Draft 2019 ECOSOC Financing for Development (FfD) Forum (09.04.2019)

1. We, ministers and high-level representatives, have met in New York at UN Headquarters from 15 to 18 April 2019 at the fourth ECOSOC Forum on Financing for Development follow-up. We express our resolve to continue to work and to scale up our efforts towards the full and timely implementation of the Addis Ababa Action Agenda of the Third International Conference on Financing for Development, including addressing challenges in the mobilization of domestic public resources; domestic and international private business and finance; international development cooperation; international trade as an engine for development; debt and debt sustainability; systemic issues; science, technology, innovation and capacity-building; and data, monitoring and follow-up. We recall that the Addis Ababa Action Agenda of the Third International Conference on Financing for Development, which builds on the 2002 Monterrey Consensus and the 2008 Doha Declaration on Financing for Development, is an integral part of the 2030 Agenda for Sustainable Development, supports and complements it, helps to contextualize its means of implementation targets with concrete policies and actions.

2. We welcome the progress made in the implementation of the Addis Ababa Action Agenda. At the same time, we note with concern that mobilizing sufficient financing remains a major challenge in implementing the 2030 Agenda for Sustainable Development and that progress has not been shared evenly within and among countries. We reaffirm the intergovernmentally agreed conclusions and recommendations of the previous ECOSOC FfD Forums. We acknowledge that the Sustainable Development Goals are increasingly incorporated in public budgets and development cooperation efforts and we also recognize that private sector interest and engagement in sustainable investing is growing. Recognizing the scale and urgency of the challenge, we are determined to focus our action on concrete measures that will help in effectively tackling the implementation gaps, taking full advantage of the new opportunities to achieve sustainable development in its three dimensions - economic, social and environmental, in a balanced and integrated manner.

3. We are meeting against a backdrop of an increasingly challenging global environment. World economic growth has likely peaked, at around 3 per cent, with per capita GDP growth significantly below levels needed to eradicate poverty in all its forms everywhere. Investments that are critical to achieving the SDGs remain underfunded. Systemic risks are increasing, including capital flow volatility and rising risks of debt distress, and parts of the multilateral system are under strain. Most people live in countries where inequality has increased, and environmental degradation continues apace. At this trajectory, we will not be able to meet the aspirations of the 2030 Agenda for Sustainable Development, with many being left behind. We recognize that in this difficult context may lie opportunity to reshape both national and international financial systems in line with sustainable development. We are determined to take advantage of these opportunities through collective action at the global level to advance financing for development.

4. We will strive to develop integrated national financing frameworks, in support of our nationally-owned sustainable development strategies, in order to further implement the Addis Ababa Action Agenda, aiming at effectively mobilizing and aligning a wide range of financing sources and instruments with the 2030 Agenda and make use of the full potential of all means of implementation. We encourage the Inter-agency Task Force on Financing for Development to continue to develop its methodology and work on integrated national financing frameworks, in line with national plans and priorities, including through the further elaboration of policy toolkits that are most useful, accessible and implementable for different types of countries and sectors, and report on lessons learned from early efforts to develop such frameworks. We invite the international community and all relevant stakeholders to support these endeavours.

5. We recognize the need for a coherent, holistic, inclusive, transparent and action-oriented approach, embracing all relevant processes and initiatives aimed at the achievement of the SDGs, which includes the active engagement of all the relevant actors of the civil society, academia and the private sector. We note the 2019 Financing for Sustainable Development Report of the Inter-agency Task Force on Financing for Development (IATF), which assesses progress and gaps and provides policy options across the seven action areas of Addis Ababa Action Agenda and examines the challenges in the financing all the Sustainable Development Goals, including Goals 4, 8, 10, 13,16 and 17, to be reviewed at the 2019 High-level Political Forum (HLPF) under the auspices of ECOSOC.

6. We recognize the importance of addressing the diverse needs and challenges faced by countries in special situations, in particular African countries, least developed countries (LDCs), landlocked developing countries (LLDCs) and small island developing States (SIDS) and countries in conflict and post-conflict situations, as well as the specific challenges faced by middle-income countries.

