda identifies a number of cross-cutting issues where policy actions can address critical gaps in the delivery of a range of SDGs. These cross-cutting issues and commitments, as contained in chapter I of the Addis Agenda, include: (a) delivering social protection and essential public services for all; (b) scaling up efforts to end hunger and malnutrition; (c) closing the infrastructure gap, including establishing the Global Infrastructure Forum; (d) promoting inclusive and sustainable industrialization; (e) generating full and productive employment and decent work for all; (f) protecting ecosystems; and (g) promoting peaceful and inclusive societies. The Agenda also addresses such issues as gender equality and the empowerment of women and girls; children and youth; countries in special situations; and the global partnership for sustainable development. Each of these initiatives can contribute to progress across a large number of SDGs.

Guiding questions

- What concrete measures have countries taken to address the gender equality and women's rights commitments contained in the Addis Agenda? How are Member States monitoring the impact of these initiatives?
- It has been suggested that the Economic and Social Council forum on FfD follow-up could serve as an institutional home for further exploration of coherent funding modalities for the social compact, both in terms of nationally appropriate spending targets and international support, as well as complementary new innovative sources of finance for education, health, housing, social protection and water. What are Member States' views on using the forum for this purpose in future years?
- The Addis Agenda clearly indicates that action needs to be taken by all stakeholders in order to achieve objectives across

all seven action areas, as well as across the SDGs. How can the global partnership for sustainable development most effectively support the implementation of an integrated and holistic agenda on financing for development? How do Member States envision enhancing and revitalizing the global partnership?

Summary

The Chair opened the session by highlighting that the Addis Agenda provided a new global framework for financing sustainable development that utilized the full range of financial and non-financial means of implementation in support of the 2030 Agenda for Sustainable Development.

The Moderator stressed that the FfD forum would be the first in a series of events to put in practice the follow-up to the landmark agreements reached in Sendai, Addis Ababa, New York and Paris in 2015. The holistic, indivisible and universal approach to global sustainable development outlined in those outcomes could put the world on a path to eradicating poverty, building resilient societies and addressing climate change, for current and future generations.

"There is no plan B for the planet and its people."

— Mr. David Nabarro, Special Advisor on the 2030 Agenda for Sustainable Development

Ms. Puri remarked that, in order to implement the commitments of the Addis Agenda, it was essential to adopt an inclusive framework to empower all women and girls. No country had yet

reached gender equality, and financing gaps had led to slow and uneven progress by hindering the implementation of gender-responsive laws, budgeting and policies at the national and international levels. Mainstreaming gender in the formulation and implementation of all financial, economic, environmental and social policies was essential to fulfilling the 2030 Agenda. Ms. Puri stressed the importance of the institutionalization of a gender-responsive approach to public finance, including through budgeting, macroeconomic policies and tracking public expenditure across all sectors. In conclusion, Ms. Puri urged all Member States to recommit to gender equality by adopting the voluntary Action Plan on Transformative Financing for Gender Equality and Women's Empowerment, and to report on its implementation.

"When countries lose domestic revenue and fiscal space through tax avoidance and evasion, it is women who suffer the most as they are most likely to depend on state-provided essential public services."

— Ms. Lakshmi Puri, Deputy Executive Director, Strategic Partnerships, Coordination and Intergovernmental Support Bureau, UN Women

Ms. Semedo acknowledged that, in order to achieve the SDGs, the new global framework for financing enshrined in the Addis Agenda must build synergies between climate change and a sustainable food and agriculture agenda. With 80 per cent of people in extreme poverty living in rural areas, eradicating poverty and hunger by 2030 required greater agriculture-related income, including through an increase of public and private investment in rural areas, and the safeguarding of resilient, sustainable and inclusive food-production systems. Whereas family farms were the key to achieving much of the 2030 Agenda, they faced notable constraints stemming from inadequate policy and laws, including insufficient access to technologies and services, vulnerability to agricultural risks and market distortions, and lack of relevant property rights. An enabling policy framework was needed to stimulate investment in agriculture, complemented by effective partnerships and country-level commitments. To this end, South-South and triangular cooperation were essential to strengthening relevant institutional capacity.

> *"Investments in agriculture sectors are crucial to building resilience and safeguarding income and food security."*
>
> *— Ms. Maria Helena Semedo, Deputy Director-General, Natural Resources, FAO*

Ms. Ortiz praised the comprehensiveness of the global social compact included in the Addis Agenda, which envisaged social protection, in the form of transfers in cash and in kind, and social services for all. The speaker highlighted that social services, in particular health and education, enjoyed a high concentration of ODA. Social protection, however, was not adequately covered under any global funds, and was still severely underfunded at only 2.9 per cent of gross domestic product (GDP) worldwide. While development aid was important, the speaker highlighted the reallocation of public expenditures, the increase of tax revenues, including through fighting tax evasion and expanding the contributory coverage, and the adoption of accommodating macroeconomic frameworks as important instruments to finance social protection. Ms. Ortiz called for establishing a global social protection fund, with the aim of financing technical advisory services to improve the capacity of Governments to set up social protection floors.

> *"To leave no one behind, it will be necessary to protect and support social protection floors."*
>
> *— Ms. Isabel Ortiz, Director, Social Protection, ILO*

In the ensuing discussion, several participants recognized the centrality of gender policies and institutions, food security and social protection for achieving sustainable development. It was emphasized that Governments needed to take the lead in facilitating public and private partnerships by reconciling the interests of diverse stakeholders and monitoring the progress in implementation of measures to reach the SDGs. To this end, the FfD forum should become an effective instrument to follow up on the social compact contained in the Addis Agenda.

Key messages:

- Social protection is still severely underfunded at only 2.9 per cent of GDP worldwide. As called for in the Addis Agenda, countries should commit to nationally appropriate spending targets, including on investments in health, education, energy, water and sanitation.
- Mainstreaming gender in the formulation and implementation of all financial, economic, environmental and social policies is essential to fulfilling the 2030 Agenda.
- Eradicating poverty and hunger by 2030 requires greater agriculture-related income, including through an increase of investment in rural areas, and the safeguarding of resilient, sustainable and inclusive food production systems.

- Discussions echoed the IATF call to recognize these challenges as multifaceted in nature; and to measure progress not only by the levels of public and private investment but also by how well these flows are aligned with sustainable development objectives.

Round table B: Domestic and international public resources

Programme

Chair:	Ms. Gina Casar, Executive Director, Mexican Agency for International Development
Moderator:	Mr. Amar Bhattacharya, Senior Fellow, Brookings Institution
Domestic public resources	
Panellists:	Mr. Armando Lara Yaffar, Chair, United Nations Committee of Experts on International Cooperation in Tax Matters
	Mr. Peter Mullins, Deputy Division Chief, Fiscal Affairs Department, International Monetary Fund (IMF)
Lead discussant:	Ms. Khady Dia Sarr, Program Director, Dakar Municipal Finance Program, Senegal
International development cooperation	
Panellists:	Mr. Mario Pezzini, Director, Development Centre; and Acting Director, Development Co-operation Directorate, Organisation for Economic Co-operation and Development (OECD)
	Mr. Subhash Chandra Garg, Executive Director for Bangladesh, Bhutan, India, and Sri Lanka, World Bank Group
Lead discussant:	Ms. Smita Nakhooda, Senior Research Fellow, Overseas Development Institute

(Followed by an informal exchange of views among participants)

Background note

Action area A: Domestic public resources

Domestic public finance is essential to providing public goods and services, increasing equity, and helping manage macroeconomic stability. It is a central component of financing across the SDGs, as well as of the social compact of the Addis Agenda. While, on average, countries have increased their tax revenue over the past 15 years, room remains for further improvement, especially in light of the public investment needed to achieve sustainable development and the SDGs. Illicit financial flows are increasingly recognized as a serious impediment to raising domestic resources. There are, however, limits on what countries can do on their own through domestic policies in a globalized world. Strengthening international tax cooperation will be needed. At the same time, quality and alignment of expenditures with sustainable development are critical.

Action area B: International development cooperation

The 2030 Agenda for Sustainable Development will place significant demands on public budgets and capacities, which require scaled-up and more effective international support, including through both concessional and non-concessional financing. ODA remains crucial, particularly for those countries with the greatest needs and least ability to mobilize other resources. ODA reached an all-time high in 2014, although aid to LDCs and other priority groups has recently fallen. South-South cooperation, which serves as a complement to ODA, has also increased since the turn of the century, and plays an increasingly important role. The Addis Agenda also stresses the contribution that development banks can make in the provision of international public finance. Additional sources — including climate finance, humanitarian finance and innovative sources of finance — further add to the international public financing landscape for sustainable development.

Guiding questions

Domestic public resources:

- What concrete measures have countries taken to write coherent national sustainable development strategies that integrate fiscal policy in line with the Addis Agenda, for example setting domestic revenue targets? How are they monitoring the impact of these measures? How can countries best report on these efforts within the financing for development process? How can IATF track country efforts? How can donors and partners best direct increase in assistance for such efforts?
- How can Member States best increase international cooperation in tax matters to ensure that taxes are paid to the Governments of countries where economic activity occurs? What further tracking and monitoring efforts would be most helpful in assisting Member States in their efforts to eliminate illicit financial flows?
- What successes have national and regional development banks had in expanding their contributions to sustainable development and developing effective safeguards? What are concrete examples of effective structures and deals? What market segments are most conducive to national bank investment? How best can the international community support the establishment of well-functioning institutions?

International development cooperation:

- How can we ensure that ODA commitments towards long-term sustainable development in the most vulnerable countries are met in the face of urgent geopolitical challenges?
- Under which circumstances and in which areas is it opportune to use ODA to leverage private finance? How can such efforts

be monitored in a transparent manner, identifying accurately public effort and the amount of private financing leveraged? What contribution can the proposed measure of total official support for sustainable development (TOSSD) make in this regard? How can the Addis Ababa commitment to hold open, inclusive and transparent discussions on the TOSSD best be met? What role can the forum on FfD play?

- Which areas of the 2030 Agenda can South-South cooperation support most effectively, and how can Southern partners and the international community further strengthen their dialogue to enhance common understanding and promote knowledge-sharing?
- How can new and existing multilateral development banks (MDBs) more effectively support countries in financing their sustainable development strategies?

Summary

Domestic public resources

In opening the discussion, **the Chair** noted that strengthening domestic resource mobilization was a central mandate in the Addis Agenda and recalled that the emphasis on domestic revenues marked an important change from the Monterrey Consensus and the Doha Declaration. She emphasized that the reinforcement of national regulation and international cooperation would be crucial to reducing and eventually eliminating illicit financial flows (IFFs) by 2030. She also referenced the importance of strengthening national tax policies and administrations, tackling tax avoidance and evasion, inserting anti-abuse provisions into bilateral tax treaties, and improving transparency and exchange of information for tax purposes.

The Moderator expressed the opinion that the most important means to achieve the SDGs would be through domestic resource mobilization. He pointed out the disparity between tax-to-GDP ratios of advanced economies, middle-income countries and low-income countries, as well as wide disparities within each of those groups. He related the challenge of increasing taxation to the challenge of increasing economic growth given the difficult economic backdrop. He also emphasized the very large fiscal gains that could be made from reducing fossil fuel subsidies, increasing carbon taxes, and undertaking tax and wider fiscal reforms. He concluded by highlighting the importance of international tax cooperation that was fully inclusive of developing countries and which addressed their needs.

> *"The challenge of domestic resource mobilization is very much related to the challenge of growth."*
>
> *— Mr. Amar Bhattacharya, Senior Fellow, Brookings Institution*

Mr. Lara Yaffar noted the importance of strengthening cooperation among countries to promote cross-border investment and reduce tax evasion. The Committee of Experts on International Cooperation in Tax Matters, since its creation, had aimed at improving the dialogue between developed and developing countries, to strike a balance between their respective interests in setting international tax norms. The Committee was working on addressing some fundamental issues faced by developing countries, namely: determination of transfer prices and allocation of profits in connection with transactions occurring within multinational enterprises (MNEs); taxation of extractive industries; enhanced exchange of information mechanisms and transparency standards; and taxation of cross-border services. Mr. Lara Yaffar also noted that increased cooperation among all the international organizations working on tax matters could result in developing countries having greater influence in designing international tax rules and benefiting from more coordinated and effective capacity development initiatives aimed to strengthen their tax administrations.

> *"What the Committee of Tax Experts has done has been the right kind of work. It must continue in this direction to support developing countries."*
>
> *— Mr. Armando Lara Yaffar, Chair, United Nations Committee of Experts on International Cooperation in Tax Matters*

He then called for a speedy implementation of the Addis Agenda commitment to increase the resources of the Committee and the frequency of its sessions, as well as to enhance its engagement with the Economic and Social Council. Mr. Lara Yaffar explained that this would be critical to advance the work programme of the Committee and complete the update of both the United Nations Model Double Taxation Convention between Developed and Developing Countries and the United Nations Practical Manual on Transfer Pricing for Developing Countries before the end of the Committee's current term.

Mr. Mullins stated that revenue mobilization was the main focus for the IMF, which had been working on fiscal policy and administration for 50 years and provided technical assistance in this area to more than 100 countries. He mentioned that challenges for revenue mobilization continued to be very significant and reported that, according to IMF data, between 2014 and 2016, around two thirds of countries had experienced a decline in revenues as a share of GDP and, as a result, higher fiscal deficits, mainly due to falling commodity prices. He then pointed out that countries should have a strategy to overcome these challenges and achieve their revenue targets.

> *"Developing countries must have revenue strategies on how to achieve their targets."*
>
> *— Mr. Peter Mullins, Deputy Division Chief, Fiscal Affairs Department, IMF*

Subsequently, Mr. Mullins noted that the IMF had identified several key areas where there was potential for domestic revenue mobilization. With regard to the corporate income tax, he called for reforming tax incentives regimes whose costs were higher than the benefits, as well as combating international tax evasion and avoidance. Moreover, domestic fiscal reforms in the areas of personal income tax, property tax, value added tax, and environmental and extractive industries taxation were crucial for domestic resource mobilization. The IMF was committed to supporting developing country efforts in these areas, through both technical assistance and capacity-building, as well as analytical tools.

Ms. Dia Sarr noted that by 2050 most of the global population would be urban-based and stressed the need to act locally and involve municipalities and local communities to ensure effective revenue mobilization. She then reported on the experience of the municipality of Dakar, capital city of Senegal, which had been reforming the local tax system to become less dependent on transfers from the central Government. She also noted that the municipality of Dakar had been trying to leverage resources from local banks and development banks for investment in local infrastructure and was working with partners to raise funds in the financial market through municipal bonds. However, due to last-minute objections by the Ministry of Finance, a planned bond issuance was put on hold. In this context, the speaker emphasized the need to ensure better cooperation and communication between different layers of government to empower local finance for sustainable development.

International development cooperation

The Moderator opened the discussion on international development cooperation by noting the central role that international public resources, including international public finance, could play to support developing countries in confronting their future challenges. He briefly touched upon a number of areas where international financing would be critical; in particular, he stressed the role of international development banks in supporting sustainable infrastructure, and the centrality of ODA in tackling the issues related to refugees and displaced people. In concluding, he recalled the necessity also to meet the needs of middle-income countries, in particular with respect to the financing of MDBs.

Mr. Pezzini outlined the different sources of funding for international development cooperation, including private, such as foreign direct investment (FDI), remittances and philanthropy, and public, such as ODA and tax revenue. In this respect, he emphasized the importance of international tax cooperation to protect the tax base of countries. All these sources should be used in synergetic and, where possible, catalytic ways, for example, by employing ODA in a blended finance framework, and encouraging South-South and triangular cooperation. Mr. Pezzini also noted that, with the increase of vulnerability, ODA played an increasingly important role in meeting the needs of developing countries, in particular the LDCs. In this respect, Mr. Pezzini highlighted that ODA worldwide had increased by 1.7 per cent between 2014 and 2015, and by 6.9 per cent when taking into account refugee in-country assistance. The quality and effectiveness of international development cooperation would be key to maximizing the impact of ODA. In concluding, Mr. Pezzini restated the OECD plan to analyse the coherence of ODA with other policies, and their alignment to impact on development and achievement of the SDGs.

Mr. Garg analysed the demand side of international development cooperation by raising the question of what resources would be needed to reach the ambitious 2030 Agenda goals more efficiently and across all country groups. While the world scenario surrounding the delivery of the Millennium Development Goals (MDGs) was favourable, with increasing resources in many countries owing to a growing economy, more ambitious SDGs would have to be delivered in a challenging context, with dropping commodity prices, a more cautious approach by many fiscal authorities and often ineffective monetary policies. In a context where domestic public and private resource mobilization might be heavily affected by international financial flows, ODA, South-South cooperation and MDBs could leverage resources to achieve the SDGs.

> *"The SDG Agenda will require enormous amounts of resources and better delivery of resources, and MDBs and all other public financial providers will have to substantially step up their game."*
>
> *— Mr. Subhash Chandra Garg, Executive Director for Bangladesh, Bhutan, India, and Sri Lanka, WBG*

Mr. Garg highlighted the different role of each source of financing in different countries, where ODA could be an effective means to catalyse resources in emerging economies, while public finance would be needed to provide social services in low-income countries. The negative flow of capital resources from developing to developed countries reported in 2015 emphasized the need for MDBs to increase their financing efforts, and the necessity for more South-South cooperation, including initiatives such as the New Development Bank and the Inter-American Development Bank. Mr. Garg concluded his remarks by summarizing the needs of financing for development, including more resources, with better delivery, and more cooperation, with better leverage.

Ms. Nakhooda noted the centrality of international agreements reached in 2015, such as the Addis Agenda and the Paris Agreement, to establish a new framework of action for the international community in the area of financing, albeit in a challenging macroeconomic and monetary context. The framework established that all financial flows, whether private or public, should support fundamental goals such as poverty eradication efforts with climate compatible and resilient measures. She emphasized the importance of encompassing all actors in the financial architecture, and the need to include private actors in a context where resource constraints could make it difficult to significantly increase official flows to support the financing for development. Nevertheless, Ms. Nakhooda recalled the commitment to a holistic agenda comprising an inclusive social compact and environmental protection across all countries, including LDCs; and that the Addis Agenda was the natural framework for Governments to devise their programming strategies. In this respect, she highlighted the critical challenge facing middle-income countries in planning strategies with a balanced trade-off between long-term, low-emission investments and more immediate development policies, as well as the potential for South-South cooperation among developing countries, which could lead the way in climate protection guidance.

During the ensuing discussion, several speakers emphasized the central role of national tax policies and effective tax administration towards collecting resources for financing development. It was seen as important to include the informal sector in an inclusive development strategy. The major challenge was to reduce the high administrative costs of tackling the informal economic sector in the fiscal framework. It was also mentioned that well-structured excise taxes could help obtain greater revenues as well as fulfil environmental objectives. At the same time, many countries highlighted the challenges faced by developing countries in collecting tax revenues from MNEs, in particular in the digital economy sector, and in fighting illicit financial flows, despite comprehensive efforts in reforming their tax systems.

Moreover, there were calls for more effective taxation of specific industries, especially in the extractive sector, as well as efforts to help enable developing countries to effectively negotiate contracts with private sector players and to improve their public governance. There were strong calls to step up capacity-building efforts to tackle these challenges as well as enhanced international cooperation in tax matters, including fully implementing, without further delay, the mandate in the Addis Agenda to strengthen the Committee of Experts on International Cooperation in Tax Matters.

In this context, delegates elaborated on the development cooperation activities undertaken by their respective countries with a view to increasing the capacities for resource mobilization in developing countries. Such efforts included collaboration with the World Health Organization (WHO) on tobacco tax initiatives, the Addis Tax Initiative, through which participating countries collectively committed themselves to doubling their support for technical cooperation in the area of taxation and domestic revenue mobilization by 2020, as well as ongoing international tax cooperation efforts to prevent base erosion and profit shifting, and to fight illicit financial flows.

A speaker pointed to a significant lack of resources at the subnational level for investment in social and economic development. In that context, financial decentralization would be critical to achieving sustainable development. The international community should be more proactive in strengthening international cooperation on local financing as mandated in paragraph 34 of the Addis Agenda.

On the expenditure side, public investment was seen as crucial for the provision of social goods and social services. Several countries pointed towards their positive experiences in reducing or phasing out fossil fuel subsidies. Instances were mentioned were revenues deriving from the removal of fuel subsidies had been used effectively to finance public services such as infrastructure, health and education.

Other speakers restated the centrality of international cooperation for the purposes of fighting poverty in all its dimensions. Donor countries were urged to fulfil their ODA commitments, while developing countries were called upon to ensure that the loans from MDBs were used towards development of basic infrastructure and needs, such as sanitation, education and health. Calls were made for increased and improved monitoring of the utilization of ODA, to ensure its efficient targeting.

Delegates also referred to the discussions held at the April 2016 Development Cooperation Forum Symposium in Brussels as an important input into the FfD forum. The Symposium focused on the challenges faced by all countries in implementing the SDGs and paid particular attention to LDCs. Its participants underlined that development cooperation was key for the implementation of the 2030 Agenda. The importance of focusing concessional finance on countries most in need and least capable of raising funds domestically was stressed. Some speakers recommended that developing countries implement incentive schemes to channel remittances to financing development.

Key messages:

- Domestic public finance, including subnational finance, remains the key policy instrument for providing public goods and services, tackling inequality and managing macroeconomic stability.
- In addition to levels of resources and expenditures, Governments should monitor their quality and alignment with sustainable development.
- Strong calls were made to combat corruption, tax evasion and avoidance, curb illicit financial flows and strengthen the effectiveness and operational capacity of the United Nations Committee of Experts on International Cooperation in Tax Matters, as mandated by the Addis Agenda.
- Reaching the ODA targets in the Addis Agenda, including the 0.15 to 0.20 per cent allocated to LDCs, remains crucial for achieving the SDGs. Concerted efforts are needed to implement these important commitments as the international donor community deals with immense economic and geopolitical challenges, including the largest crisis of forced displacement since the Second World War. ODA, South-South cooperation and multilateral development banks should continue to leverage resources to achieve the SDGs.
- The international community should continue to hold open, inclusive and transparent discussions on the modernization of the ODA measurement and on the proposed measure of "total official support for sustainable development". The new measures should not dilute commitments already made.

Round table C: Domestic and international private business and finance

Programme

Chair:	Mr. Christian Leffler, Deputy Secretary-General for Economic and Global Issues, European Union
Moderator:	Ms. Marilou Uy, Executive Director, International Group of 24 (G24) Secretariat
Domestic private business and finance	
Panellists:	Mr. Gavin Wilson, Vice President of the International Finance Corporation (IFC) and CEO of AMC, Asset Management Company of IFC
	Ms. Fiona Reynolds, Managing Director, Principles for Responsible Investment (PRI)
Lead discussant:	Mr. Steve Waygood, Chief Responsible Investment Officer, Aviva
International private business and finance	
Panellists:	Ms. Keiko Honda, Executive Vice President and CEO, Multilateral Investment Guarantee Agency (MIGA), World Bank Group
	Mr. Richard Kozul-Wright, Director, Division on Globalization and Development Strategies, United Nations Conference on Trade and Development (UNCTAD)
Lead discussant:	Mr. Bill Streeter, Senior Finance Advisor, Global Clearinghouse for Development Finance

(Followed by an informal exchange of views among participants)

Background note

The Addis Agenda emphasizes that private finance, investment and innovation are major drivers of inclusive economic growth, employment and productivity. The Agenda calls on all businesses to apply their creativity and innovation to solving sustainable development challenges, and invites them to engage as partners in the development process, to invest in areas critical to sustainable development, and to shift to more sustainable consumption and production patterns. Nonetheless, it notes that finance and investment is not always allocated to where it is needed for sustainable development, and that the impact of sudden surges or exits of international private capital flows can seriously undermine sustainable development. It stresses the importance of the policy action for creating a conducive business environment and for incentivizing greater long-term investment in sustainable development.

Guiding questions

- How can public policies, regulations and resources effectively encourage long-term private sector investments? What reforms can be set in place to encourage long-term lending by institutional investors and banks?
- What are concrete examples of private initiatives aimed at enhancing the sustainability of investments, and can these be mainstreamed throughout the business or investment community? What do Member States see as the right balance between voluntary and mandatory approaches to encourage sustainable corporate practices and incentivize investments in sustainable development priorities? How do Governments want to take forward the commitment to harmonize the various initiatives on sustainable business and financing?
- What experience do Member States have with regulations and policies to develop public-private mechanisms to fund small and medium enterprises (SMEs)? What lessons can Member States share about strategically choosing whether or not to pursue private-public partnerships and then designing them so as to raise additional resources for sustainable development while ensuring that the risks and returns are fairly shared? What role can the forum on financing for development play in this respect?

Summary

The Chair emphasized that the theme of the round table was at the heart of the successful implementation of the Addis Agenda and the 2030 Agenda. Private sector investment needed to be married with responsible conduct and social responsibility.

> *"In this interconnected age, no company can allow itself to ignore the risks and challenges that unsustainable development and unsustainable value chains present."*
>
> *— Mr. Christian Leffler, Deputy Secretary-General for Economic and Global Issues, European Union*

The Moderator encouraged participants to reflect on what factors must be addressed to encourage the private sector to invest in long-term development financing in responsible ways, at both the national and international levels. According to the Moderator, the existing system had been unable to invest in social impact projects such as infrastructure. Accordingly, she focused her remarks on conditions which would need to be satisfied in order to unlock saving for such investments. She brought up the importance of effective regulatory environment, ways to fairly share the risks and returns of public-private partnerships and the role of public policies and reforms in encouraging the financial and private sector to responsibly invest in development financing. While there was a focus on regulatory action, she also emphasized that voluntary action by the business sector would be important to the mainstreaming of these activities in business models.

Domestic private business and finance

Mr. Wilson pointed out that domestic capital was complementary to international capital and that it had a number of advantages over the latter. First, it tended to be less volatile. Second, it did not have foreign exchange exposure, and finally, a strong domestic market could itself grow and provide additional impetus to the economy. He outlined four building blocks when developing domestic markets, namely the regulatory environment, the market infrastructure, investors and issuers. Finally, he recommended four ways in which MDBs could support domestic finance: (a) provide advice on particular projects; (b) structure and underwrite specific transactions; (c) assist in identifying and creating investible opportunities and ensure that projects meet environmental, social and governance benchmarks; and (d) serve as a source of finance. Mr. Wilson presented examples of strategies that had been used to develop local capital markets to promote domestic investment. For example, in Nigeria and Zambia, the IFC supported the emergence of local corporate bond markets by acting as the anchor investor in specific bond issuances. In India, they issued local currency bonds, which, in turn, helped create markets for those bonds. Proceeds of those bond issuances could then be used to further invest in local currency bond markets.

Ms. Reynolds acknowledged the need for sustainability to be at the core of capital markets to address the financing gap facing the 2030 Agenda. She discussed the need to bring together the views of private investors internationally and domestically to identify how to overcome obstacles to realizing sustainable outcomes; as well as the importance of investors reporting on their activities to their beneficiaries. As PRI collected the biggest body of data on responsible investments in the world, Ms. Reynolds noted not only the importance of educating investors on the risk characteristics of investments in environmental and social development, but also the need to gather more information on how investor behaviour affects the implementation of the SDG and FfD outcomes. She reviewed the results of a recent PRI survey, in which members were asked to identify how to overcome barriers to investing in the SDGs. Responses included making goals relevant to investors, effective regulatory action, better company reporting and transparency, increasing capacity for actions amongst investors, greater demand from clients and beneficiaries for sustainable investment, support from other actors in the investment system, and tackling short-termism. She stressed the need for projects to be investible. Finally, she advised that while investors had often used fiduciary duty as a reason not to invest, fiduciary duty also included providing long-term returns that were risk-adjusted, which was in line with longer-term investment in sustainable development.

Mr. Waygood began by explaining that the biggest contemporary concern related to market failure was the lack of sustainability of the market itself, which would have a major impact on commercial investment. For instance, climate change was a material threat to returns on investment. However, as a money manager, his organization was also looking for ways of allocating capital that would reinforce a sustainable future. According to Mr. Waygood, the alignment of finance with sustainable development objectives was at the heart of the implementation of the Addis Agenda, the SDGs and the Paris Agreement. He outlined steps to build on the recommendations of the IATF report and identified public policy suggestions in four areas that would be central: transparency, incentives, standards and financial literacy. First, on transparency, he noted that while goal 12.6 called for integrated reporting, its corresponding indicator called for stand-alone sustainability reports. Yet, integrated reporting was essential and should not be undermined by the indicator. Additionally, he called on asset managers, investment consultants and other investors to report on their activities. Second, he called for more in-depth discussions on how to incentivize financial markets to invest in the SDGs. He noticed that there had not yet been in-depth discussions on how business models needed to be shaped in support of sustainable development. Third, Mr. Waygood highlighted the need to establish comparable corporate sustainability benchmarks on labour standards and human rights, which were public, robustly collected, and revisited annually to promote competition between companies. Finally, he recommended that national curricula be developed so that future investors would understand the implications of their investments and how they relate to the achievement of the SDGs.

> *"We must encourage citizens to understand finance, how it supports sustainable development, how it could undermine sustainable development, and how they can push financial managers to invest into a world they want to retire into."*
>
> *— Mr. Steve Waygood, Chief Responsible Investment Officer, Aviva*

International private business and finance

The Moderator stressed that the key issue to address was how to attract surplus capital in the holdings of large investors and financial institutions. She noted that many saw this as an issue of risk mitigation, while others believed it to be an issue of regulatory frameworks.

Ms. Honda articulated the important role that the MIGA had played in mobilizing private investment. With a mandate for cross-border investment, its business model works with multinational corporations not only to bring in capital, but to share expertise with host countries on a variety of issues, including infrastructure, agriculture and manufacturing. Host countries benefit from the presence of these companies through boosts in trade and revenue, knowledge transfer and vocational training. Given its access to host country Governments, investors feel more comfortable in investing through MIGA. This perceived value added had resulted in lowering the financing costs in the host country, particularly on long-term infrastructure development projects. In turn, private investors must meet environmental and social standards in implementing projects. According to Ms. Honda, what was needed to incentivize investment was less risk rather than solely increased returns. The combination of boosting investor confidence while ensuring that projects were implemented with environmental and social standards in mind was what enabled MIGA to mobilize large levels of private investment.

Mr. Kozul-Wright reflected on the financing gap facing the 2030 Agenda. He stressed that the current narrative purports that Governments could not come close to filling the gap, and that the private sector must be incentivized to invest. Many proponents of this approach would count on financial engineering and self-regulation as the dominant method to mobilize capital for development. However, over recent decades, this approach had resulted in a large increase in the share of corporate profits in national income at the expense of productive investment. Historically, large financial needs were mostly tackled through targeted government spending, infant industry protection, investment in research and development (R&D), and infrastructure and regulation of the private sector. Indeed, the history of the United States and other major developed countries was a case in point as these countries had, with great success, adopted protectionist stances in the past, including subsidies (especially for R&D), State-owned enterprises, government direction of banking credits and capital controls. Hence, while certain types of FDI could play an important role, the public sector would have to continue to play a driving role in mobilizing and directing both domestic and foreign investments to sustainable development.

Mr. Streeter observed that while there were significant amounts of available capital, efforts were needed to ensure that investors found infrastructure projects in developing countries appealing. First, investors preferred stable revenue. Second, infrastructure was a long-term asset, which would match the long-term liabilities of many institutional investors. Finally, infrastructure investments could meet the social responsibility requirements for investing. However, long-term investment capital did not like exposure to exchange rate fluctuations, illiquidity and reputational risk. Mr. Streeter concluded by outlining the need for adequate investment planning and well-structured partnerships between domestic and international capital.

During the interactive dialogue, participants stressed that a conducive environment for doing business was crucial for mobilizing domestic private resources, as were well-developed financial sectors that would balance access and stability. MDBs were called upon to further promote financial sector development in developing countries. It was noted that large companies investing in developing countries were frequently not interacting enough with local businesses. In this context, participants encouraged actions at the domestic and international levels to ensure that FDI triggered positive spillover effects by transferring skills and knowledge and increasing the productive capacity of the local economy in developing countries. It was also stressed that policies to promote FDI should not come at the expense of domestic revenue generation, that is to say, it was important to ensure that tax revenues would not be diminished through low tax rates or illicit financial flows. Particular attention needed to be paid to increasing greenfield FDI to LDCs. Participants recommended that MDBs extend lending in local currency in order to reduce risks posed by exchange rate fluctuations.

As regards infrastructure investment, there were calls on the public sector at both the domestic and international levels to take on a stronger role in incentivizing private sector investment through a range of measures, including risk mitigation and regulatory changes. It was important to recognize that, at the international level, not all investment managers had mandates that would permit them to invest in non-OECD countries and not all corporations had board approval to pursue projects in the developing world, no matter how attractive. With regard to private sector investment in infrastructure, it was also important to go beyond a fund-flow analysis and follow a more granular analysis that recognized that there was an infrastructure market not only for investment but also for the design, construction, operation and maintenance of infrastructure. Consequently, attracting international investors for new infrastructure projects would take time, proof of concept, clarity of open competition and reasonable risk allocation, as well as the presence of construction and maintenance partners, who were robust enough to hold risk.

Speakers noted that public-private partnerships (PPPs) could serve as an important means to mobilize additional finance from the private sector at both the domestic and international levels but that they should be seen as a complement and not a substitute for public investment. In the implementation of PPPs, it was suggested that focus be placed on a pilot effort with sufficient technical support from multilateral institutions to adapt global market norms and practices to local markets. It was important to recognize that it could take several years to develop even a first project and it could cost the private sector millions of dollars to bid on such a project. However, if such a project proved successful, similar future project proposals would encourage new investors to engage.

> *"Not all investment managers today have mandates that allow them to invest in non-OECD countries and not all corporations have board approval to pursue projects in the developing world, no matter how attractive."*
>
> *— Mr. Mike Parker, Ernst & Young*

It was also recommended that multilateral institutions help with the development of pipelines of investible projects, incentivizing the private sector to hand in competing bids, even though they may not win the project in the end. Countries and international institutions should take care in terms of which types of markets they wish to cultivate both for inbound and local investors. Attracting investors was not enough; the goal should be for the private sector to share risk and add value rather than to exclusively seek rents, as well as for the public to benefit from private sector efficiencies and innovations. Some participants called for a greater role of philanthropic contributions with regard to investing in infrastructure projects.

> *"We call for international standards and guidelines for blended finance and for PPPs to be developed in a global, inclusive and intergovernmental setting with the meaningful participation of civil society."*
>
> *— Mr. Matt Simonds, ITUC*

There was a need to continue to push for the adoption and implementation of stringent social, labour, environmental and fiscal standards. Calls were made for international standards and guidelines for blended finance and for PPPs to be developed in a global, inclusive and intergovernmental setting, with the meaningful participation of civil society. The view was expressed that the Addis Agenda did not sufficiently address the need for a comprehensive regulatory and policy framework. It did not call upon all Governments to apply sustainable development principles and human rights frameworks to all private financing activities, and it regrettably delegated those responsibilities to voluntary frameworks. The recommendation was made that the United Nations system should start a process of harmonizing guidelines and safeguards for all businesses and investors in a code of conduct for MNEs and sustainable capital markets. Moreover, Member States should engage in discussions on legally binding instruments for transnational corporations, as mandated by the United Nations Human Right Council.

Key messages:

- The private sector does not invest sufficiently in sustainable development for a range of reasons, including high risks, such as regulatory uncertainty and structural impediments, imperfect information, short-termism and other market failures.
- There is a need to promote a more sustainable investment model, such as that embodied in the Principles of Responsible Investment.
- The public sector needs to help incentivize greater private sector investment in sustainable

development by aligning private sector incentives with public goals, as well as balancing regulations and policies to ensure financial system stability, with access to credit and financial services.

- Provision of political risk insurance (guarantees) to investors and lenders against currency exposure, illiquidity or risk, through international partners like MIGA can help promote FDI flows into developing countries.
- FDI has emerged as an important source of financing sustainable development and can create employment and spread technologies and ideas. However not all FDI is beneficial.

Round table D: Debt and systemic issues

Programme

Chair:	H.E. Mr. Héctor Alejandro Palma Cerna (Honduras), Vice-President of the Economic and Social Council
Moderator:	Mr. José Antonio Ocampo, Professor and Director of the Economic and Political Development Concentration, School of International and Public Affairs, Columbia University
Debt	
Panellists:	Mr. Alister Smith, Executive Director for Antigua and Barbuda, Bahamas, Barbados, Belize, Canada, Dominica, Grenada, Guyana, Ireland, Jamaica, St. Kitts and Nevis, St. Lucia and St. Vincent and the Grenadines, World Bank Group
	Ms. Stephanie Blankenburg, Head, Debt and Development Finance Branch, Division on Globalization and Development Strategies, United Nations Conference on Trade and Development (UNCTAD)
Lead discussant:	Mr. Lee C. Buchheit, Partner, Cleary, Gottlieb Steen & Hamilton, LLP
Systemic issues	
Panellist:	Mr. Min Zhu, Deputy Managing Director, International Monetary Fund (IMF) *(also intervened on debt issues)*
Lead Discussant:	Ms. Jo Marie Griesgraber, Executive Director, New Rules for Global Finance Coalition

(Followed by an informal exchange of views among participants)

Background note

Action area E: Debt and debt sustainability

Borrowing, both by Governments and private entities, is an important tool for financing investment critical to achieving sustainable development, as well as for covering short-term imbalances between revenues and expenditures. Government borrowing can also allow fiscal policy to be countercyclical to business cycles. However, high debt burdens can impede growth and sustainable development. Prudent debt management, along with effective resolution when crises occur, is thus essential to sustainable development.

Action area F: Addressing systemic issues

The Addis Agenda reiterates the emphasis placed by the Monterrey Consensus on institutional structures and governance of the international financial architecture. It reflects the broadening of the 2030 Agenda for Sustainable Development to encompass policy coherence among the economic, social and environmental dimensions of sustainable development. It also expresses a need to strengthen the leadership role of the United Nations in promoting development.

Guiding questions

Debt*:*

- What next steps would Member States like to take in order to move towards global consensus on guidelines for debtor and creditor responsibilities in borrowing by and lending to sovereigns? What roles can the forum for financing for development and the IATF play?
- Member States agreed that the forum should consider how to improve sovereign debt restructuring (General Assembly resolution 70/190). What role should the forum play in this respect? What improvement is needed in the existing data and databases to help Member States in addressing relevant risks?
- Problems with creditor coordination and holdout creditors complicate debt restructurings within bond issues as well as across classes of debt. What legislative actions to prevent disruptions have been taken or are being contemplated in Member States with legal systems relevant for international bond sovereign issuance? How can the IATF assist with work on sharing experiences and tracking policy developments?

Systemic issues:

- What innovations in global economic governance arrangements might be needed to overcome obstacles to reform and ensure the voice and participation of affected countries and people in policymaking?
- How have Member States sought to promote policy coherence for sustainable development across their Governments' domestic policies and in relation to international systems? What are the priorities of Member States with regard to changes to international organizations' policies and practices to ensure policy coherence? What role can the forum on financing for development play?
- What are the priorities of Member States for more effective management and coordination of cross-border finance to mitigate the procyclical behaviour of international capital flows and reorient them towards long-term sustainable development investment? How can regulatory reforms proceed quickly enough to tackle existing and emergent risks while also ensuring sufficient finance for investment priorities?

Summary

Debt

The Chair opened the round table by welcoming and introducing the moderator, panellists and lead discussants and outlining the topics to be discussed. He drew attention to the relevant documentation, including the background note and its guiding questions, the IATF report as well as the note by the Secretary-General on monitoring commitments and actions in the Addis Ababa Action Agenda on Financing for Development.

The Moderator encouraged panellists to elaborate on whether existing debt crisis resolution mechanisms met the criteria set in paragraph 98 of the Addis Agenda. He also underlined that debt problems were likely to resurface again given the collapse of commodity prices and the current global economic slowdown. He noted that in 2014 the IMF Executive Board had endorsed new clauses in debt contracts adopted by the International Capital Market Association (ICMA). However, the crucial question was whether market-based mechanisms were enough or whether a multilateral system needed to be put in place. The moderator also drew attention to the need for cooperation among stakeholders towards the elimination of major global imbalances and underscored the need for further reform of the international financial system.

Mr. Smith emphasized that the Heavily Indebted Poor Countries (HIPC) and Multilateral Debt (MDR) Initiatives had achieved important progress in reducing the debt burden of many low-income countries. However, exceptions remain in small middle-income countries with populations of less than 1.5 million, particularly those in the Caribbean region. Challenges in these countries were compounded by environmental vulnerabilities. In this context, the Caribbean Catastrophe Risk Insurance Facility was formed as the first multi-country risk pool in the world and could play an important role in mitigating the adverse effects of such additional risks. The speaker further highlighted that the emergence of new creditors such as China and the Republic of Korea would make Paris Club restructuring more difficult. It was thus a welcome step that the G20 in its most recent communiqué pledged to foster greater dialogue among debtors and creditors. While debt restructuring was a feature of many IMF programmes, establishing a new, well-designed institution for sovereign debt restructuring may have benefits, yet it was politically difficult. In the view of the speaker, there was a need for additional knowledge-sharing on debt restructuring. There was a lot of important ongoing analytical work, including the UNCTAD Principles on Promoting Responsible Sovereign Lending and Borrowing, which should be followed by all Member States, as well the Principles for Stable Capital Flows and Fair Debt Restructuring developed by the Institute of International Finance (IIF). In the speaker's view, contractual approaches to debt restructuring, for example, through the aggregated collective action clauses (CACs) and new pari passu clauses, were the most promising avenues to improve debt restructuring in the current political environment. In addition, sound public financial management remained crucial.

At the outset, **Ms. Blankenburg** emphasized the growing vulnerability of developing countries to economic and debt problems. In her view, the Addis Agenda promoted five components of debt financing: (a) the promotion of responsible lending and borrowing, as proposed by UNCTAD; (b) the use of new financial and debt instruments; (c) exceptional lending and support in emergency situations; (d) market-based solutions for debt restructuring; and (e) improvements in legislative frameworks to stop non-cooperative bondholders. However, according to the speaker, these elements did not fully capture the challenges faced by Member States. In the current environment, debt was not used effectively, as evidenced by stumbling and failed recoveries and the fragile state of the world economy. Growth was driven by debt, and the existing volumes of debt meant that there was little room left to "reflate" economies, that is, to raise aggregate demand by increasing money supply. The speaker stated that developing countries' debt crises were not reflecting profligacy or bad debt management but were rather systemically driven by the procyclical nature of international capital flows and the perceptions of fast-moving investors.

The type of funds developing countries could raise at the international level did not support their economic transformation and development. There was a need for more profound re-examination of the analytical, economic and institutional frameworks that define debt sustainability. The currently dominant liquidity framework would not fully capture the various routes that might lead to debt distress. The speaker also called for a more systematic estimate of long-term debt sustainability vis-à-vis long-term productive capacity in economies. It was also important to more clearly track debt, particularly contingent liabilities and contingent debt. Recognizing political difficulties, the speaker stressed the need to start from a principles-based framework to influence national legislation. In closing, she stressed that an effective, efficient and fair resolution to debt sustainability problems could only materialize through a concerted policy effort towards a more stable international financial system where systemic issues that led to debt problems in developing countries were fully addressed.

Mr. Buchheit noted that as a consequence of low interest rates in developed countries after the 2008 financial crisis, as well as low commodity prices, both developing and developed countries had increasingly resorted to debt financing in recent years. Now that these trends had started to reverse, debt problems were likely to intensify. For the same reason, debt refinance risk would become more of an issue. Furthermore, debt was less frequently paid in instalments but rather in full payments regardless of electoral cycles. The introduction of the concept of lender

responsibility was an important improvement. However, while the principle of supermajority requirements has been dominant in private insolvency regimes and bankruptcy codes, it was introduced to sovereign debt workout mechanisms only in 2002 and had yet to be mainstreamed into developing country debt frameworks. As a result, the fragility of the current international debt system would continue for at least a decade.

Systemic issues

Opening the discussions on systemic issues, **the Moderator** highlighted the need to tackle three major challenges: global economic governance and policy coherence, as well as the management of international finance, including its procyclicality.

Mr. Zhu highlighted that the world had become increasingly multipolar and interconnected. As a result, new risks, as well as new opportunities, had emerged. Consequently, it was crucial that global economic governance continue to evolve and keep pace with the changing global economic landscape. Specifically, there was a need to move towards a more inclusive, representative economic and financial architecture. In this regard, the entry into effect of the 2010 IMF quota reform earlier this year was a historic achievement and represented an important step to better reflect the increasing role of developing countries and emerging economies. More needed to be done, however, and it was important to complete the Fifteenth IMF quota review by the next annual meeting in 2017. The speaker further stressed the importance of policy coherence for realizing a more stable international financial architecture, arriving at an effective global financial safety net, addressing corruption, and completing the international financial regulation agenda. Policy coherence was also crucial to comprehensively address climate change, support fragile States and resolve the refugee crisis.

> *"Global economic governance agreements must keep pace with increased complexities of the global economy. This implies implementing commitments to broaden and strengthen the voice and participation of developing countries in global economic decision-making, norm-setting and governance."*
>
> *— Mr. Min Zhu, Deputy Managing Director, IMF*

Looking ahead, the IMF remained committed to adapting to new challenges and emerging issues. It would further build on its work begun after the world financial and economic crisis on improving its surveillance and lending toolkits and it was keen to improve the global financial safety net, which was still fragmented and uneven in its coverage. Concrete actions in support of a more effective global financial safety net should focus on enhancing its reliability, reducing IMF lending stigma, and looking into further reforms to reduce moral hazards, reduce incentives to overaccumulate reserves and improve coordination among its various layers at the international, regional and national levels. The speaker further highlighted the need to do more to mitigate the procyclical behaviour of capital flows. He emphasized that in times of crises, macroeconomic policy was the first line of defence. Capital flow management could therefore be useful in certain circumstances, and exchange rates should be flexible. To conclude, the speaker stressed that the IMF remained committed to promoting debt sustainability, including through the inclusion of modified pari passu clauses and enhanced CACs in international sovereign bonds.

Mr. Ocampo suggested that even though the world had never had better surveillance mechanisms, especially through the G20 and its Mutual Assessment Process, the results had been insufficient. This assessment was evidenced by the fact that there was no significant reduction or elimination of global imbalances, and new imbalances kept emerging. In this regard, he stressed that asymmetric adjustments were still a problem. For example, the trade imbalances between surplus and deficit countries in the euro area were still considerable. So far, most adjustments had been on the part of the deficit countries, by deleveraging, leading to a reduction in consumption and investment. However, a corresponding increase in demand in surplus economies had not taken place — although it would have the potential to improve the trade balance of the euro area peripheral economies. The rising deficits in the United States would present another challenge for the stability of the international financial system. Moreover, the speaker emphasized that the volatility of international capital flows was still strongly procyclical, especially for emerging market economies. In this context the speaker deplored the fact that the Financial Stability Board, tasked with re-regulating finance, had entirely ignored this issue. He welcomed the fact that the IMF had paid heed to the risks associated with procyclical flows and that its institutional view on this topic had evolved to the point where it recognized that capital account management and regulation could provide effective tools to address the adverse effects of the instability of international capital flows. Two related challenges that still had to be addressed were the need to ensure that investment agreements would not constrain capital account regulation, and the importance of cooperation of source countries in addressing the procyclical nature of capital flows.

The speaker further highlighted the potential for regional financial arrangements in the global financial safety net. Some important mechanisms were in place, such as the Latin American Reserve Fund (FLAR) and the Chiang Mai Initiative Multilateralization (CMIM), as well as the BRICS Contingency Mechanism. Yet, all these mechanisms remained limited in their scope and use. The most popular mechanism remained a network of liquidity swap arrangements between the United States Federal Reserve and other central banks. However, this mechanism was biased as it relied on the dollar as the effective reserve currency. Mr. Ocampo proposed reforming the global reserve system through the creation of a fully Special Drawing Rights-based IMF with a clear countercyclical focus. Indeed, the IMF of the future could be conceived as the apex of a network of regional funds, that is, as an institution closer in design to the European Central Bank or the Federal Reserve Bank. In addition, Mr. Ocampo called for greater voice and participation of developing countries in international decision-making and norm-setting. According to him, the 2010 quota reforms were only a marginal step forward; a second round of reforms was overdue and more progress was needed in agreeing on new quota formulas for IMF and World Bank voting rights.

Ms. Griesgraber highlighted the deficits in voice and participation of developing countries

in global economic governance. She suggested that the IMF constituency model should also include people and labour in addition to money and capital. Furthermore, to improve governance mechanisms, transparency, inclusion and accountability should be strengthened, including through the establishment of a complaint mechanism. On global tax matters, coherence between the United Nations, the IMF and the OECD remained of critical importance, while the representation of developing countries needed strengthening. There was a need for better data on the volume and impact of illicit financial flows from developing countries.

During the ensuing discussion, it was stressed that the FfD forum should contribute to addressing and filling the gaps in the international financial system. Systemic issues and debt sustainability were interlinked and should be addressed in an integrated manner. Working closely with the United Nations system, especially the IMF and the World Bank, the forum had the capacity to negotiate meaningful solutions.

There was a convergence of views on the need to review the existing framework for debt restructuring. Views differed, however, on the most effective approach to address flaws in the existing system.

Several participants emphasized that a market-based approach based on creditor engagement was the best way to minimize private creditor disruption in connection with debt restructuring. It was preferable to achieve a negotiated solution rather than to resort to the legal system. The recent debt restructurings of Belize, Grenada and Ukraine demonstrated the value of this approach. It was noted that other, more rules-based approaches might discourage the public and private sector from lending to developing countries.

Others highlighted that the issue was not one of discouraging private lenders, but of placing greater emphasis on policy regulations and incentives to ensure private finance was channelled into productive uses. When it comes to debt restructuring mechanisms, the need is to limit the negative economic impact and to reorient restructuring efforts to focus on the fastest possible return to growth and poverty reduction for the country concerned. There was a need for timely, orderly and fair workouts. The current system was not timely; countries waited too long to admit problems, making them more unmanageable. It was not orderly, but exasperating and time-consuming. The question of burden-sharing remained unresolved and, hence, results were often unfair. New bankruptcy procedures would not provide a disincentive to lend, as evidenced by bankruptcy legislation in many developed countries.

Some speakers emphasized that the debt restructuring framework needed to ensure what the United Nations Human Rights Council called the “primacy of human rights over debt service”. It was therefore essential that the United Nations follow up on the work done last year by the General Assembly’s Ad Hoc Committee on Sovereign Debt Restructuring Processes, and develop the Basic Principles into an effective debt restructuring framework. Calls were made for new vulture funds legislation. The FfD forum could showcase good practices and perhaps even start to develop a model law. A suggestion was put forward to establish an Ad Hoc Committee of the General Assembly to create the necessary institutions for the prevention and resolution of debt crises. Such a Committee should be informed by relevant thematic expert groups.

Concrete proposals were made to expand the measures of progress of the IATF on debt. As regards the UNCTAD Principles, it was suggested that the IATF monitor compliance and good practice vis-à-vis those Principles. The IATF should also use the United Nations Independent Expert on Debt and Human

Rights country case studies, as they monitored the impact of debt and debt crises on social and human development. Moreover, the indicator "Debt service on public debt as a percentage of government revenue" was currently missing and needed to be included in the current proposal of the IATF report. The indicator was crucial as it would show how much public money for SDG implementation went missing due to debt servicing. In this context, it was highlighted that debt sustainability analysis in general needed to take the financing needs of the SDGs into account.

Participants also focused on the need to promote local domestic currency bond markets, as well as viable infrastructure projects to stimulate the local domestic investor base, and reduce the exchange rate risks associated with cross-border financing. Other speakers pointed to the need to examine the effects of financialization in developing countries.

As regards systemic issues, participants highlighted the role of regional and bilateral institutions in addressing international capital flow volatility, which could play a countercyclical role. Speakers also urged for additional reforms on too-big-to-fail and shadow banking regulation. On the capital account side, participants welcomed the IMF approach to promote flexibility in terms of macroprudential policies and financial market deepening. In the source countries, potential spillovers needed to be analysed with greater emphasis on global cooperation.

On voice and participation, speakers welcomed the entering into force of the 2010 IMF quota reform as a welcome step in the right direction. However more work needed to be done to fully implement the commitment in the Addis Agenda to broadening and strengthening the voice and participation of developing countries in international economic decision-making and norm-setting and global economic governance.

Key messages:

- The debt sustainability picture for countries is very heterogeneous, with much progress in debt relief for low-income countries, and new opportunities for financing, but also worsening global economic conditions and high debt levels in small economies and island economies.
- There is still space to improve debt data and debt crisis resolution mechanisms, and more discussion can be had on how to promote the responsibility of both lenders and borrowers.
- There was consensus in the discussion on the need to further increase the participation and voice of developing countries in global economic decision-making, complete financial regulatory reforms, and mitigate the procyclicality of cross-border capital flows; it was recognized that these issues and debt sustainability are interrelated.
- A proposal was made that there should be many more multilateral financial safety nets in place, forming a "development banking system", with many overlapping subregional, regional, interregional and global institutions contributing.
- There was also a call by some speakers to recognize all human rights and, particularly, gender equality and women's empowerment as systemic issues.
- On debt issues, speakers strongly endorsed the call in the IATF report for a comprehensive and centralized database of instances of sovereign debt crises and restructurings. Monitoring debt service payments as a percentage of government revenue, as well as country adherence to the UNCTAD Principles on Sovereign Lending and Borrowing, was also suggested.

Round table E: Trade, science, technology, innovation and capacity-building

Programme

Chair:	H.E. Mr. Paul Oquist Kelley, Minister, Private Secretary for National Policies, Nicaragua
Moderator:	H.E. Mr. Alfredo Suescum A. (Panama), President, Trade and Development Board, United Nations Conference on Trade and Development (UNCTAD)
Trade	
Panellists:	Mr. Puvan Selvanathan, Head of New York Office, International Trade Center (ITC)
	Mr. Hans-Peter Werner, Counsellor, Head of Committee on Trade and Development (CTD) Unit, Development Division, World Trade Organization (WTO)
Lead discussant:	Ms. Deborah James, Director, International Programs, Center for Economic and Policy Research (CEPR)
Science, technology, innovation and capacity-building	
Panellist:	Mr. Andrew Hirsch, Director General, International Intellectual Property Institute
Lead discussant:	Mr. Ambuj Sagar, Professor of Policy Studies, Indian Institute of Technology, and Member, Group of experts to support Technology Facilitation Mechanism (TFM)

(Followed by an informal exchange of views among participants)

Background note

Action area D: International trade as an engine for development

The Addis Agenda highlights the importance of international trade as an engine for development. It notes that, with appropriate supporting policies, infrastructure and an educated work force, trade can also help realize inclusive economic growth and poverty reduction, productive employment, decent work, women's empowerment and food security, as well as a reduction in inequality, among other objectives. International trade in goods and services increased rapidly in the past several decades, but the 2008-2009 financial crisis changed world trade dynamics, and global trade in goods has not yet regained its pre-crisis rate of growth. Dwindling commodity prices make it difficult for LDCs in particular to repeat the buoyant growth in commodity export earnings. Global value chains (GVCs) have been the motor behind the massive expansion in trade among developing countries, or South-South trade, in the past decade. However, many developing countries, particularly raw commodity-supplier countries, are largely outside the production processes in GVCs. Gains from trade have often been unequally distributed within value chains. Further complexity arises from the emergence of "mega" regional trade agreements, which may further change the dynamics in world trade flows as well as the underlying international trade rules.

Action area G: Science, technology, innovation and capacity-building

In a major expansion and advance beyond the Monterrey Consensus, the Addis Agenda introduces a chapter on science, technology and innovation (STI), as well as capacity-building. STI is of pivotal importance in addressing sustainable development challenges. Technological innovation is at the heart of sustainable development, and building technological capacities can help developing countries catch up with developed countries. There have been major advances in this area, for example in information and communication technologies (ICTs). At the same time, access to technology is currently uneven and unequally distributed. Addressing these gaps will require national policy actions and international cooperation.

The STI capabilities of a country depend not only on access to a growing stock of science and technology, but also on the quality of interactions among the innovation actors in what might be called the "innovation system". One of the major challenges in promoting technological innovation in developing countries is the lack of an appropriate innovation system to ease interaction among key actors. Bridging the formal and informal sectors is especially difficult in circumstances of high social disparities. An effective innovation system should encourage greater interaction between groups. Such a system should foster investment in advanced technology and promote the development of affordable technology to meet the needs of the poor. The Addis Agenda seeks to strengthen these interactions so as to improve the contribution STI makes to the achievement of sustainable development, including the SDGs.

Guiding questions

Trade:

- In light of recent developments in international trade negotiations, how can the international community ensure that trade growth is inclusive, and that regional trade agreements, such as the Trans-Pacific Partnership (TPP) and preferential agreements, do not further exacerbate the marginalization of LDCs or small and vulnerable economies in world trade?
- How can Member States translate the outcomes of the Nairobi Ministerial Conference into sustainable development-oriented progress?
- What measures have Member States taken or planned to ensure that trade and investment agreements do not undermine

countries' ability to pursue public policy objectives but rather support them in their pursuit of sustainable development?

Science, technology, innovation and capacity-building:

- What has been the progress and what are the remaining gaps in innovation and technological capabilities in developing countries?
- What are the experiences in mobilizing long-term capital required to finance innovation? What policies and regulatory environments have helped incentivize investment into R&D?
- What contributions can the forum on financing for development make towards a successful Technology Facilitation Mechanism?

Summary

The Chair welcomed the participants and outlined the topics to be discussed during the round table. He highlighted a number of recent initiatives taken by Nicaragua that have successfully linked its economy with various regional and bilateral trading agreements.

Trade

The Moderator opened the session with the first topic, international trade as an engine for development, by acknowledging that the Addis Agenda highlighted the role that trade could play as an instrument for the successful implementation of the SDGs. He also stated that a changing landscape in economic dynamics called for continuous adjustment in policy tools and negotiating objectives. He then asked the panellists how developing countries could use outcomes and lessons learned to maximize progress and sustainable development, and suggested that the recommendations for implementation and monitoring resulting from the discussion at the round table could be included in the next IATF report's chapter on trade.

Mr. Selvanathan identified the empowerment of SMEs as an essential means through which trade could support sustainable development in the context of achieving the SDGs and fulfilling the action items of the Addis Agenda. Strengthening the role of domestic SMEs in export-led strategies was recognized as a tool to avoid distortions in agricultural markets and promote technology transfers, ultimately supporting employment growth and economic development. Mr. Selvanathan then proceeded to illustrate the areas of action of the ITC as a joint United Nations-WTO undertaking, and its role in working with trade support institutions to strengthen exporting enterprises, provide advice to policymakers and establish and improve networks. He underlined that, in order to achieve the SDGs, strong attention should be paid to SMEs and their human element, and noted that SMEs across the world and across industries were all part of the same value chain structure, where the greatest value resided in activities such as patenting, consulting and design. He then stated that even though SMEs constituted the bulk of the economic sector in developing countries, they were often concentrated in lower value activities such as reselling, maintaining and picking crops. He also noted that understanding their contribution to the value chain was essential to identifying strategies to increase their value added.

Mr. Werner focused his statement on the potential of the multilateral trading system to support countries in their efforts towards attainment of

the SDGs and implementation of the agreements reached in the WTO Ministerial conferences in Bali and Nairobi. He mentioned that countries should implement coherent policies at the national, regional and international levels. Nevertheless, he noted that achieving harmonized policies even at the domestic level was often a challenge, in particular for countries which lacked a diversified trade profile, because administrative branches within the same governmental institution did not necessarily share the same vision or understanding of a given issue. He reported that an even greater challenge was the achievement of coherence in an international multilateral context, where a global understanding would be needed to achieve the integrated approach necessary to implement the Addis Agenda and achieve the SDGs.

> *"Trade policy makers grapple with the interlinkages between trade and sustainable development. They need to ensure that trade influences sustainability in a positive way."*
>
> *— Mr. Hans-Peter Werner, Counsellor and Head, Committee on Trade and Development Unit, Development Division, WTO*

Mr. Werner emphasized that SDG 17 (Partnerships for the goals) contained the trade-related commitments to conclude the Doha Round of multilateral trade negotiations at the WTO, stimulate exports in developing countries, and realize a timely implementation of duty-free and quota-free market access on a lasting basis for all LDCs. These commitments, also included in the Addis Agenda and in the Nairobi Declaration, would be challenging to implement in the current economic scenario of diminished trade growth and collapsed commodity prices, with developing countries facing the additional hindrances of difficult access to markets and conformity of production for trading purposes. To this end, the trading standard qualification framework, preferential rules of origin and preferential treatment for services were important to achieving SDG 17 and facilitating the attainment of several other SDGs, including those related to the reduction of inequality, the building of resilient infrastructure, and access to healthcare. In closing, Mr. Werner restated the need for global coherence in building trading rules and the potential of multilateral trade agreements to deliver on the Addis Agenda and the SDGs, as highlighted throughout the IATF Report, but he also recalled the great challenges ahead.

Ms. James, while recognizing trade as an engine of growth, highlighted that the current model of trade agreements constrained the policy space of developing countries, and limited, rather than promoted, their ability to achieve the SDGs. As

a representative of a civil society organization, she encouraged developing countries to voice their need to change the existing model of trade agreements, and to abide by the development mandate enshrined in the Doha Declaration. Ms. James then noted that the TTP and other preferential agreements such as the Trade in Services Agreement (TISA), if implemented, could further exacerbate the marginalization of vulnerable economies, to the extent of hindering their ability to achieve the SDGs, for example, through policies that prevent them from retaining knowledge from services and technology. According to the speaker, new-generation trade agreements would often be based on proposals by MNEs, with limited inputs from civil society or labour movements. For this reason, they could be focused more on protecting the rights of MNEs and promoting larger returns to the investors, rather than on fostering the interests of developing countries and safeguarding human rights, health and the provision of essential goods and services.

> *"Trade can assist in helping developing countries to maximize progress towards sustainable development. The difficulty and the challenge that we face today is that the current model of agreements actually do more to constrain developing countries' policy space and limit rather than promote their ability to attain the Sustainable Development Goals."*
>
> *— Ms. Deborah James,*
> *Director, International Programs,*
> *Center for Economic and Policy Research*

Ms. James underlined that the Nairobi Package contained clear means to achieving the SDGs in connection with ending hunger, promoting sustainable agricultural development and increasing productivity. She stressed that developing countries needed to implement those means by increasing investment and agricultural productive capacity, preventing distortions in world trade markets and enacting special safeguard mechanisms such as public stockholding for food security. She noted that, in order to meet their commitments to the SDGs, developing countries would need to ensure that trade agreements did not undermine their ability to pursue public policy objectives, and to unwind agreements with a negative impact in areas such as the environment, social services and safety.

Science, technology, innovation and capacity-building

The Moderator underscored that investment in innovation leading to the development of affordable technology could make a significant contribution to the achievement of the SDGs. He then called upon the forum to discuss concrete contributions that could be made to implement a successful technology facilitation system.

Mr. Hirsch recalled that the International Intellectual Property Institute provided market-based global intellectual property (IP) rights systems, helped to build innovative ecosystems and provided advice, training and capacity-building in the areas of science, technology, IP and technology transfer, especially to the LDCs, with a view to establishing a sustainable global knowledge-based economy. He then noted that a just, sustainable and integrated innovation and knowledge-based global ecosystem would require strong foundations, including peace and social stability, a market-based economy, respect for the rule of law, targeted national policies and multi-stakeholder participation.

Subsequently, Mr. Hirsch underscored that the Technology Bank was established as a facilitating mechanism to address STI gaps in LDCs by helping them to build a robust STI base, thereby supporting their technology access, acquisition and utilization, and promoting research networking in their STI community. It was now time to operationalize it, with a view to ensuring information access to support R&D, supporting intellectual property (IP) rights and technology transfer on mutually agreed terms and conditions, and providing IP technical assistance and training for the benefit of LDCs.

Mr. Sagar stated that science and technology played a critical role in today's world for achieving sustainable development. In his view, there was no common recipe applicable to every country, and tailored strategies were therefore needed to take into account national priorities. He stressed the importance of accelerating adoption and deployment at scale of the appropriate technologies and of learning from experience. Domestic efforts of developing countries needed to be complemented by effective international support mechanisms in order to develop human and institutional capabilities to support innovation. Moreover, additional financing could play a major role, especially in promoting joint technology development and catalysing critical interventions to develop new technology and markets. In this context, he mentioned several initiatives, including the Technology Bank, the Green Climate Fund, the Global Environment Facility, the TFM, and the Climate Technology Centre and Network.

> *"Technological innovation will play a central role in meeting sustainable development challenges. The key is to accelerate the development and deployment of relevant technologies and to deploy them at scale."*
>
> *— Mr. Ambuj Sagar, Professor of Policy Studies, Indian Institute of Technology and Member, Group of experts to support TFM*

During the ensuing discussion, several speakers took the floor to address issues related to trade and STI and their potential contribution towards achieving sustainable development. It was noted that trade indeed had the potential to be an engine of growth. However, trade growth remained subdued in 2016 as economic uncertainties continued to weigh on global demand. Stressing the need to fully harness the development potential of world trade, calls were made for a global monitoring system against trade protectionism. In that context, it was suggested that the WTO trade monitoring report on G20 trade measures be expanded to include other countries.

Some speakers drew attention to the problems of LDCs, many of which would find themselves at the lowest level of the GVC and were held back by technological backwardness and a low capacity to compete in international markets. The FfD forum could play a crucial role in assessing their needs for capacity-building with a view to identifying relevant gaps. It was also important that international trade and investment agreements better reflect the needs and perspectives of developing countries.

Some speakers pointed to the potential of regional and bilateral trade agreements in enhancing exports, increasing FDI and allowing countries to move up the value chain.

Others, however, noted that new mega-free trade agreements (FTAs) were frequently based on unequal partnerships and laid down unequal rules. For some, the argument that LDCs would benefit from GVCs was not a convincing one considering that they had been locked into the low end of value chains, with MNEs and developed countries dominating the top end. One speaker criticized the Nairobi Package by stating that it had achieved little on agriculture, food security, LDCs and special differential treatments and other issues of importance to developing countries. Calls were made to take action on paragraph 91 of the Addis Agenda, which provided that the goal of protecting and encouraging investment should not affect a Government's ability to pursue public policy objectives. The Second High-Level Meeting of the Global Partnership for Effective Development Co-operation, to be held from 28 November to 1 December 2016 in Nairobi, Kenya, would provide an important forum to discuss how to enhance the role of trade for development.

Speakers welcomed the United Nations-led Technology Facilitation Mechanism and pointed out that, despite tremendous technological achievements in recent decades, progress had been uneven and many LDCs, especially those in Africa, had not benefited to the same degree. Some pointed to the potential of multisectoral partnerships with the private sector to help these countries ensure equitable access to technology and innovation, with a view to achieving improvements in human conditions, including in the areas of food security, health care, education and clean energy.

Speakers stressed the importance of indigenous knowledge and noted its important role in meeting the needs of local communities. Some participants voiced their opinion that publicly funded technologies should remain in the public domain and long-term financing should promote technology education with the aim of supporting achievement of the SDGs and eradication of poverty.

Participants also noted the important interlinkages among technology, innovation and science and sustainable development. For example, there was a need for enhanced electronic and physical infrastructures to support SMEs in accessing markets for sustainable goods and services. At the same time, local debt and equity markets needed to be strengthened to finance the development of physical infrastructures. Strengthening the capacity of developing countries in the areas of infrastructure design, finance, development and operation was seen as important.

Key messages:

- The Nairobi Package, adopted at the Tenth WTO Ministerial Conference (Nairobi, 15-19 December 2015) and its six Ministerial Decisions on agriculture, cotton and issues related to LDCs pave the way for further steps to facilitate market access for LDC products.
- It is critical to accelerate the development and deployment of relevant innovation and technology, especially in LDCs, and deploy them at scale. Different situations and needs of different countries should be duly taken into consideration in elaborating the relevant strategies.
- The launch of the Technology Facilitation Mechanism is a welcome step towards deployment of appropriate technologies in support of the implementation of the 2030 Agenda.
- It is time to operationalize the Technology Bank as a facilitating mechanism to address STI gaps in LDCs by helping them to build a robust STI base, supporting their technology access, acquisition and utilization, and promoting research networking in their STI community.

Round table F: Data, monitoring and follow-up

Programme

Chair:	Mr. André Vallini, Minister of State for Development and Francophonie, France
Moderator:	Mr. Lenni Montiel, Assistant Secretary-General for Economic Development, United Nations Department of Economic and Social Affairs
Panellists:	Mr. Robert York, Division Chief, Financial Institution, Statistics Department, International Monetary Fund (IMF) Mr. John James Pullinger, National Statistician, United Kingdom
Lead discussant:	Mr. Stefano Prato, Managing Director, Society for International Development

(Followed by an informal exchange of views among participants)

Background note

The final section of the Addis Agenda considers how the international community should monitor implementation of the agreed actions. It emphasizes the importance of high quality disaggregated data for policymaking and monitoring progress of the implementation of the Addis Agenda and the 2030 Agenda for Sustainable Development and prioritizes capacity-building in this area. The Addis Agenda marks the first time that data issues have received comprehensive treatment in the financing for development conferences and follow-up process.

Guiding questions

- How can balance be best achieved between monitoring existing data and investing in new capacities and developing new indicators?
- How can the FfD follow-up process assist Member States in turning monitoring into action? Are there accountability mechanisms that can be developed or strengthened that would increase the impact of the Addis Agenda?
- How can the FfD follow-up be made most relevant to and synergistic with the 2030 Agenda for Sustainable Development? What can be done to ensure that the

outcome of the forum continues to provide a meaningful input into the follow-up and review of the implementation of the 2030 Agenda for Sustainable Development in the high-level political forum on sustainable development?

Summary

The Chair began the session by acknowledging the importance of data in the implementation of the Addis and 2030 Agendas. He underscored the need for effective tools to reinforce monitoring and accountability to measure progress in implementation. He called upon all stakeholders to reinforce synergies of existing partnerships and be innovative in their approaches.

The Moderator noted that data, monitoring and follow-up were a core part of the Addis and 2030 Agendas, both of which called for strengthened capacity-building. His opening remarks referred to the need to achieve balance between existing data and developing new capacities, to link data to accountability in the context of the FfD forum, and to bring to the forefront synergies between the FfD outcomes and the MoIs of the 2030 Agenda, as well as to build high quality data on national and cross-border financial flows.

Mr. York reflected on lessons learned from the IMF Data Standards Initiative, which had been active since the 1990s. The Initiative tried to promote statistical development to increase accountability of evidence-based economic policies, and did so by motivating scrutiny of the data through dissemination. All but eight of the Fund's Members participated in the Initiative, bringing

universal value to the exercise. The Executive Board also regularly reviewed the standards and its evolution. The speaker identified three lessons learned that could shape the dialogue on data moving forward. First, human, financial and technological resources for the development of statistics must be adequate. Where resources were scarce, statistical development suffered. Competition for resources was very stiff, and there should be no additional burdens placed on national capacities. He underscored that the international community must identify their statistical priorities and do a better job of targeting interventions to support those priorities. Second, there must be strong and continuous political will present in legal and institutional structures which support statistics; otherwise, there would be little domestic incentive to prioritize data. This would be particularly important when discussions on data were no longer new, and less attention was paid to dissemination and compilation, which could result in slowed progress and resource allocation. Third, there was an essential need to develop new statistical instruments to support monitoring and implementation. Mr. York concluded by encouraging participants to have candid and informed discussions about the resources needed to support statistical development and to identify ways to ensure that political commitments could be sustained throughout the implementation of the Addis Agenda.

> *"Who, in the end, will be the champion of statistics and statistical issues in pushing forward the FfD Agenda?"*
>
> *— Mr. Robert York, Division Chief, Financial Institution, Statistics Department, IMF*

At the outset, **Mr. Pullinger** recalled that data was at the heart of achieving the commitments of the Addis Agenda and that special emphasis needed to be put on countries in special situations.

He briefed the round table on the process that the Statistical Commission followed in developing the indicator framework for the SDGs. The Inter-agency Expert Group (co-chaired by Mexico and the Philippines) was tasked with developing a framework to address each SDG and target. In March 2016, it presented to the Statistical Commission a set of 231 proposed indicators, which served as the practical starting point for further work of the Commission. The Commission also set up a High-Level Group, co-chaired by Côte d'Ivoire and Hungary, to address the issue of capacity-building.

Mr. Pullinger highlighted four conclusions from the work of the Statistical Commission that would be important for future follow-up. First, he noted the urgent need for better data to monitor the implementation of the Addis and 2030 Agendas. Greater investments in census and household surveys, as well as in improving official data, in line with national priorities, would be essential. Second, he underscored the need to build analytical capability within Governments, which faced competing needs and often did not prioritize investing in data. There was a need for more advocacy with the Governments, highlighting the importance of data for provision of effective services to citizens and effectively supporting sustainable development. Third, he encouraged partnerships with civil society and the private sector. Through sharing skills, knowledge, expertise and data, events and forums could be convened not only to celebrate commitments, but also to shed more light on data. This could also go a long way towards improving data literacy among citizens, which could ultimately promote accountability. Finally, he outlined the need for skills development and knowledge transfer. He concluded by noting that technocrats were there to help the process and not to hinder it. On the methodological front, there needed to be space for contestation, which was why such careful wording was used in the indicator framework for the SDGs. He also mentioned the need to further discuss data governance moving forward.

> *"We must step up, step forward and step on the gas."*
>
> *— Mr. John James Pullinger, National Statistician, UK*

Mr. Prato focused his statement on the need for a robust follow-up to the commitments made in Monterrey, Doha and Addis Ababa. From a civil society standpoint, such follow-up should: (a) provide space to advance the removal of structural obstacles faced by developing countries; (b) advance the democratization of economic governance; (c) undertake reform of the international financial system; and (d) bridge the gap between aspirations of the SDGs and the current resource base. However, to deliver on these expectations, there should be a common understanding of what follow-up meant, namely a much broader concept than just monitoring efforts based on data.

> *"Data is essential but it cannot become a reason for political inaction against the size of the developmental challenges we are confronted with."*
>
> *— Mr. Stefano Prato, Managing Director, Society for International Development*

Further, Mr. Prato noted that the forum should fulfil four functions. First, it should be a space for contextualizing the reality of what is happening in the world. It should address current challenges and emerging issues, such as overdue ODA commitments, the need for a United Nations intergovernmental tax body, the causes and effects of migration, potential debt crises and global economic instability. Second, whereas monitoring was crucial, there should still be a discussion on the methodology to be used for data production.

Without further understanding of such methodology, the outcomes of monitoring will continue to be contested. Third, the continued advancement of the normative policy agenda was crucial and needed sufficient room for discussion. Pathways towards policy development, standard-setting and policy convergence should be identified through multi-year planning and a knowledge-based process to ensure that policymaking is grounded in evidence. Finally, the forum was acknowledged as a new element in the architecture of global economic governance, and as such should have organic relationships with other institutions such as the Science, Technology and Innovation Forum, the Technology Facilitation Mechanism and the Global Infrastructure Forum, and enhanced tax cooperation through the United Nations intergovernmental tax body. However, there should be sufficient time to discuss how to build these relationships. Mr. Prato called for an extra two-day discussion of the FfD forum to take place in the fall to engage in concrete planning for the follow-up process. He concluded by noting that data, while essential, should not be a reason for political inaction given the magnitude of political challenges that lay ahead.

During the ensuing discussion, several important points were raised about the work that still needed to be done to address data gaps in the context of monitoring the FfD outcomes. For instance, it was noted that the policy commitments contained in the Addis Agenda had not been matched by political commitments to publish relevant data. Moreover, many commitments made in the Monterrey Consensus and the Doha Declaration on Financing for Development had yet to be implemented and their status had also to be monitored.

One participant noted that data monitoring on commitments by philanthropic organizations did not exist in most countries. Given the large role that philanthropic organizations would play in the implementation of the SDGs, more work was needed to develop data capacity on the ground to help track the work of philanthropic institutions.

It was important to enable statistical agencies to survey and measure the impacts of strategic investments. More data was needed on the investibility of projects and the level of access to debt and equity finance.

> *"If FfD is to deliver, it should also stand for 'financing for data'."*
>
> *— Ms. Cordelia Lonsdale, Development Initiatives*

Some participants stressed the need for new sources of data. Others, however, raised the importance of core data. While innovative approaches to capture new data were important, they should serve as a supplement to and not as a substitution for core data. It was therefore essential that sufficient resources be channelled towards the collection of core data.

It was noted that data and accountability were inextricably linked. The concern was raised that in some countries, people did not have access to information on resource flows for planning and delivery of services. In this context, it was proposed that Governments publish key budget documents to enable citizens to see whether expenditures were truly addressing the needs of the people.

Speakers also called for better coordination between the FfD forum and the Global Action Plan on Data for Development. It was emphasized that data, information and knowledge were not synonymous concepts. The FfD forum should be a place where data and information, such as that provided in the IATF report, would be transformed into knowledge and policy actions. To do this, the forum should assess the IATF report, as well as plan how the political follow-up process would unfold.

Key messages:

- Well-targeted investments in national statistical systems are important to improve official data, take advantage of new technologies and build data science. Better core data is especially important.
- The international community, including the IATF, should build partnerships with civil society and the private sector to improve data literacy among citizens and promote accountability of Governments.
- Data and monitoring efforts, important as they are, should not come at the expense of normative policy discussions.

Panel discussion on the Global Infrastructure Forum

Programme

Keynote address:	Mr. Joaquim Levy, Managing Director and Chief Financial Officer, World Bank Group
Panellists:	Mr. Pablo Pereira dos Santos, Manager, Infrastructure and Environment Sector, Inter-American Development Bank
	Mr. Thomas Barrett, Corporate Director, European Investment Bank (EIB)
	Mr. Craig Steffensen, Representative, North American Representative Office, Asian Development Bank (ADB)
	Mr. Laurence Carter, Senior Director, Public-Private Partnerships, World Bank Group
	Mr. Mohan Vivekanadan, Group Executive: Strategy, Development Bank of South Africa (DBSA)

(Followed by an informal exchange of views among participants)

Background

The Addis Agenda recognized that investments in sustainable and resilient infrastructure are a prerequisite to achieving many of the SDGs. It committed enhanced support to developing countries to bridge the infrastructure gap. It sought to address impediments to greater private investment in infrastructure, and encouraged development banks to increase financing for infrastructure. These specific commitments were complemented by the call for a new Global Infrastructure Forum building on existing multilateral collaboration mechanisms, led by the multilateral development banks.

The Addis Agenda mandated the Forum to meet periodically to improve alignment and coordination among established and new infrastructure initiatives, multilateral and national development banks, United Nations agencies, national institutions, development partners and the private sector. It also sought for a greater range of voices to be heard, particularly from developing countries, to identify and address infrastructure and capacity gaps, in particular in LDCs, landlocked developing countries (LLDCs), small island developing States (SIDS) and African countries, and to work to ensure that investments were environmentally, socially and economically sustainable.

In response to this call, the MDBs, including the African Development Bank, Asian Development Bank, Asian Infrastructure Investment Bank, European Bank for Reconstruction and Development, European Investment Bank, Inter-American Development Bank, Islamic Development Bank, New Development Bank

BRICS, and the World Bank Group, in close partnership with the United Nations, organized the first Global Infrastructure Forum in the context of the 2016 Spring Meetings of the IMF and the World Bank Group.

The panel discussion served to present the outcomes of the first Forum, including the Chairman's Statement. The MDBs used the Forum to improve their alignment and cooperation. The Forum also focused on how Governments, working with MDBs and their development partners, including those from the private sector, could attract more resources for infrastructure. The MDBs also agreed that hosting the Forum would rotate among them in future, and that preparations would continue to be carried out in an inclusive manner, in cooperation with the United Nations system through the United Nations Department of Economic and Social Affairs.

Summary

Mr. Levy briefed participants on the outcome of the first Global Infrastructure Forum held in Washington D.C. on 16 April 2016, including its decision to hold annual meetings, to rotate the chairmanship among the MDBs and to cooperate with the United Nations, including through annual reporting to the FfD forum. Discussions at the Global Infrastructure Forum were focused on more, better and effective spending on infrastructure. The key messages included the need to improve the quantity and quality of infrastructure, to make it sustainable, long-lived and resilient to climate change; the need for MDBs to leverage their balance sheets; and finally, the need for better project preparation, policies, good governance and improved spending, particularly in fragile and conflict-affected States.

The speaker stressed three pillars for the Forum's future work: (a) addressing the risk of infrastructure projects through better quality of projects and more effective regulation; (b) using the balance sheet of MDBs more effectively through innovative instruments and guarantees; and (c) developing an adequate regulatory environment on the finance side, especially with regard to fixed income and institutional investors, to match funds with needs. The Forum demonstrated an overall commitment to enhanced collaboration between MDBs, including the new MDBs.

> *"A robust pipeline of projects attracts investors and very much facilitates mobilization."*
>
> *— Mr. Joaquim Levy, Managing Director and Chief Financial Officer, WBG*

Mr. dos Santos noted that to foster sustainable infrastructure, countries needed both environmental and political sustainability. In this vein, a pipeline of well-developed infrastructure projects, which were investible and well prepared, would be essential for attracting investment. These projects would

need to attract private money, but also ensure that public money was being put to good use. Political instability, weak institutions and lack of coherence between the project and the political election cycles remained the main challenges in the Latin American and Caribbean region. The speaker suggested developing institutions that protected good projects from the uncertainty of political cycles. End users should also be engaged in projects to act as advocates for project implementation, and there should be mechanisms for feedback. Projects, in turn, should be investible and sustainable to become more resilient and effectively mitigate investor risk.

Mr. Barrett emphasized the need to bring together domestic and international, and public and private finance. He also discussed how to address the questions of creating a pipeline of projects, building capacity and activating private sector markets, as well as using innovative financial products, such as those used by the EIB, including guarantees and blending tools. He noted the strong call from the United Nations to exchange best practices and expertise and recognized the leadership, ownership and organizational role that MDBs could play in the implementation of the 2030 Agenda. He concluded by noting some potential areas for major innovation moving forward, including the utilization of MDB balance sheets, working with the private sector to invest in infrastructure as an asset class, Islamic finance, and risk-sharing.

> *"We are capable of doing many things, but we always need partners, and we need partners who are rooted and capable of effecting results."*
>
> *— Mr. Thomas Barrett, Corporate Director, EIB*

Mr. Steffensen recalled that infrastructure development represented two thirds of ADB operations (a total of $20 billion, plus $10 billion in cofinancing) and that the ABD had committed to increasing private sector operations to 50 per cent of its total by 2020. By that time, the ADB anticipated that investments would increase in a number of areas, as follows: (a) energy, from $4 billion to $6 billion; (b) clean energy, from $2 billion to $3 billion; (b) clean energy, from $2 billion to $3 billion; (c) transport, from $4 billion to $6 billion; and (d) water, from $2 billion to $3 billion. He argued for a three-pronged approach for scaling up infrastructure investment. First, PPPs could mobilize private finance. Second, it was important to employ high-level technologies in infrastructure to achieve environmental objectives. Third, there needed to be a strong commitment to climate finance and the SDGs. Overall, special focus should be placed on SIDS and LLDCs.

Mr. Carter noted the importance of ensuring attention was paid to low-income and conflict-affected countries. He proposed the following thematic priorities for the next Global Infrastructure Forum: political economy and sustainability considerations; the role and visibility of regional and national development banks; and country programmes on private sector mobilization.

Mr. Vivekanadan maintained that while there was a role for MDBs and the private sector, national development banks could also play a meaningful role in infrastructure investment. In a study conducted by the DBSA on climate finance, it was found that members of the International Development Finance

Club (IDFC), which included like-minded national and subregional development banks, provided collectively two to three times more green financing than MDBs.

During the ensuing discussion, participants welcomed the launch of the Global Infrastructure Forum and encouraged the MDBs to accelerate investment in infrastructure. It was noted that infrastructure would help economic growth and crowd in investment, but must also empower people and encourage more accessible, affordable, sustainable and better services. In the context of natural disasters, participants recalled that in particularly vulnerable countries, reconstruction after disaster needed to be financed and implemented in a more resilient way. There should be a sense of shared responsibility between the public and private sectors to rebuild with better quality infrastructure after disaster.

It was also noted that banks would look at guarantees and climate change insurance to assist in addressing this issue. However, risks associated with political instability still remained a problem.

Some suggested that risks should be segmented, and the roles of the public and private sectors in addressing those risks should be differentiated. Others called for more attention on how environmental sustainability could help generate projects that would be more politically sustainable over time.

Briefing with the business sector and civil society

The President of the Economic and Social Council conducted a briefing for civil society and business sector representatives with a view to providing an update on the status of informal consultations on the intergovernmentally agreed conclusions and recommendations of the FfD forum. H.E. Mr. Jean-Francis Régis Zinsou of Benin also participated in his capacity as one of the two co-facilitators for the outcome document.

The President reiterated the importance of the engagement of civil society and the business sector in the FfD follow-up process. He noted that the implementation of the Addis Ababa Action Agenda required ongoing dialogue and a spirit of cooperation between Member States and all stakeholders.

H.E. Mr. Zinsou reviewed developments in the negotiations on the outcome document. He noted that Member States were still discussing how to avoid "cherry-picking" issues and how to ensure that the delicate balance achieved in Addis was not upset. Of particular focus were the issues of how to refer to official development assistance (ODA) and domestic resource mobilization, as well as illicit financial flows in the context of the rule of law, good governance and fundamental freedoms.

Representatives of civil society organizations noted that the intergovernmentally agreed conclusions and recommendations should call for the full implementation of commitments from all three FfD Conferences. This would imply better monitoring of commitments with an agreed methodology. They also called for discussions on normative policy development and a multi-year work programme to help promote policy convergence. Given that only three out of the five days mandated for holding the FfD forum had been used, they proposed to allocate the remaining two days in the fall to discuss the preparations for the next forum. Civil society organizations also encouraged Member States and other stakeholders to accept the forum as a new element in global economic governance, and to make the design of the forum as effective as possible. Strong calls were made for establishing an intergovernmental tax body under the auspices of the United Nations.

The business sector raised the issue of how the outcome of the FfD forum could be introduced into the high-level political forum on sustainable development and noted that the contents of the outcome document in its current form were not reflective of what was happening on the ground. They also raised concerns that the negotiations were reopening some of the commitments that were already agreed upon during the Addis Conference, namely that all forms of financing were important and that ODA should be concentrated on least developed countries and fragile states. The business sector highlighted the need to develop a glossary of terms to understand the terminology that was integral to designing effective mechanisms for the implementation of the Addis Agenda. It also called for country-level implementation frameworks.

The President of the Council concluded the session by encouraging civil society and the business sector to continue their valuable engagement with the process. He noted that a five-day forum was not possible this year due to other high-level events taking place during the same week, and he called for better coordination within the United Nations system going forward.

VIII. Closing of the financing for development forum

The forum adopted its procedural report (E/FFDF/2016/3), including the intergovernmentally agreed conclusions and recommendations (see Annex IV), which were the result of extensive informal consultations facilitated by H.E. Mr. Jean-Francis Regis Zinsou, Permanent Representative of Benin to the United Nations, and H.E. Mr. Vladimir Drobnjak, Permanent Representative of Croatia to the United Nations. These conclusions and recommendations reaffirmed strong commitment to the full and timely implementation of the Addis Agenda, which built on the Monterrey Consensus and Doha Declaration; and recognized that the Addis Agenda was an integral part of the 2030 Agenda, supporting and complementing it and helping to contextualize its means of implementation targets through concrete policies and actions. The forum also endorsed the conclusions and recommendations of the IATF report, setting up the monitoring framework for the Addis Agenda and all the means of implementation of the SDGs. The outcome document further provided guidance for future sessions of the FfD forum, emphasising the importance of an early decision on its dates, themes and other organizational matters.

Following the adoption of the intergovernmentally agreed conclusions and recommendations, the Group of 77 and China expressed the view that they did not fully meet the mandates of the Addis Agenda (see Annex V). The European Union, while referring to the brevity of the outcome document, expressed the view that it was a testimony to the common will of Member States to uphold the consensus reached in Addis and gave guidance towards preparations of future forums (see Annex V).

In his closing remarks (see Annex VI), the President of the Economic and Social Council thanked all participants for their substantive contributions to the forum and emphasized the importance of the shared sense of ownership, the spirit of cooperation, and the willingness to seek win-win solutions at all levels for achieving effective development cooperation and entering a new era for sustainable development.

Annexes

Annex I. Programme of the financing for development forum

Inaugural Economic and Social Council forum on financing for development follow-up
(New York, 18 – 20 April 2016)
Trusteeship Council Chamber

PROGRAMME

Overall theme: **Financing for sustainable development: follow-up to the Addis Ababa Action Agenda**

18 April 2016

Inaugural segment

Special high-level meeting with the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development

9:30 – 10:15 a.m. **Opening of the meeting**

- Opening of the Forum by the President of the Economic and Social Council, **H.E. Mr. Oh Joon** (Republic of Korea); adoption of the provisional agenda and other organizational matters
- Welcoming remarks by the President of the Economic and Social Council, **H.E. Mr. Oh Joon** (Republic of Korea)
- Opening address by **H.E. Mr. Ban Ki-moon**, Secretary-General of the United Nations
- **Ms. Christine Lagarde**, Managing Director, International Monetary Fund (IMF) (*video statement*)
- **Mr. Roberto Azevêdo,** Director-General, World Trade Organization (WTO) (*video statement*)
- **Mr. Mahmoud Mohieldin**, Senior Vice President for the 2030 Development Agenda, United Nations Relations, and Partnerships, World Bank Group (*statement on behalf of the President of the World Bank*)

10:15 – 11:00 a.m. **Statements by intergovernmental representatives**

- **Mr. Bambang Brodjonegoro** (Indonesia), Chairman, IMF/World Bank Development Committee
- **H.E. Mr. Alfredo Suescum A.** (Panama), President, Trade and Development Board, United Nations Conference on Trade and Development (UNCTAD)
- **Mr. Calvin McDonald**, Deputy Secretary of the IMF and Acting Secretary of the International Monetary and Financial

Committee (IMFC)

11:00 – 11:30 a.m. **Keynote presentations**

- **Mr. Wu Hongbo**, Under-Secretary-General for Economic and Social Affairs, and Chair of the Inter-agency Task Force (IATF) on Financing for Development (*launch of the inaugural IATF Report*)
- **Mr. Mukhisa Kituyi**, Secretary-General, UNCTAD
- **Ms. Helen Clark**, Administrator, United Nations Development Programme (UNDP), and Chair of the United Nations Development Group (UNDG)
- **Ms. Shamshad Akhtar**, Executive Secretary, United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) (*on behalf of the five regional commissions*)

11:30 a.m. – 1:00 p.m. **General debate**

- Statements by ministers and other high-level officials

1:15 – 2:30 p.m. *Luncheon hosted by the President of the Economic and Social Council (by invitation)*

3:00 – 6:00 p.m. **Interactive dialogue with major institutional stakeholders on "Fostering policy coherence in the implementation of the Addis Ababa Action Agenda"**

Opening remarks:

- **H.E. Mr. Oh Joon**, President of the Economic and Social Council (Republic of Korea)
- **Mr. Merza Hasan**, Dean of the Board of Executive Directors, World Bank Group (WBG)
- **Mr. Aleksei Mozhin**, Dean of the Board of Executive Directors, IMF
- **H.E. Mr. Alfredo Suescum A.** (Panama), President, Trade and Development Board, UNCTAD

Moderator:

- **Ms. Eliza Anyangwe**, Guardian News and Media; CNN International

Coherence in implementation of the Addis Ababa Action Agenda

Lead discussants

- **Mr. Matthew McGuire**, Executive Director for the United States, WBG
- **Mr. Serge Dupont**, Chair, Executive Board Committee on Liaison with the World Bank, the United Nations and other International Organizations; Executive Director for Canada, Ireland and the Caribbean Region member states, IMF
- **H.E. Mr. Héctor Alejandro Palma Cerna** (Honduras), Vice-President

of the Economic and Social Council

Interactive discussion

Humanitarian and development nexus

Lead discussants

- **Ms. Satu Santala**, Executive Director for Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway and Sweden, WBG
- **H.E. Mr. Jürg Lauber** (Switzerland), Vice-President of the Economic and Social Council

Interactive discussion

Closing remarks:

- President of the Economic and Social Council, **H.E. Mr. Oh Joon** (Republic of Korea)

19 April 2016

9:00 – 10:00 a.m.	**Briefing for civil society and the business sector** Economic and Social Council Chamber

General segment

Interactive round tables on action areas and other components of the Addis Ababa Action Agenda

10:00 – 11:00 a.m. **Round table A:**
Global framework for financing sustainable development

Chair:	**H.E. Mr. Ahmed Shide**, *State Minister of Finance and Economic Cooperation, Ethiopia*
Moderator:	**Mr. David Nabarro**, *Special Adviser on the 2030 Agenda for Sustainable Development*
Panellists:	**Ms. Lakshmi Puri,** *Deputy Executive Director, Strategic Partnerships, Coordination and Intergovernmental Support Bureau, United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women)* **Ms. Maria Helena Semedo**, *Deputy Director-General, Natural Resources, Food and Agriculture Organization (FAO)*
Lead discussant:	**Ms. Isabel Ortiz**, *Director, Social Protection, International Labour Organization (ILO)*

Interactive dialogue

11:00 a.m. – 1:00 p.m. **Round table B:**
Domestic and international public resources (Action areas A and C)

Chair:	**Ms. Gina Casar**, *Executive Director, Mexican Agency*

		for International Development
	Moderator:	**Mr. Amar Bhattacharya**, *Senior Fellow, Brookings Institution*
	Domestic public resources	
	Panellists:	**Mr. Armando Lara Yaffar**, *Chair, United Nations Committee of Experts on International Cooperation in Tax Matters* **Mr. Peter Mullins**, *Deputy Division Chief, Fiscal Affairs Department, IMF*
	Lead discussant:	**Ms. Khady Dia Sarr**, *Program Director, Dakar Municipal Finance Program, Senegal*
	International development cooperation	
	Panellists:	**Mr. Mario Pezzini**, *Director, Development Centre; and Acting Director, Development Co-operation Directorate, Organisation for Economic Co-operation and Development (OECD)* **Mr. Subhash Chandra Garg**, *Executive Director for Bangladesh, Bhutan, India, and Sri Lanka, WBG*
	Lead discussant:	**Ms. Smita Nakhooda**, *Senior Research Fellow, Overseas Development Institute*
	Interactive dialogue	
3:00 – 4:00 p.m.	**Panel discussion on the Global Infrastructure Forum**	
	Chair:	President of the Economic and Social Council, **H.E. Mr. Oh Joon** *(Republic of Korea)*
	Keynote address:	**Mr. Joaquim Levy**, *Managing Director and Chief Financial Officer, WBG*
	Panellists:	**Mr. Pablo Pereira dos Santos**, *Manager, Infrastructure and Environment Sector, Inter-American Development Bank (IADB)* **Mr. Thomas Barrett**, *Corporate Director, European Investment Bank (EIB)* **Mr. Craig Steffensen**, *Representative, North American Representative Office (NARO), Asian Development Bank (ADB)* **Mr. Laurence Carter**, *Senior Director, Public-Private Partnerships, WBG* **Mr. Mohan Vivekanadan**, *Group Executive: Strategy, Development Bank of South Africa (DBSA)*
	Interactive discussion	
4:00 – 6:00 p.m.	**Round table C:** ***Domestic and international private business and finance (Action area B)***	

	Chair:	**Mr. Christian Leffler**, *Deputy Secretary-General for Economic and Global Issues, European Union*
	Moderator:	**Ms. Marilou Uy**, *Executive Director, International Group of 24 (G24) Secretariat*
	Domestic private business and finance	
	Panellists:	**Mr. Gavin Wilson**, *Vice President of International Finance Corporation (IFC) and CEO of AMC, Asset Management Company of IFC* **Ms. Fiona Reynolds**, *Managing Director, Principles for Responsible Investment (PRI)*
	Lead discussant:	**Mr. Steve Waygood**, *Chief Responsible Investment Officer, Aviva*
	International private business and finance	
	Panellists:	**Ms. Keiko Honda**, *Executive Vice President and CEO, Multilateral Investment Guarantee Agency (MIGA), WBG* **Mr. Richard Kozul-Wright**, *Director, Division on Globalization and Development Strategies, UNCTAD*
	Lead discussant:	**Mr. Bill Streeter**, *Senior Finance Advisor, Global Clearinghouse for Development Finance*
	Interactive dialogue	
20 April 2016		
9:00 – 11:00 a.m.	**Round table D:** ***Debt and systemic issues (Action areas E and F)***	
	Chair:	**H.E. Mr. Héctor Alejandro Palma Cerna (Honduras)**, *Vice-President of the Economic and Social Council*
	Moderator:	**Mr. José Antonio Ocampo**, *Professor and Director of the Economic and Political Development Concentration, School of International and Public Affairs, Columbia University*
	Debt	
	Panellists:	**Mr. Alister Smith**, *Executive Director for Antigua and Barbuda, Bahamas, Barbados, Belize, Canada, Dominica, Grenada, Guyana, Ireland, Jamaica, St. Kitts and Nevis, St. Lucia and St. Vincent and the Grenadines, WBG* **Ms. Stephanie Blankenburg**, *Head, Debt and Development Finance Branch, Division on Globalization and Development Strategies, UNCTAD*
	Lead discussant:	**Mr. Lee C. Buchheit**, *Partner, Cleary, Gottlieb Steen & Hamilton, LLP*

Systemic issues

Panellist: **Mr. Min Zhu**, *Deputy Managing Director, IMF (also intervened on debt issues)*

Lead discussant: **Ms. Jo Marie Griesgraber**, *Executive Director, New Rules for Global Finance Coalition*

Interactive dialogue

11:00 a.m. – 1 p.m. **Round table E:**
Trade, science, technology, innovation and capacity-building (Action areas D and G)

Chair: **H.E. Mr. Paul Oquist Kelley**, *Minister, Private Secretary for National Policies, Nicaragua*

Moderator: **H.E. Mr. Alfredo Suescum A. (Panama)**, *President, Trade and Development Board, UNCTAD*

Trade

Panellists: **Mr. Puvan Selvanathan**, *Head of New York Office, International Trade Center (ITC)*
Mr. Hans-Peter Werner, *Counsellor and Head, Committee on Trade and Development (CTD) Unit, Development Division, WTO*

Lead discussant: **Ms. Deborah James**, *Director, International Programs, Center for Economic and Policy Research (CEPR)*

Science, technology, innovation and capacity-building

Panellist: **Mr. Andrew Hirsch**, *Director General, International Intellectual Property Institute*

Lead discussant: **Mr. Ambuj Sagar**, *Professor of Policy Studies, Indian Institute of Technology, and Member, Group of experts to support Technology Facilitation Mechanism (TFM)*

Interactive dialogue

3:00 – 4:30 p.m. **Round table F:**
Data, monitoring and follow-up

Chair: **Mr. André Vallini**, *Minister of State for Development and Francophonie, France*

Moderator: **Mr. Lenni Montiel**, *Assistant Secretary-General for Economic Development, United Nations Department of Economic and Social Affairs*

Panellists: **Mr. Robert York**, *Division Chief, Financial Institution, Statistics Department, IMF*
Mr. John James Pullinger, *National Statistician, United Kingdom*

Lead discussant: **Mr. Stefano Prato**, *Managing Director, Society for International Development*

Interactive dialogue

4:30 – 5:30 p.m. **General debate**

- Statements by ministers and other high-level officials
- Statements by the spokespersons for civil society and the business sector

5:30 – 6:00 p.m. **Closing of meeting**

- Presentation and adoption of intergovernmentally agreed conclusions and recommendations
- Adoption of the procedural report of the forum
- Closing remarks by the President of the Economic and Social Council

Annex II. Opening remarks by the President of ECOSOC

Opening remarks
H.E. Ambassador Oh Joon
President of ECOSOC
ECOSOC Forum on Financing for Development Follow-up
(New York, 18 April 2016)

Secretary-General Ban Ki-moon,

Honorable Ministers,

Distinguished Delegates,

Ladies and Gentlemen,

It is my honour to welcome you to the inaugural ECOSOC Forum on Financing for Development follow-up with the theme of "Financing for sustainable development: follow-up to the Addis Ababa Action Agenda."

I would like to thank Secretary-General Ban Ki-moon, for being with us this morning. My special welcome also goes to the Ministers and other senior officials, heads of institutions, and the representatives of civil society and the business sector here today.

Last July, Heads of State and Government adopted the Addis Ababa Action Agenda. The Agenda provided a comprehensive financing framework to support the achievement of 17 Sustainable Development Goals by 2030. Member States have started implementing this important agenda through a dedicated and strengthened FfD follow-up process.

The launch of the ECOSOC FfD Forum today marks a new chapter in the history of development cooperation. The Forum is mandated to enable an integrated follow-up to FfD outcomes and the means of implementation for the 2030 Agenda.

In this process, we are advancing on the solid ground laid out by our predecessors. The Monterrey and Doha Conferences generated a strong momentum in addressing financing for development issues among Member States, major stakeholders, and others.

The ECOSOC special high-level meetings with the Bretton Woods Institutions, WTO, and UNCTAD, as well as the General Assembly High-level dialogues on financing for development, have all moved the process forward up to Addis. We must now forge ahead with elevated ambition and innovation based on the lessons learned from these experiences.

Ladies and Gentlemen,

The Addis Ababa Action Agenda envisaged this Forum to perform unique functions.

First, the Forum serves as a primary platform for policy dialogue on financing for development follow-up. It is tasked to assess progress, identify challenges, and facilitate the delivery of the means of implementation. It is also expected to promote sharing of lessons learned at the national and regional levels, while addressing new and emerging topics.

Second, the Forum provides a platform for concrete action. We will come up with intergovernmentally agreed conclusions and recommendations to guide the implementation of the Addis Agreement by the international community.

Third, the Forum enables broad engagement by relevant stakeholders as well as Member States. It follows the modalities of participation of the international conferences on financing for development, which are conducive to consensus-building and to encouraging active implementation in the field.

Fourth, the Forum carries out its work in accordance with an evidence-based approach. The Inter-agency Task Force convened by the Secretary-General galvanizes major institutional stakeholders and the UN system to produce evidence, in the form of a report, for the Forum's consideration.

Ladies and Gentlemen,

Our three-day Forum starts this morning with presentations by the heads of major institutional stakeholders. This will be followed by the General Debate where we will hear how governments are mainstreaming the Addis Agenda into national strategies. In the afternoon, there will be an interactive dialogue with the Bretton Woods Institutions, WTO, and UNCTAD. The next two days of the Forum will include a series of round tables, which will feature focused discussions on action areas of the Addis Agenda.

As such, we will focus on the monitoring and review of the commitments of Addis and the 2030 Agenda.

The two co-facilitators I have appointed, Ambassador Zinsou of Benin and Ambassador Drobnjak of Croatia have been working hard to reach consensus on conclusions and recommendations. I wish to commend their dedication and stewardship. As mandated in the Addis Agenda, the outcome of this Forum will then be fed into the High-level Political Forum on Sustainable Development.

Let me also thank you, Mr. Secretary-General, for his leadership and the outstanding support from the Secretariat.

I trust that this Forum will provide the right space for exchange on early action taken and will chart the roadmap for future implementation of the Addis Agenda.

Thank you.

/END/

Annex III. Remarks by the Secretary-General to the ECOSOC forum on financing for development

Remarks to the Economic and Social Council (ECOSOC)
Forum on Financing for Development

Secretary-General Ban Ki-moon, Economic and Social Council, 18 April 2016

I am pleased to join the President of the Economic and Social Council (ECOSOC) in welcoming you to the inaugural session of the ECOSOC Forum on Financing for Development. And I am particularly pleased to see many ministers, Finance and Development Ministers and the EU Commissioner and Heads of United Nations Agencies, who are taking part in this important forum.

2015 was a year of crucial milestones for development. In July, world leaders gathered in Addis Ababa and adopted a comprehensive framework to mobilize and deliver the resources, technology and partnerships needed for sustainable development.

The Addis Ababa Action Agenda, together with the 2030 Agenda for Sustainable Development and the Paris agreement on climate change, are triumphs of multilateralism. I look forward to the signing ceremony of the Paris Agreement here in New York later this week.

These are historic agreements to eradicate poverty, build resilient societies, address climate change and put the world on a sustainable development path.

We have the collective responsibility to turn these landmark agreements into tangible actions. The time for implementation is now.

Following-up on the Addis Agenda is the right starting point.

I am encouraged by your enthusiasm for the task at hand.

Excellencies,

Ministers,

Ladies and gentlemen,

The financing requirements to achieve the SDGs are estimated to be in the order of trillions of dollars annually. Mobilizing these resources will be a significant challenge, particularly at a time of continued economic uncertainty and financial constraints.

Since we met in Addis, risks and vulnerabilities have increased. Large numbers of refugees are on the move, and geopolitical tensions have escalated in some regions. Commodity prices are falling and capital flows are more volatile.

The global economic recovery remains uneven. We have not seen the strong, sustained and balanced growth needed to realize sustainable development for all.

Yet this challenge is not unsurmountable. We know that global public and private savings and investment will be sufficient — but only if they are aligned with sustainable development.

The Addis Agenda provides a full range of actions to realign financial flows and policies with economic, social and environmental priorities.

It contains over 100 concrete policy commitments that draw upon all sources of finance, technology, innovation, trade, debt and data to support the 2030 Agenda.

We must sustain our political momentum and build on the unprecedented collaboration of recent years. The global response to the 2030 Agenda must match the scope of the challenge — which means tapping into the potential of all actors to achieve the large-scale transformation we need.

Excellencies,

Ministers,

Ladies and gentlemen,

Now is the time for smart investments in people and the planet, where they are needed, when they are needed and at the scale they are needed.

More than 2.4 billion people still lack clean water and sanitation; 57 million of the world's children are not enrolled in school; and more than half the world's population lacks any social security coverage.

We must follow through on the new 'social compact' enshrined in the Addis Agenda to provide social protection and essential public services for all.

Billions of lives depend on it.

Investments in sustainable and resilient infrastructure are a prerequisite to achieve many of our global goals.

The new Global Infrastructure Forum, led by the multilateral development banks, which I attended last weekend in Washington D.C., is an important step towards bridging this gap.

But more needs to be done. We need to step up our efforts to implement the Addis Abba Action Agenda in it its entirety.

The private sector must be an active partner, in particular in areas such as the provision of urgently-needed social goods.

The growing importance of South-South cooperation must also to be recognized. This is now driving innovation and demonstrating its effectiveness in many developing countries.

The United Nations must be the forum where leadership and strategic collaboration among very different actors can transform our development model.

Developing countries hosting large numbers of refugees should have access to concessional loans — and I am glad to see progress on that front.

We also call for stronger commitment to humanitarian financing, which will be one focus of the first-ever World Humanitarian Summit that I am convening in Istanbul on 23rd and 24th May.

But development aid plays a critical role in addressing the root causes of conflict. That is one reason why we make sure that efforts to increase the share of ODA to Least Developed Countries should continue.

Delivering on the new Paris Agreement will require countries to implement their national climate plans, as well as increase their ambitions over time. Achieving both of these goals requires a key item: finance.

I urge developed countries to meet the agreed goal of $100 billion per year by 2020 and the private sector to make financial flows consistent with a pathway towards low-emissions, climate-resilient development.

Excellencies,

Ministers,

Ladies and gentlemen,

Implementation will be the test of our commitment. The Addis Agenda provides the foundation for a renewed and strengthened global partnership for sustainable development.

I urge each and every one of you to take action and show leadership. We must all play our part in this global endeavour, from governments and international organisations, to financial and trade institutions, the private sector and civil society.

Accurate and comprehensive monitoring of actions at all levels will be crucial for success.

The Inter-Agency Task Force, which I convened at the end of 2015, will report annually on progress in implementing the financing for development outcomes and the 2030 Agenda.

I thank all UN agencies and other international organizations for their effective collaboration in putting together a comprehensive report under very tight time constraints.

I urge you to make good use of this Forum to usher in a new era of international cooperation on financing for sustainable development.

With a spirit of true partnership, shared responsibility and solidarity, we can transform our global vision into better lives and greater opportunities for people everywhere.

Thank you.

Annex IV. Intergovernmentally agreed conclusions and recommendations of the financing for development forum

Financing for sustainable development: follow-up to the Addis Ababa Action Agenda of the Third International Conference on Financing for Development

1. We, ministers and high representatives, gathered in New York at United Nations Headquarters from 18 to 20 April 2016 for the inaugural Economic and Social Council forum on financing for development follow-up, affirm our strong commitment to the full and timely implementation of the Addis Ababa Action Agenda of the Third International Conference on Financing for Development, which builds on the Monterrey Consensus and Doha Declaration.
2. We recognize that the Addis Ababa Action Agenda provides a global framework for financing sustainable development and is an integral part of the 2030 Agenda for Sustainable Development, supports and complements it, and helps to contextualize its means of implementation targets with concrete policies and actions. These relate to domestic public resources; domestic and international private business and finance; international development cooperation; international trade as an engine for development; debt and debt sustainability; addressing systemic issues and science, technology, innovation and capacity-building; and data, monitoring and follow-up.
3. We welcome the proposed three-pronged approach of the 2016 report of the Inter-Agency Task Force on Financing for Development and look forward to future Task Force reports containing a discussion of the global context and its implications for the follow-up process; an overview of each chapter of the Addis Ababa Action Agenda highlighting synergies between the chapters of the Action Agenda, including the pertinent updated data and issues, while covering the broader set of commitments and action items in an online annex; and analyses of thematic issues.
4. We look forward to future sessions of the Economic and Social Council forum on financing for development follow-up and underline the importance of deciding, well in advance, on its dates, themes and other organizational matters.

Annex V. Statements delivered after the adoption of the intergovernmentally agreed conclusions and recommendations

Mr President,

I have the honour to speak on behalf of the European Union and its Member States.

I would like to start my brief remarks by thanking the two co-facilitators,
HE Mr Vladimir Drobnjak, PR of Croatia, and HE Mr Jean-Francis Regis Zinsou, PR of Benin, for their tireless efforts in facilitating consultations on the outcome document.

The document that we have before us is, despite long hours of negotiations and efforts by our co-facilitators, less substantive than some initially ambitioned. We have engaged constructively in these discussions. We welcome the first IATF report and the reference included in the document.

Despite its brevity the outcome document is a testimony to our common will to uphold the consensus reached in Addis and gives guidance towards the preparation of future forums.

Thank you.

INTERVENTION BY H.E. MR. VIRACHAI PLASAI, AMBASSADOR AND PERMANENT REPRESENTATIVE OF THE KINGDOM OF THAILAND TO THE UNITED NATIONS, ON BEHALF OF THE GROUP OF 77 AND CHINA, AFTER THE ADOPTION OF INTERGOVERNMENTALLY AGREED CONCLUSIONS AND RECOMMENDATIONS AT THE INAUGURAL ECOSOC FORUM ON FINANCING FOR DEVELOPMENT FOLLOW-UP (New York, 20 April 2016)

Mr. President,

I have the honour to speak on behalf of the Group of 77 and China.

As this Inaugural Forum is coming to a close, the Group wishes to congratulate the ECOSOC Presidency for the fruitful dialogue throughout the past three days and express once again our appreciation to the Co-facilitators for their dedication and efforts in the preparation of this important Forum as well as in the process to conclude intergovernmentally agreed conclusions and recommendations as an outcome document of this Forum.

As mandated by paragraph 131 of the Addis Ababa Action Agenda (AAAA), the follow-up process should **assess progress, identify obstacles and challenge, address new and emerging topics, and provide policy recommendation** for action by international community. We must remind ourselves that all delegations in this room agreed to uphold to this aspiration. Thus, it is a disappointment for the Group to accept that such important **mandates are not reflected in the outcome document** adopted today.

In a follow up and review process, it is important to assess the progress we have made and identify the outstanding areas in which we have not achieved our goal in order to advance the Agenda. Therefore, the Group is of a strong view that it is necessary to identify gaps and recommendations for corrective actions for those commitments made under AAAA in order to effectively address the outstanding risk impacting implementation of financing for development. It is equally important to regularly address new challenges and cross-cutting issues.

The Group wishes to reiterate that it has been stressing all along how this forum is crucial to the Group. Indeed, we had hoped for **a substantive outcome document** which reflects elements from all action areas of AAAA in a balance manner. Nevertheless, the outcome document fails to deliver on our substantive aspiration. We also wish to stress that the Group has **consistently and constructively participated in the drafting process** of the outcome document with **good will and utmost flexibility** despite the fact that the Group's proposals to include substantive elements were rejected outright early in the process. We therefore urge a change of mindset and a more open mind that will not hinder future discussions on the FfD Follow-up process.

Due to the reasons mentioned above, we stress that the outcome document of this year Forum, by all means, **cannot and will not set a precedent** to future Forum's outcomes which is mandated by the AAAA. No one should make such presumption if we are to achieve together the Financing for Development outcomes and 2030 Agenda without leaving no one behind.

We strongly appeal to all parties that enough time is needed for the intergovernmental process along with open-minded attitude and the spirit of partnership and solidarity. We sincerely hope and look forward to the **meaningful and substantive outcome documents for the future Forums** to reflect the actual transformation of global visions into tangible actions that will improve the lives of people around the world.

I thank you.

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Annex VI. Closing remarks by the President of ECOSOC

Closing remarks
H.E. Ambassador Oh Joon
President of ECOSOC
ECOSOC Forum on Financing for Development Follow-up
(New York, 20 April 2016)

Honorable Ministers,

Distinguished Delegates,

Ladies and Gentlemen,

We have now come to the end of the inaugural ECOSOC Forum on Financing for Development follow-up.

First of all, let me express my appreciation to all of you for your active participation in the Forum.

All delegations have demonstrated their commitment to the full and timely implementation of the Addis Ababa Action Agenda. The representatives of major institutional stakeholders reaffirmed their commitment to continuing their collaboration that we have seen in recent years. Non-governmental organizations and the business sector also reminded us of the importance of multi-stakeholder partnerships.

I also wish to extend my special thanks to all the panelists and moderators who came from all over the world to make their contributions.

And once again, I thank the co-facilitators, the Ambassadors of Benin and Croatia, for their efforts in working out the intergovernmentally agreed conclusions and recommendations.

This inaugural Forum was special in many ways. It was the first time that the FfD community from all sectors met together again after Addis Ababa. It was the first major follow-up event to the three historic global-level agreements we made last year.

Many constructive ideas were put forward over the last three days that can help us realize the ambitious commitments made in Addis. On Monday, we highlighted the need to promote policy coherence for sustainable development and also discussed how to address the humanitarian and development nexus through the interactive dialogue with major institutional stakeholders.

On Tuesday and Wednesday, we discussed concrete and specific measures to address the Addis Agenda and the Means of Implementation of the 2030 Agenda in six thematic round tables, which covered all action areas of the Addis Agenda. We also had an opportunity to take stock of commitments and actions to finance sustainable development. We reviewed initial steps taken by Member States and relevant actors toward the implementation of the Addis Agenda. We discussed future monitoring and follow-up framework on financing for development.

This is only a snapshot of the rich discussions we had over the last three days. Many more points were made and concrete recommendations were put forward that will help us. We look forward to a more detailed summary of the Forum by the Secretariat, which will be issued in due course.

Ladies and Gentlemen,

On a final note, one important lesson I learned while preparing for and conducting the Forum, which I hope other participants share, is that what is most important in financing for development is our shared commitment to working together. Sharing the sense of ownership, the spirit of cooperation, and the willingness to seek win-win solutions are much more important than making the Forum long or short, or putting in or taking out some wordings in the document. It is simple truth but we seem to forget sometimes that without each other's genuine cooperation, neither developed nor developing countries would be able to achieve effective development cooperation.

Together we can make an important step to build on last year's global actions and usher in a new era for sustainable development. For this, we must keep our spirit of collaboration alive at all levels.

Thank you.

/END/

Annex VII. Summaries of side events and press conferences

Financing for Development follow-up in the Asia-Pacific region: Agenda for implementation of regional priorities

18 April 2016, 8:00 – 10:00 a.m.
The West Terrace

Organizers:

United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), Ministry of Foreign Affairs of the Republic of Korea

Speakers:

- Ms. Shamshad Akhtar, Executive Secretary of ESCAP
- H.E. Mr. Oh Joon, President of the Economic and Social Council (Republic of Korea)
- H.E. Mr. Bambang P.S. Brodjonegoro, Minister of Finance, Indonesia, and Chairman, IMF/World Bank Development Committee
- H.E. Mr. Aiyaz Sayed-Khaiyum, Attorney-General and Minister for Finance, Fiji
- Mr. Roberto B. Tan, National Treasurer, Bureau of the Treasury, Philippines
- Mr. Christiaan Rebergen, Vice-Minister for International Cooperation, Netherlands
- Ms. Azeema Adam, Governor of the Maldives Monetary Authority
- Mr. Norbert Mumba, Deputy Executive Director, Alliance for Financial Inclusion
- Mr. Vito Tanzi, Former State Secretary for Economy and Finance, Italy
- Ms. Katherine Maloney, Director United Nations Global Account, KPMG
- Ms. Lidy Nacpil, Regional Coordinator, Asia Pacific Movement on Debt and Development

Summary:

The objective of the side event was to provide a focused discussion on innovative financing sources, modalities and priorities in the Asia and Pacific region for the implementation of the 2030 Agenda for Sustainable Development. The Addis Agenda encourages regional commissions, in cooperation with regional banks and organizations, to mobilize their expertise and existing mechanisms focusing on thematic aspects of the Addis Agenda. Therefore, the financing for development (FfD) follow-up process would also require credible and forward-looking strategies to take concrete actions for the mobilization of financial resources for sustainable development at the regional level, while taking into consideration the sub-regional and national context.

Side event participants considered and elaborated on the key issues of the Chair's Summary from the First High-Level Follow-up Dialogue on Financing for Development in Asia and the Pacific, held in Incheon, Republic of Korea, from 30 to 31 March 2016. The dialogue provided an important opportunity to gather regional momentum, scale up consolidated efforts and recalibrate the regional financial architecture to lay down a solid foundation to support the implementation of the Sustainable Development Goals (SDGs).

Furthermore, the dialogue process was instrumental in setting up an annual regional review process to better understand the implementation of the FfD outcomes and the SDG means of implementation. The region's implementation of the Addis Agenda is critically linked to the regional economic and financial environment. To effectively harness domestic public resources, private finance and global partnerships, the region needs an enabling environment that supports economic prospects and financial stability.

Speakers at the side event reiterated the importance of the following regional priorities, with special reference to the least developed countries, landlocked developing countries and small island developing states: (i) recognizing the need for an Asia Pacific Tax Forum; (ii) encouraging the harmonization and standardization of the legal and regulatory frameworks of securities markets and work with securities regulators to encourage cross-border flows and market integration with due consideration for financial stability; (iii) highlighting the importance of a regional Infrastructure Financing Forum which would enhance support for cross-border capital flows for infrastructure projects; (iv) suggesting that ESCAP work with regional networks, in particular the Alliance for Financial Inclusion, to harness financial inclusion policies to support sustainable development; (v) suggesting the possibility of a Regional Centre in the Pacific for capacity building on climate change adaptation and mitigation; and (vi) suggesting that countries with special needs establish a focal point within one of their ministries to deal with South-South Cooperation and Triangular Development Cooperation and to develop a regional platform for technology transfer and capacity building and advisory services.

In addition, participants stressed the importance of forward-thinking partnerships with the private sector to engage resources and ideas for development cooperation, and reiterated their support for an action orientated FfD follow-up framework to ensure the effective implementation of the Addis Agenda.

Implementing the Addis Ababa Action Agenda at the local level — strengthening municipal finance for sustainable development in LDCs

18 April 2016, 1:15 – 2:30 p.m.
Conference Room 6

Organizers:

United Nations Capital Development Fund (UNCDF), Financing for Development Office, United Nations Department of Economic and Social Affairs (DESA), in collaboration with Global Fund for Cities Development (FMDV)

Speakers:

- Ms. Khady Dia Sarr, Programme Director, Dakar Municipal Finance Programme (Senegal)
- Mr. Paul Smoke, Professor of Public Finance and Planning, New York University
- Mr. Carlos de Freitas, Director of Programmes, FMDV
- Mr. Vito Intini, Municipal Investment Finance Programme Manager, UNCDF
- Mr. Daniel Platz, Economic Affairs Officer, Financing for Development Office, DESA

Summary:

The Addis Agenda recognizes that “expenditures and investments in sustainable development are being devolved to the sub-national level, which often lack adequate technical and technological capacity, financing and support” (para 34) and calls for greater “international cooperation to strengthen capacities of municipalities and other local authorities” (ibid). The commitment in the Addis Agenda to strengthen subnational finance is particularly relevant in the context of Goal 11 of the 2030 Agenda for Sustainable Development which sets out to “make cities and human settlements inclusive, safe, resilient and sustainable". The side event linked the Addis Agenda and the Financing for Development process with the HABITAT III process and its goal to reinvigorate the global commitment to sustainable urbanization. A joint project by UNCDF and DESA on the topic will result in a publication that will provide a substantive input to HABITAT III.

Speakers highlighted that cities are at the forefront of providing critical services, infrastructure and public goods to their citizens, including the implementation of the Sustainable Development Goals (SDGs) and the fight against climate change. To fulfil their mandate, cities would need more and better financing. Additional research would be required on multiple issues of municipal finance in least developed countries (LDCs). It was stressed that municipal finance is a governance issue that has to be considered in an integrated manner, taking capacity limits and the political economy into account. Public finance reform would have to be part of a broader political reform that demonstrates to citizens the benefits of paying taxes and fees.

The gross deficit in infrastructure in Africa is valued at over $90 billion per year according to the World Bank Group. Side event participants emphasized that a properly designed performance-based grant system could reinforce the decentralization objectives and support efficient service delivery, while shifting from micro-control towards incentives and flexibility. Performance-based grants would require well-prepared systems and guidelines and strong follow-up. The design of the grant system would also be important for external resource mobilization (e.g. for capital markets and climate change).

Furthermore, it was discussed how credit rating processes could help address the critical aspects of local governance and send a strong signal to markets and institutional investors. Credit ratings could expand the pool of potential investors, thereby increasing competition. However, they are affected by external variables, such as the national political context and macroeconomic developments.

One participant suggested that subnational pooled financing mechanisms could bring together local governments (large and small) to search for financing on the banking or financial markets. Several models exist from United States bond banks to European Local Government Funding Agencies, governed and even created by local governments. Such mechanisms could contribute to market competitiveness, reduce transaction costs and interest rates, provide substantive expertise and allow secondary cities or "small" projects to benefit from the combination for reduced cost of debt. It was stressed that applicability to LDCs merits further discussion.

Another participant presented a case study from Dakar, Senegal. Embedded in the context of increasing urbanization, a growing deficit in infrastructure and urban facilities, and a limited annual budget deriving essentially from fiscal transfers, the city of Dakar, through the Dakar Municipal Finance Programme (DMFP), tried to tap into capital markets as an additional source of finance. The DMFP provided capacity building and prepared the launch of the municipal bonds. The main challenges during the process were high entry barriers (regulation), complex processes and the identification of viable investment projects.

Side event participants agreed that the recent experience of Dakar, which was planning to issue its first municipal bond before the central government raised concerns over potential responsibilities and other implications at the central level, showed the complexity of municipalities gaining access to financial markets. Nevertheless, some important lessons learned could be taken for other municipalities in LDCs to pursue bond finance as a way to fund infrastructure projects.

Realizing trade's potential to contribute to sustainable development

18 April 2016, 1:15 – 2:30 p.m.
Conference Room 8

Organizer:

United Nations Conference on Trade and Development (UNCTAD)

Speakers:

- Mr. Tarik Iziraren, Minister Plenipotentiary, Permanent Mission of the Kingdom of Morocco to the United Nations
- Mr. Mukhisa Kituyi, Secretary-General, UNCTAD
- Ms. Miho Shirotori, Chief, Global and Regional Trade Analysis, UNCTAD
- Mr. Hans-Peter Werner, Counsellor and Head, Committee on Trade and Development (CTD) Unit, Development Division, World Trade Organization (WTO)
- Mr. Puvan J. Selvanathan, Head, International Trade Centre (ITC)

Summary:

The side event focused on the role of trade in the financing for development (FfD) context, which is recognized as an engine for inclusive economic growth and poverty reduction as well as an important means to achieve the Sustainable Development Goals (SDGs). Specifically, countries committed themselves in paragraph 82 of the Addis Ababa Action Agenda to "integrate sustainable development into trade policy at all levels".

At the event, UNCTAD introduced its new report "Trading into Sustainable Development: Trade, Market Access and the SDGs". The report aims to help public-sector policymakers disentangle the complex web of inter-linkages between trade policy and the determinants of sustainable development. At the side event, representatives from UNCTAD, WTO and ITC discussed the implications for public-sector policymakers, businesses and the multilateral trading system of integrating sustainable development into trade policy.

For example, market access conditions vis-à-vis imports are determined by a combination of border measures and behind-the-border measures, both of which add costs to the price of an imported product. Since market access conditions in international trade generate a significant impact upon consumer welfare and the competitiveness of domestic industries, they are a key determinant of the effectiveness of trade as a means of implementation. In addition, speakers at the event emphasized the importance of policy coordination at both the national and global levels.

Participants at the side event also stressed that in the SDG implementation framework the concept of trade is much broader than mere quantitative flows of goods and services exchanged across borders. Trade, as a means of implementation for the SDGs, should be seen as an economic and social enabler that lifts the lives of marginalized groups toward sustained, inclusive and sustainable growth.

Contributing to the effective implementation of the 2030 Agenda: Towards the second high-level meeting of the Global Partnership for Effective Development Co-operation

18 April 2016, 1:15 – 2:30 p.m.
Conference Room E

Organizers:

Government of Mexico, Government of Kenya, Global Partnership for Effective Development Co-operation (GPEDC)

Speakers:

- H.E. Mr. Macharia Kamau, Permanent Representative of Kenya to the United Nations
- Mr. Tegegnework Gettu, Under-Secretary General and United Nations Development Programme (UNDP) Associate Administrator
- Ms. Gina Casar, Executive Director, Mexican Agency for International Development Co-operation, Representative of the Mexican GPEDC Co-Chair
- H.E. Mr. Jeroen Verheul, Representative of the Dutch GPEDC Co-Chair
- Mr. Klaus Rudischhauser, Acting Director-General for International Cooperation and Development, European Commission
- Mr. Haje Schutte, Head of the Statistics and Development Finance Division, Development Co-operation Directorate of the Organisation for Economic Co-operation and Development (OECD)
- Mr. Luca De Fraia, Deputy Secretary General, ActionAid Italia, Representative of the CSO Partnership for Development Effectiveness (CPDE)
- Ms. Louise Kantrow, Permanent Representative of the International Chamber of Commerce (ICC) to the United Nations
- Ms. Barbara Smith, USAID Deputy Assistant Administrator for Policy, Planning and Learning
- Ms. Gülden Türköz-Cosslett, UNDP Deputy Assistant Administrator and Deputy Director of the Bureau for External Relations and Advocacy

Summary:

The side event provided an opportunity to reflect on broad-based changes to the multilateral development system brought about by the Addis Agenda and the 2030 Agenda for Sustainable Development, including the Sustainable Development Goals (SDGs). It also addressed how the GPEDC may need to evolve in consideration of the new development landscape, in order to support innovative approaches to development cooperation and to scale up for a multi-trillion dollar, universal agenda.

Participants at the side event agreed that the 2030 Agenda necessitates that all countries and actors work together to realize sustainable development and emphasizes the importance of quality as well as effectiveness for all types of cooperation. There was broad appreciation among participants that the GPEDC could act as a practical and inclusive multi-stakeholder platform that provides a basis for driving effective cooperation and a short cut to accelerate implementation. This role would also pose an important question about how the Global Partnership should be positioned in light of the Addis Agenda and the 2030 Agenda. Participants suggested that, to this end, various development stakeholders had already started the work of delivering on the SDGs. For example, the business sector is forging ahead in its work to become better fit to support the 2030 Agenda, with the recognition that business cannot succeed if society fails.

Some speakers highlighted that the GPEDC should evolve with a broader vision, a greater reach and an openness to adapt. In doing so, the GPEDC would need to consider its core capabilities in order to rise up and meet this challenge. This included reflection on models of engagement, representation of key constituencies, involvement of emerging partners, progress on unfinished aid effectiveness commitments, bridging the development-humanitarian divide and how best to shift to the 2030 Agenda to ensure that no one is left behind.

Participants also underscored the need to address the commitments from Paris and Accra and urged the need to maintain the GPEDC's focus on 'unfinished business'. The GPEDC would also have to review whether commitments made on effectiveness are still suited to the context of the 2030 Agenda. This included consideration of new elements of focus including speed of delivery, as well as the embracing of new and emerging actors in the evolving development landscape.

In this context, there was appreciation that the principles of effective development cooperation could also be applied beyond official development assistance (ODA), and that the GPEDC could become a catalyst for translating principles into action while measuring behaviour change.

Some participants emphasized that different types of cooperation as well as country and regional contexts should be further considered to ensure that ODA and development cooperation have a real impact. In addition, participants agreed that in the context of the 2030 Agenda, middle-income countries should not be left out of the equation. Further consideration of the application of development effectiveness principles would be crucial for driving a more predictable and impactful development landscape.

Furthermore, participants agreed that the universality of the 2030 Agenda required a response to fragmentation in reporting. The GPEDC had a role to play in strengthening synergies between various flows and actors and could strengthen the link between evidence and knowledge from country and project-level experience to the global conversation on effective cooperation for sustainable development.

However, further work would be needed on monitoring and reporting to reduce redundancy, overlap and duplication. The GPEDC inclusive platform could bring together a broad range of stakeholders in support of innovative solutions for more effective development cooperation and to promote full and active dialogue between countries and actors through enhanced knowledge sharing and mutual learning.

Finally, participants discussed that the existing make-up of GPEDC membership also provides a basis to build a more inclusive platform for all development stakeholders to share knowledge and good practices, and to engage in policy dialogue on an equal footing. For example, the GPEDC monitoring framework is being used by over 80 countries to monitor the effectiveness and quality of development cooperation. This monitoring framework can also provide useful inputs to the Addis Agenda and SDG review and follow-up.

Tax Inspectors Without Borders — strengthening resource mobilization in developing countries

18 April 2016, 1:15 – 2:30 p.m.
Conference Room F

Organizers:

Permanent Mission of Kenya to the United Nations, United Nations Development Programme (UNDP), Organisation for Economic Co-operation and Development (OECD)

Speakers:

- H.E. Ms. Koki Muli Grignon, Ambassador and Deputy Permanent Representative, Permanent Mission of Kenya to the United Nations
- Mr. James Karanja, Head, Tax Inspectors Without Borders Secretariat
- Mr. Pedro Conceição, Director, Strategic Policy, Bureau for Policy and Programme Support, UNDP
- Ms. Cordelia Lonsdale, Engagement Advisor, Development Initiatives

Summary:

The side event focused on the joint UNDP/OECD initiative named Tax Inspectors Without Borders (TIWB), which was launched at the Third International Conference on Financing for Development in Addis Ababa in July 2015. TIWB was designed to tackle the challenge of weak tax administrations by transferring tax audit knowledge and skills to tax administrations in developing countries through a real time, "learning by doing" approach. Under TIWB, experts — currently serving or recently retired tax officials — will be deployed to work directly with local tax officials to share general audit practices.

TIWB programmes can include pre-audit risk assessment and case selection, investigatory techniques, audit cases involving transfer pricing issues, anti-avoidance rules, or sector-specific issues, relating for example to natural resources, e-commerce, financial services or telecommunications. In addition to improvements in the quality and consistency of audits and knowledge transfer, broader benefits were also anticipated, for example the potential for more revenues, greater certainty for taxpayers and encouraging a culture of compliance through more effective enforcement.

Participants in the side event explained that international cooperation plays an important role in supporting domestic resource mobilization (DRM). According to a report by Development Initiatives, in 2013, $92.5 million of aid went to core projects focusing on DRM, while $600 million went to wider projects in support of public administration. Mozambique is a successful case study where tax revenue per capita more than doubled between 2008 and 2013.

In this context, speakers illustrated the need for initiatives such as TIWB by referring to the cases of some multinational companies that have had operations in African countries for many years without ever paying taxes.

TIWB is demand-driven and focuses on optimizing tax practices that currently constrain tax authorities from collecting revenues where major economic activities take place. Within its inaugural year, the initiative has already provided an estimated $185 million in additional tax revenues.

Speakers also gave additional updates on the progress and next steps of TIWB: Mr. James Karanja was introduced as the new Head of TIWB. TIWB has set a target to achieve 100 deployments by 2019, with the first joint missions by UNDP and the OECD being conducted in Jamaica and Liberia. Also, an updated website is scheduled to be launched later in 2016.

Financing affordable and clean energy to achieve Sustainable Development Goal 7

19 April 2016, 8:00 – 9:30 a.m.
Conference Room 8

Organizer:

Permanent Mission of Sweden to the United Nations

Speakers:

- H.E. Ms. Isabella Lövin, Minister for International Development Cooperation, Sweden
- H.E. Ms. Mwaba Patricia Kasese-Bota, Permanent Representative of Zambia to the United Nations
- Ms. Rachel Kyte, Chief Executive Officer of Sustainable Energy for All (SE4All) and Special Representative of the United Nations Secretary-General for SE4All

Summary:

The discussion at the side event focused on what needs to be done in terms of financing to achieve Sustainable Development Goal (SDG) 7 (“Ensure access to affordable, reliable, sustainable and modern energy for all”).

Speakers emphasized that access to affordable and renewable energy was critical for the achievement of the 2030 Agenda. As a cross-cutting issue, the achievement of SDG 7 is also closely linked to many of the other SDGs and to the realization of the Paris Agreement on climate change.

Participants agreed that in order to achieve the targets of SDG 7, a substantial scaling up of investment in sustainable energy would be necessary. Sustainable Energy for All (SE4All) has estimated that annual investments would have to triple and reach $1 trillion. This would represent significant business opportunities in the future, but would also mean overcoming a range of challenges. Finally, speakers also showcased innovative ways to finance clean energy, such as the “Beyond the Grid Fund” that has recently been launched in Zambia in cooperation with Sweden.

The inaugural 2016 Report of the Inter-agency Task Force on Financing for Development

19 April 2016, 1:15 – 2:30 p.m.
Conference Room 6

Organizer:

Financing for Development Office, United Nations Department of Economic and Social Affairs (DESA)

Speakers:

- Ms. Shari Spiegel, Chief, Policy Analysis and Development Branch, Financing for Development Office, DESA
- Mr. Laurence Carter, Senior Director, Public Private Partnership, World Bank Group
- Mr. Axel Bertuch-Samuels, International Monetary Fund (IMF) Special Representative to the United Nations
- Mr. Pedro Conceição, Director, Strategic Policy, Bureau for Policy and Programme Support, United Nations Development Programme (UNDP)
- Mr. Richard Kozul-Wright, Director, Division on Globalization and Development Strategies, United Nations Conference on Trade and Development (UNCTAD)
- Mr. Hans-Peter Werner, Counsellor and Head, Committee on Trade and Development (CTD) Unit, Development Division, World Trade Organization (WTO)

Summary:

The Inter-agency Task Force on Financing for Development launched its inaugural report during the 2016 Economic and Social Council forum on financing for development (FfD) follow-up. This side event brought together members of the Task Force to present the inaugural report in greater detail and discuss its main findings. DESA introduced the inaugural Task Force Report, with the major institutional stakeholders of the FfD process (World Bank, IMF, UNDP, UNCTAD and WTO) giving short presentations on their role and contributions. Additional contributions were made by other members of the Task Force from within and beyond the United Nations system, as well as from civil society, the business sector and Member States.

The 2016 report comprises two main elements: a thematic clustering of the commitments and actions in the Addis Agenda, and the data sources and other means that the Task Force would draw on to report on progress in implementation.

At the event, the major institutional stakeholders and other members of the Task Force all expressed their commitment to the FfD process and to the work of the Task Force, noting that the Task Force's inclusive approach was exemplary for the cooperation required to implement the 2030 Agenda. This experience was replicated within institutions, which often had to draw on expertise from many different departments within them, thus raising awareness of the Addis Agenda. During the production of the inaugural report the richness of commitments contained in the Addis Agenda was also revealed.

In future years, the Task Force will report on major developments or changes in the global context that have an impact on implementation, provide a concise overview of progress in each of the action areas of the Addis Agenda while presenting a full update in an online appendix, and focus on selected thematic issues, depending on guidance by Member States.

Task Force members looked forward to moving from data sources to presenting a narrative in future reports, which would allow the report to speak to a broader audience, but which would also be more challenging and time-intensive to put together.

It was suggested that comprehensive reporting on progress would require reaching out to actors beyond the United Nations. Participants noted that the involvement of other stakeholders, such as civil society organizations and the business sector, think thanks and academia, could further enrich the work of the Task Force in the future. They also highlighted the importance of taking a country perspective, in particular a recipient perspective, to come to a complete assessment of the financial landscape. Member States present noted their appreciation for the work in the report, and looked forward to future reports.

Systemic issues and debt in trying times: How can the Financing for Development process help?

19 April 2016, 1:15 – 2:30 p.m.
Conference Room 12

Organizers:

United Nations Conference on Trade and Development (UNCTAD), Friedrich-Ebert-Stiftung, Addis Ababa CSO Coordinating Group — ACG and Women's Working Group on Financing for Development (with Brot für die Welt, European Network on Debt and Development (Eurodad) and Center of Concern acting as facilitating organizations)

Speakers:

- Mr. Mukhisa Kituyi, Secretary-General, UNCTAD
- Mr. Aldo Caliari, Director, Rethinking Bretton Woods Project, Center of Concern
- Ms. Bettina Luise Rürup, Executive Director, Friedrich-Ebert-Stiftung New York Office
- Mr. José Antonio Ocampo, Professor, School of International and Public Affairs, Columbia University; Chair, Committee for Development Policy, United Nations Economic and Social Council
- Mr. Stephan Ohme, Head of Division on Financing for Development, Federal Ministry for Economic Cooperation and Development (BMZ), Germany
- Mr. Manuel Montes, Senior Advisor, Finance and Development, South Centre
- Ms. Stephanie Blankenburg, Head, Debt and Development Finance Branch, Division on Globalization and Development Strategies, UNCTAD
- Mr. Bodo Ellmers, Policy and Advocacy Manager, Debt and Responsible Finance, European Network on Debt and Development (Eurodad)

Summary:

The objective of the side event was to discuss systemic issues, including debt, which are key aspects of the holistic financing for development (FfD) agenda and of particular urgency in these trying times, and how the FfD process can advance concrete policy proposals to address these issues.

Financing conditions for most developing countries were favourable for several years due to high export earnings and easy access to credit. This has changed rapidly in the past year, as commodity prices have collapsed and capital flows have dried up. Recessionary or subdued growth expectations are taking hold everywhere, not just in developing countries, reflecting deep uncertainties. The debt sustainability indicators of many countries have deteriorated quickly, and outlooks are for further deterioration.

Speakers highlighted that the Addis Ababa Action Agenda recommitted countries to addressing systemic issues, debt sustainability and the development financing agenda coming out of preceding FfD conferences in Monterrey (2002) and Doha (2008), while promoting an emphasis on sustainable development. Against a challenging outlook for the global economy, the pursuit of a comprehensive reform agenda in this area is becoming increasingly urgent. For example, debt should be seen as a systemic issue that also affects the healthiest and most sound borrowers. Therefore, responses to debt crises should be systemic and not limited to the domestic responses of recipient countries. In addition, the multilateral system should ensure that sovereign debt restructurings are timely, orderly, effective, fair and negotiated in good faith. The FfD forum should follow up on the process started at the ad hoc committee of the General Assembly on a multilateral framework for sovereign debt restructuring.

Tax issues were also discussed at the event. According to one participant, from $100 billion to $240 billion are lost every year to tax evasion and avoidance, while $100 billion goes missing from developing countries due to profit shifting by multinational corporations. Participants urged the international community to intensify efforts to control these problems and argued that the United Nations Committee of Experts on International Cooperation in Tax Matters should be at the centre of the work until an intergovernmental tax body on tax cooperation is established.

Another speaker suggested that reemerging systemic imbalances would require designing a proper global financial safety net as a network of regional reserve funds and swap arrangements, as well as the more active use of Special Drawing Rights. To address volatility of capital flows, the system should facilitate macroprudential regulations on cross-border flows. Broadening the participation of developing countries in international economic decision-making would be essential not only for the Bretton Woods Institutions but also the Financial Stability Board.

At the end of the side event, participants agreed that the FfD follow-up process should be the platform for highlighting and building consensus on systemic interpretations of crises and to pursue systemic policy proposals to address such challenges. The follow-up process should not only monitor implementation, but should also result in additional commitments.

A global commitment to finance social protection floors: next steps

19 April 2016, 1:15 – 2:30 p.m.
Conference Room E

Organizers:

Permanent Mission of Belgium, International Labour Organization (ILO)

Speakers:

- Mr. Gilbert Houngbo, Deputy Director General, ILO
- H.E. Mr. Bénédicte Frankinet, Ambassador, Permanent Representative of Belgium to the United Nations
- Ms. Jeanne d'Arc Byaje, Deputy Permanent Representative of Rwanda to the United Nations
- Ms. Isabel Ortiz, Director, Social Protection, ILO
- Mr. José Antonio Ocampo, ILO Goodwill Ambassador
- Mr. Babatunde Omilola, Head of Development Planning and Inclusive Sustainable Growth Team, United Nations Development Programme (UNDP)
- Mr. Barry Herman, Social Justice in Global Development — a member of the Global Coalition for Social Protection Floors

Summary:

In the Addis Ababa Conference on Financing for Development, Member States committed to establish a new social compact. This social compact includes social protection (cash transfers) and social services (such as education, health, water, sanitation and housing). It contains a commitment to provide nationally appropriated social protection systems and measures for all, including floors. Countries are encouraged to set national spending targets for quality investments in these areas.

The international community committed, as part of the social compact, to provide support to country efforts and to explore coherent funding possibilities. Elements of this compact are included in the Sustainable Development Goals (SDGs) focused on poverty, health, education, water and sanitation, energy, decent work and cities (SDGs 1, 3, 4, 6, 7, 8 and 11).

The side event aimed to stimulate a discussion on providing concrete suggestions on the operationalization of the Addis commitment to a new social compact, with a specific focus on social protection. Participants discussed coherent funding modalities for providing fiscally sustainable and nationally appropriated social protection floors, in terms of nationally appropriated spending targets and international support, including official development assistance (ODA) allocations, as well as new innovative sources of finance.

Participants agreed that social protection plays a critical role in reducing poverty and vulnerability and promoting inclusive growth. Investing in social protection floors will be a pre-condition to fulfill the commitment to leave no one behind. It was emphasized that social protection floors are affordable in the majority of developing countries and can be gradually implemented with more domestic financing, including by re-allocating public expenditures, increasing tax revenues, eliminating illicit financial flows, using fiscal and foreign exchange reserves, managing debt, adopting a more accommodative macroeconomic framework and expanding contributory coverage.

However, participants underscored that the initial implementation of social protection floors requires start-up investments and the capacity development to plan, design, implement and operate appropriate schemes and systems. Least developed countries (LDCs) often lack such capacities, and require international solidarity in the form of cost-sharing or aid to help kick-start and consolidate the process. Thus, participants urged Member States to increase their financial support to social protection as it would remain severely underfunded through ODA. Some speakers brought forward the idea of a global fund or initiative for social protection floors to cover start-up investments in LDCs. Another proposal brought forward by speakers was the creation of a multi-stakeholder forum to follow-up on social protection financing.

Defining the global partnership for localizing finance of inclusive and sustainable development: Country implementation and financing frameworks that deliver results

19 April 2016, 1:15 – 2:30 p.m.
Conference Room F

Organizers:

Government of France, Global Fund for Cities Development (FMDV), Global Clearinghouse for Development Finance (GlobalDF), Cities Climate Finance Leadership Alliance (CCFLA), FfD Business Steering Committee

Speakers:

- Mr. Salvador De Lara, Permanent Mission of Mexico to the United Nations
- Mr. Olivier Brochenin, Sub-Director of Development Policies, Ministry of Foreign Affairs and International Development of France
- Mr. Severin Zo'obo Belinga, Director of Communication and Partnership, FEICOM (Cameroun) and Network of African Financing Institutions for Local Governments (RIAFCO)
- Mr. Carlos de Freitas, Director of Programmes of Global Fund for Cities Development (FMDV) and Co-Secretariat of Cities Climate Finance Leadership Alliance (CCFLA
- Ms. Barbara Samuels, Executive Director, Global Clearinghouse for Development Finance (GlobalDF)
- Mr. Tom Cochran, Co-Head of the Infrastructure Experts Group
- Mr. William Streeter, Senior Finance Advisor, Global Clearinghouse for Development Finance (GlobalDF)

Summary:

The side event aimed at discussing the required country implementation frameworks for the key commitments in the Addis Agenda on mobilizing national and subnational finance. The Addis Agenda details the key requirements of supporting national, local and regional governments in planning, developing, financing, monitoring and implementing public service projects. Speakers stressed that the implementation of these commitments would encompass the full chain of legal, financial and planning prerequisites for accessing private finance, including the technical processes and engagement of diverse stakeholders essential to development impact. Moreover, access to finance would depend on the empowerment of national, local and regional governments in financial engineering and efficient sourcing of revenues, bridging the knowledge gap and creating a common culture for localizing finance.

Furthermore, it was argued that this mind shift needs to be reflected in the changed behaviour of all the players involved through the financing chain, resulting in the formulation of sustainable development plans, identification of projects and their development, financing, implementation and maintenance over time. Speakers emphasized that this new approach would require fluency in understanding investor requirements, adoption of standards and definition of processes implemented through financial hubs and localized market places that can be systematized, integrated and effective at national, local, regional and international levels.

Participants discussed how a global partnership for localizing finance for inclusive and sustainable development could catalyze access to private finance through processes such as streamlined country implementation frameworks that deliver local pipelines of investable projects and mitigation solutions that meet the requirements of the global and local financial sector.

High-level panel discussion on measuring and mobilizing more and better resources in support of financing for sustainable development and the 2030 Agenda and reducing vulnerabilities

19 April 2016, 6:30 – 8:00 p.m.
Conference Room 8

Organizers:

Organisation for Economic Co-operation and Development (OECD), Permanent Mission of Denmark to the United Nations, Fondation pour les études et recherches sur le développement international (Ferdi)

Speakers:

- Mr. Mario Pezzini, Director, Development Centre; and Acting Director, Development Co-operation Directorate, OECD
- H.E. Mr. Martin Bille Hermann, State Secretary for Development Policy, Denmark
- H.E. Mr. Ahmed Shide, State Minister of Finance and Economic Cooperation, Ethiopia
- Mr. Mahmoud Mohieldin, Senior Vice President for the 2030 Development Agenda, United Nations Relations, and Partnerships, World Bank Group
- Mr. Wade Warren, Assistant to the Administrator for the Bureau for Policy, Planning and Learning (PPL), USAID
- Mr. Désiré Vencatachellum, Director of the Resource Mobilization and External Finance Department, African Development Bank
- Ms. Erica Gerretsen, Head of Unit for Financing and Effectiveness, European Commission
- Mr. Patrick Guillaumont, President, Ferdi

Summary:

At the side event, participants debated how to provide follow-up and review of the Addis Agenda and the means of implementation to achieve the Sustainable Development Goals (SDGs), as well as how to foster continued political will at the global level in support of these efforts.

Participants highlighted that aid will remain at the core of financing for sustainable development, particularly for those countries most in need. Indicating a positive start, over the past year aid flows have risen by 6.9 per cent in real terms compared to 2014, including to least developed countries (4 per cent increase), and after accounting for refugee costs. However, participants also stressed that the SDGs cannot be financed by aid alone and financing streams should not be addressed in silos. The 2030 Agenda will require the utilization of all available resources by synergistic policies that maximize their mobilization. In this context, some participants called for reinforcing the catalytic effect of official development assistance (ODA) to multiply other significant sources of finance.

Speakers also argued that a broader and more inclusive development finance measurement framework could paint a more accurate picture of complex financing flows from multiple actors, and ultimately, help to shed light on how the different financial sources come together at the country level in support of the 2030 Agenda. The Addis Agenda and the OECD Development Assistance Committee High-Level Meeting called for inclusive consultation to develop a broader measurement framework that supports the comprehensive 2030 Agenda. Participants emphasized that "Total Official Support for Sustainable Development" (TOSSD) cannot and should not replace ODA which remains the yardstick for measuring aid. It was underlined that inclusive consultation on TOSSD, including in the context of the Inter-Agency Task Force on Financing for Development follow-up, would be essential to inform the implementation of the measurement framework. This would, for example, be relevant in the context of the Global Infrastructure Forum. TOSSD would complement efforts by the multilateral development banks to harmonize large amounts of data by measuring not just traditional flows, but also leveraged, mobilized and catalyzed flows.

Furthermore, participants discussed the importance of better data to address the integrated nature of the SDGs and to ensure a holistic approach in line with country priorities. It was suggested that better data would be required not just in volume terms, but also for better project management and evaluation.

Finally, the OECD announced that the forthcoming "Global Outlook on Financing for Development" would examine financing strategies underpinning the SDGs to provide a closer look at how policies that augment or catalyze key sources of development finance can be devised. Moreover, the report would investigate how synergies between different sources could be enhanced, and how these resources would come together at the developing country level.

Holding the private sector accountable for sustainable development and human rights — A call for government action

19 April 2016, 6:30 – 8:00 p.m.
Conference Room E

Organizers:

CSO Financing for Development Group (including the Women's Working Group on Financing for Development), facilitated by: Bread for the World, the European Network on Debt and Development (Eurodad), Center of Concern, Christian Aid, Society for International Development (SID), Third World Network and the Association for Women's Rights in Development (AWID)

Speakers:

- Ms. Eva-Maria Hanfstaengl, Policy Officer on Development Finance, Bread for the World
- Mr. Steve Waygood, Chief Responsible Investment Officer, Aviva Investors
- Mr. Daniel Platz, Economic Affairs Officer, Financing for Development Office, United Nations Department of Economic and Social Affairs (DESA)
- Ms. Ranja Sengupta, Senior Researcher, Third World Network
- Mr. Raymond Landveld, Counsellor, Permanent Mission of Suriname to the United Nations
- Mr. Stefano Prato, Managing Director, SID

Summary:

Participants at the side event tried to take stock of the ongoing initiatives to strengthen the environmental, social and governance (ESG) dimensions of business activities and the degree to which additional steps might be warranted. The aim was to ask not only what the standards should be for private sector behaviour, but also how they might be monitored by the public and by investors that wish to take sustainability criteria into account in their investment decisions.

Member States in the Addis Agenda committed to "work towards harmonizing the various initiatives on sustainable business and financing, identifying gaps, including in relation to gender equality, and strengthening the mechanisms and incentives for compliance" (para. 37). Speakers indicated that until that day, little work had been initiated in regard to harmonization as part of the financing for development follow-up process. Simultaneously, other processes, for example in the European Commission and the G20, had moved forward on separate tracks.

One speaker flagged the "supply chain of capital" as a potential pressure point for advocacy on socially and environmentally responsible business behaviour. Information about the ESG standards used by firms would be private and costly. If this information was freely available, it would allow for the measurement of company performance against agreed benchmarks. The information could affect a company's stock market valuation and its retail sales, thus public availability would create an incentive to improve corporate practices.

Another speaker pointed out a resurgence of interest lately in public-private partnerships (PPPs) in light of the enormous financing needs of the 2030 Agenda. As a result of the many failed PPPs, there should be sound understanding of their ultimate purpose, namely to add value for money, that is, to improve the coverage, access, quality and efficiency of a given service to the citizen. Many PPPs would still share risks unevenly between public and private partners, or agreements would not be balanced. It was reiterated that in the absence of a commonly accepted definition of PPPs, the Addis Agenda called for the development of PPP guidelines.

Financing development in a new age of choice: What partner country governments want from development finance

19 April 2016, 6:30 – 8:00 p.m.
Conference Room F

Organizer:

The Overseas Development Institute (ODI)

Speakers:

- Mr. David Watson, Head of Strategic Partnerships, ODI
- Ms. Annalisa Prizzon, Research Fellow, ODI
- Ms. Rosemary Kalapurakal, Director for the 2030 Agenda, United Nations Development Programme (UNDP)

- Mr. Admasu Nebebe, Director of United Nations Agencies and Regional Economic Cooperation, Ministry of Finance and Economic Cooperation, Federal Democratic Republic of Ethiopia
- H.E. Ms. Pham Thi Kim Anh, Ambassador and Deputy Permanent Representative, Permanent Mission of the Socialist Republic of Viet Nam to the United Nations

Summary:

The side event marked the launch of the ODI report "Age of choice for development finance: evidence from country case studies". National financing strategies will play a decisive role in implementing the Sustainable Development Goals. But the development finance landscape has changed dramatically since the early 2000s: there are now more development finance providers than ever before, offering a new 'Age of Choice' in financing options to developing countries. Governments need to better understand the sources of finance and potential partnerships available to them if they are to capitalize on this age of choice in a way that effectively supports their national objectives.

The objectives of the report are to share experiences on financing development at the country level and understand priorities for development finance; to separate the hype from reality: which development finance flows are available at the country level and to provide a framework to support aid and development financing strategies.

At the side event, participants debated key messages from the report. One finding was that the largest sources were other official flows (non-concessional official resources) from multilateral and bilateral donors, followed by philanthropic assistance. Chinese official finance to developing countries accounted for 4 per cent and other non-Development Assistance Committee (DAC) countries, 8 per cent. In lower middle income countries, the largest source of flows beyond official development assistance (ODA) came from China, and accounted on average for more than 50 per cent of beyond ODA flows, and in some cases such as, Cambodia, Ghana and Lao PDR, for more than 70 per cent. At the same time, many countries remain highly vulnerable to internal and external stresses and shocks.

Speakers also discussed what developing countries expect from development finance, for example more resources for infrastructure finance, increased ownership of development programmes, better alignment with national priorities, timely delivery and portfolio diversification. It was underscored that in some countries, for example Cambodia, Ethiopia and Uganda, the presence of new actors has strengthened the government position vis-à-vis more traditional partners. This was illustrated by the cancellation of high policy dialogues, refusal to continue contract negotiations and possible ways to circumvent policy conditionality.

Finally, participants discussed recommendations for recipients and donors of development finance. Recipients should develop a sound understanding of the characteristics of each flow and identify the most appropriate source for each project and sector. They should also clarify preferences for the terms and conditions of development finance and potentially consider sources beyond traditional aid that can be tapped. A more active approach in negotiating development finance could help diversification and secure more funding. Donor countries should support the strategies and policies of each recipient country, thereby responding to developing countries' priorities.

In addition, based on the observation in the report that several countries such as Viet Nam, Lao PDR and Kenya are reaching their debt-to-GDP ceilings, donors should consider potential trade-offs between expanding development financing and debt sustainability.

Initiatives to mobilize the private sector for development: Implementation of Financing for Development for results — Sustainable Development Goals, climate-change and inclusive economic growth

20 April 2016, 10:00 a.m. – 1:00 p.m.
Conference Room E

Organizer:

Business Sector Steering Committee

Speakers:

- Ms. Louise Kantrow, International Chamber of Commerce (ICC) Permanent Representative to the United Nations
- H.R.H. Princess Abze Djigma, Chief Executive Officer AbzeSolar S.A., Leader of the Initiative MAMA-LIGHT for Sustainable Energy
- Ms. Barbara C. Samuels, Executive Director, Global Clearinghouse for Development Finance (GlobalDF)

Summary:

The side event discussed the required country actions to deliver on finance and inclusive sustainable growth, given the imperative for effective local implementation at the country level. The Addis Agenda is intended to define the financing framework for the Sustainable Development Goals (SDGs), and close the funding gap estimated at $2.5 trillion per year. Speakers at the side event argued that against this daunting finance gap, there was a surplus supply of private capital, both locally and globally. It was also suggested that another opportunity was the transformation of the informal sector as an under-estimated and under-recognized driver of local economic growth that could stimulate sustainable economic and inclusive growth in developing countries and small island developing states.

Participants agreed that delivering solutions for sustainable and inclusive growth and finance inherently resided at the country level. This would require explicitly building the technical operational processes for improving national enabling-environments and capital markets (such as local expertise hubs), as well as the identification and development of investable entities — projects, instruments and facilities — that could successfully mobilize and secure private capital, create local hubs of expertise and ensure sustainable development impact. Therefore delivering on the SDGs, climate change and inclusiveness objectives would require country-based approaches with the operational capacity to bridge public and private requirements and processes, harnessing the needed capital and ensuring accountable, efficient and smart delivery of the transformative Addis Agenda and the 2030 Agenda for Sustainable Development.

The Least Developed Countries: Expanding the financing toolbox and managing vulnerability

20 April 2016, 1:15 – 2:30 p.m.
Conference Room 5

Organizers:

Agence Française de Développement (AFD), Permanent Mission of France to the United Nations, United Nations Development Programme (UNDP)

Speakers:

- H.E. Mr. André Vallini, Minister of State for Development and Francophonie, France
- Mr. Tegegnework Gettu, Under-Secretary General and UNDP Associate Administrator
- H.E. Mr. Jean-Francis Régis Zinsou, Ambassador and Permanent

Representative, Permanent Mission of the Republic of Benin to the United Nations

- Mr. Admasu Nebebe, Director of United Nations Agencies and Regional Economic Cooperation, Ministry of Finance and Economic Cooperation, Federal Democratic Republic of Ethiopia
- Mr. Philippe Orliange, Director of Strategy, Partnerships and Communication, AFD
- Mr. Pedro Conceição, Director, Strategic Policy, Bureau for Policy and Programme Support, UNDP
- Ms. Gail Hurley, Policy Specialist, Development Finance, UNDP

Summary:

At the side event, participants discussed a preliminary version of an analytical paper prepared jointly by AFD and UNDP that explores recent developing country experiences with a variety of financing instruments, providing empirically grounded policy options for least developed countries (LDCs) to scale up some financial approaches. The event offered an opportunity to present preliminary findings and recommendations, and to learn more about how this work may be relevant to LDCs. The side event organizers announced that the final paper will be presented at the upcoming Midterm Review of the Istanbul Programme of Action in Antalya, Turkey.

Participants in the panel discussion emphasized that to meet the Sustainable Development Goals (SDGs), developing countries–and in particular LDCs–will need to mobilize more financing. They will also need to effectively manage volatility, such as international financial and economic instability, disease outbreaks and extreme weather events that can derail development.

Speakers stressed that the development finance landscape was fast evolving, and new instruments and approaches were emerging constantly, for example, blended finance, "green economy" financing, impact investing, and lending in local currencies, among others. In many cases however, experiences with these instruments had been limited to certain countries (e.g. middle-income countries) or had been small in scale.

It was also suggested that while grant financing will continue to play a key role in LDCs' development in the 2030 Agenda, it was an opportune time to explore how LDCs may be able to maximize the opportunities associated with a more dynamic external development financing environment, especially for countries that achieved development progress and were moving towards graduation.

How to mobilize private finance to support the 2030 Agenda

20 April 2016, 1:15 – 2:30 p.m.
Conference Room E

Organizers:

Aviva Investors, Financing for Development Office, United Nations Department of Economic and Social Affairs (DESA)

Speakers:

- Ms. Shari Spiegel, Chief, Policy Analysis and Development Branch, Financing for Development Office, DESA
- Mr. Felix Dodds, Associate Fellow, Tellus Institute
- Mr. Steve Waygood, Chief Responsible Investment Officer, Aviva Investors
- Mr. Anadi Jauhari, Founder and Senior Managing Director, Emerging Energy and Environment Group
- Mr. Gavin Power, Deputy Director, United Nations Global Compact
- Mr. Stephan Ohme, Head of Division on Financing for Development, Federal

Ministry for Economic Cooperation and Development (BMZ), Germany

- Mr. Mohan Vivekanandan, Group Executive, Strategy, Development Bank of South Africa (DBSA)
- Mr. Aldo Caliari, Director, Rethinking Bretton Woods Project, Center of Concern

Summary:

The side event focused on how to mobilize private finance to support the 2030 Agenda and brought together representatives from the private sector, development banks and civil society. Participants agreed that the potential for private finance mobilization in sustainable development was significant. Nonetheless, as noted in the Addis Agenda, to date private investment is not sufficient in many areas critical for sustainable development. The side event discussed how to overcome impediments to investment, particularly for institutional investors. Questions discussed during the event were: What are the impediments to private investment in key areas of sustainable development? Where are the roles for different sources of financing for development, including both for-profit investment and public entities, such as development banks? How can private incentives be better aligned with public goals? What role should reporting and voluntary initiatives play, and where are changes to regulatory frameworks necessary? How can public sector entities best support re-aligning private sector activities? How can policymakers, regulators and other public sector actors best collaborate with the private sector to deliver sustainable development? How can private actors more effectively engage in the financing for development process?

Private sector investors spoke about their institutions' roles in financing for development and the obstacles they face in that capacity. Some areas mentioned where public policy and private actors could work together to encourage greater investment included: increasing transparency along the whole supply chain of capital; greater analysis on the incentives within the supply chain of capital; continued development of standards within the private sector by which companies can be assessed on how well they are integrating sustainability into their work; strengthened planning and financing for systemic risks such as climate change; and strengthened financial literacy. One speaker also noted the need for a principle-based approach to incorporate human rights in private sector approaches.

Another speaker noted that investments took a long time to pay off, which would present a huge challenge as financial incentives are oriented to the short term. This would underscore the need for policies and incentives aimed at longer-term investment, as well as the role for development banks, which often have longer-term mandates.

In addition, participants discussed local development banks' investments and the impact on financing for development. Key issues included: a lack of willingness by foreign investors to invest in local currency and challenges faced by the public sector and development banks in mitigating private investment risks. It was stated that there is a lack of financial resources in frontier markets in the least developed countries where most investment is needed. Participants noted that it is not enough to mobilize finance, but that it is equally important to think about how to enable sustainable national development through that financing.

Furthermore, one speaker brought attention to the lack of third party certification through which to assess the level of sustainability in investments made by the private sector, particularly in the United States, which would raise concerns about accountability and incentives for the private sector to actually invest sustainably and to integrate environmental or social issues into their business models. There was a call for greater and smarter regulation in this regard.

All participants noted that these types of discussions were important. The event concluded with a call for continued discussions. These should be more focused on specific areas to facilitate more in-depth and targeted conversations about private sector investment and collaboration between private and public sectors in the pursuit of sustainable development, including on the role of capital markets in helping to achieve the Sustainable Development Goals.

Putting people first in public-private partnerships for the Financing for Development follow-up

20 April 2016, 1:15 – 2:30 p.m.
Conference Room F

Organizer:

United Nations Economic Commission for Europe (ECE)

Speakers:

- Mr. Geoffrey Hamilton, Chief of Section, Cooperation and Partnerships Section, Economic Cooperation and Trade Division, ECE
- Mr. Tony Bonnici, Economic Affairs Officer, Public Private Partnerships, ECE
- Mr. Krishnan Sharma, Senior Economic Affairs Officer, Financing for Development Office, United Nations Department of Economic and Social Affairs (DESA)
- Mr. Daniel Platz, Economic Affairs Officer, Financing for Development Office, DESA
- Mr. Bodo Ellmers, Policy and Advocacy Manager, Debt and Responsible Finance, European Network on Debt and Development (Eurodad)
- Mr. Carlos Salle, Director of Energy Policies, IBERDROLA
- Mr. Stefano Prato, Managing Director, Society for International Development
- Ms. Sandra Vermuyten, Head of Campaigns, Public Service International
- Ms. Omoyemen Lucia Odigie-Emmanuel, Centre for Human Rights and Climate Change Research

Summary:

The side event focused on a discussion of partnerships of various types (public, public-private and civil society) as an implementation mechanism for the Addis Agenda and the 2030 Agenda for Sustainable Development. Participants discussed if and under which conditions different types of partnerships could be aligned with the Sustainable Development Goals (SDGs). In addition, participants discussed how, if at all, public-private partnerships (PPPs) could become a win-win mechanism for, first and foremost citizens including socially vulnerable groups, governments, and the private sector.

ECE explained that based on a request from its Member States, it is preparing international standards for PPPs in support of the SDGs. Side event participants agreed that a number of PPP projects failed to deliver developmental goals and value-for-money. Some speakers suggested giving thought to new models and best practices in partnerships that could be described as "People First Public-Private Partnerships". However, other participants remained critical of the strong focus on PPPs as a means of implementing the 2030 Agenda and suggested they should, if at all, be considered as one among other potentially more viable tools to deliver public services.

Press Conference by the CSO Financing for Development (FfD) Group

18 April 2016, 11:30 a.m.
Press Briefing Room

Organizer:

CSO Financing for Development (FfD) Group (convening the collective positions of the CSO FfD Group)

Speakers:

- Mr. Stefano Prato, Managing Director, Society for International Development
- Mr. Aldo Caliari, Director, Rethinking Bretton Woods Project, Center of Concern
- Ms. Tove Maria Ryding, Policy and Advocacy Manager, European Network on Debt and Development (Eurodad)

Summary:

The CSO FfD Group's press conference was moderated by Stefano Prato, Society for International Development, and featured interventions by Aldo Caliari of the Washington DC-based Center of Concern and Tove Maria Ryding, Policy and Advocacy Manager at the European Network for Debt and Development (Eurodad). All speakers convened the collective positions of the CSO FfD Group.

On behalf of the participating organizations, networks and movements of the CSO FfD Group, Mr. Prato opened the press conference by welcoming the inaugural FfD forum and the initiation of a strengthened follow-up process to the FfD Conferences held in Monterrey, Doha and Addis Ababa. He stated the CSO FfD Group's firm belief that the FfD follow-up process could play a pivotal role in removing many of the structural barriers to the socio-economic transformation of developing countries, increasing the participation of developing countries in global economic governance, advancing systemic reforms of global economic frameworks in order to realign them with the imperatives of human rights and sustainable development, and unlocking the critical means of implementation to realize the aspirations in the 2030 Agenda for Sustainable Development. He expressed the readiness of the participating organizations of the CSO FfD Group to provide their untiring contribution through their passionate and knowledgeable participation at all levels of the process and all its related interconnected domains.

However, Mr. Prato also stressed that the preparations of the inaugural forum and the actual time allocated to it did not live up to such an ambitious set of aspirations. He commented that insufficient time had been devoted to envision and organize the follow-up process, with special emphasis on the necessary articulation of a medium term plan of work for the coming years. He also stated that the current version of the draft outcome document, deeply unsatisfying in form and content, reflected this lack of clarity on the follow-up process and exposed unconstructive tensions and confrontations in its negotiation process.

Mr. Caliari deplored that in the negotiations leading up to the FfD forum developing countries found themselves short-changed. Last year, in exchange for agreeing to very ambitious

Sustainable Development Goals (SDGs), they had reclaimed the reinvigoration of an FfD process that had been set up at the United Nations in 2002. During the negotiations of the intergovernmentally agreed conclusions and recommendations, however, developed countries objected to actually allowing the FfD forum to be a meaningful venue for negotiations. He exemplified his view by referring to the new Global Infrastructure Forum. That Forum derived its mandate from the Addis Ababa Action Agenda. One of its intentions was to expand the voice of developing countries on how to finance much-needed infrastructure. However, it was now being run by the Bretton Woods Institutions.

Mr. Caliari stated, that in full subversion of its original intention, the United Nations was not even allowed to give political guidance to the Infrastructure Forum. He said that developing countries had signed on to very important commitments, while receiving a mere procedural promise in exchange that could turn out to be empty of real deliverables. Furthermore, he stated that the FfD forum was taking place in the context of sluggish global economic growth, as well as widespread tax evasion and inadequate frameworks for resolving sovereign debt crises. These challenges were precisely the sort of problems that new thinking and renewed political commitment could address. In 2015, world leaders had reaffirmed their willingness to work together on these areas and to further consensus-building and policy development towards solutions. However, negotiations so far showed the intent of some countries to undermine the potential of the FfD forum to play its envisioned role.

Ms. Ryding underlined the need to establish an intergovernmental tax body under the auspices of the United Nations. This issue was heavily debated until the last days of the Third International Conference on Financing for Development in Addis Ababa in 2015. However, governments failed to reach an agreement on establishing such a body. Ms. Ryding underlined that the global campaign on this issue had continued since Addis Ababa, and that the need for such a body was clearer than ever, not least in light of the recent Panama Papers disclosures. She also highlighted the injustice of the current situation, where the global standards were being decided by the Organisation for Economic Co-operation and Development and the Group of 20, while more than 100 developing countries were excluded from the negotiations, but were still expected to implement and follow the standards.

Ms. Ryding also highlighted that many donor countries had now become the largest recipients of their own official development assistance, contrary to international agreements on aid effectiveness, and to the detriment of the poorest countries that would not have the necessary resources available to implement the SDGs.

For further information, please visit the CSO FfD Group's website (https://csoforffd.org/) or contact the Addis Ababa CSO Coordinating Group (addiscoordinatinggroup@gmail.com)

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