Cross-cutting issues

7. We reaffirm our strong political commitment to end poverty and hunger everywhere; to combat inequalities within and among countries; to build peaceful, just and inclusive societies; to protect human rights and promote gender equality and empowerment of women and girls; and to ensure the lasting protection of the planet and its natural resources in the spirit of global partnership and solidarity, and ensuring no country or person is left behind. We further emphasize that all of our actions need to be underpinned by our strong commitment to protect and preserve our biodiversity, our oceans and our climate. We recall the Paris Agreement and stress the importance of mobilizing further action and support for climate change mitigation and adaptation, taking into account the specific needs and special circumstances of developing countries, especially those particularly vulnerable to the adverse effects of climate change. We further recall the Sendai Framework for Disaster Risk Reduction, the New Urban Agenda, and all other relevant major United Nations Conferences and Summits in the economic, social and related fields. We acknowledge how integrating disaster risk reduction considerations into financing strategies may reduce economic losses to disasters, which undermine sustainable development progress.

8. We reaffirm that achieving gender equality, empowering all women and girls, and the full realization of their human rights are essential to achieving sustained, inclusive and equitable economic growth and sustainable development. We reiterate the need for gender mainstreaming, including targeted actions and investments in the formulation and implementation of all financial, economic, environmental and social policies. We recommit to adopting and strengthening sound policies and enforceable legislation and transformative actions for the pro-motion of gender equality and women's and girls' empowerment at all levels, to ensure women's equal rights, access and opportunities for participation and leadership in the economy and to eliminate gender-based violence and discrimination in all its forms.

9. We recognize that investments and innovation in the social sector, in particular education and health, contribute to the alleviation of poverty and reduction of inequalities, as well as enhance human resource development, and we encourage further efforts to scale up investments in these areas, through inclusive and equitable quality education and universal health coverage, among others. We emphasize the importance of ensuring that social protection systems and measures for all, including floors, are consistent with national development strategies, and are well designed, efficiently operated, responsive to shocks, and sustainable in the long term.

10. We stress that investing in quality, accessible, affordable, reliable, sustainable and resilient infrastructure, including transport, energy, water and sanitation for all, is vital for achieving many of our goals. We further emphasize that infrastructure must be inclusive, in particular gender-responsive and accessible for persons with disabilities. We acknowledge that closing the global infrastructure gap, in a sustainable manner, is a priority for the international community and that major challenges remain to scale up Sustainable Development Goal investments in infrastructure, especially in the project design and preparation phase, particularly in developing countries.

Domestic public resources

11. We acknowledge upward trends in tax revenue in developed and some developing countries. At the same time, we note the large gap between public resources and financing needs in many countries, especially in LDCs. We recognize the importance of transparent fiscal systems in combatting inequality, and re-commit to strengthening the capacities of revenue administration through modernized, progressive tax systems, in line with the Addis Ababa Action Agenda. We acknowledge the progress made on international tax cooperation, including by the Platform for Collaboration on Tax, but note the continued challenges of base erosion and profit shifting, which are facilitated in part by the digitalization of the economy. We further acknowledge that any consideration of tax measures in response to the digitalization of the economy should include a thorough analysis of the implications for developing countries, with a special focus on their unique needs and capacities. We note with deep concern the negative impact of illicit financial flows on the economic, social and political stability and development of societies, and especially on developing countries. We also note with concern that only a small portion of stolen assets is returned to the countries of origin. We re-commit to addressing the challenges of combating illicit financial flows. We note the ongoing work on estimating the volume of illicit financial flows and the need of differentiation of various types of illicit financial flows, and the efforts on anti-money laundering and combating the financing of terrorism. We welcome ongoing efforts to develop good practices on asset recovery and return to foster sustainable development.

12. We will continue to explore medium-term revenue strategies as a tool to preserve policy coherence on the achievement of sustainable development. We also encourage countries to share best practices and support capacity building initiatives

aimed at better aligning public expenditures with national sustainable development strategies to stimulate inclusive growth, and promote a more equitable society. We reaffirm that efforts in international tax cooperation should be universal in approach and scope and fully take into account the needs and capacities of all countries, in particular LDCs, LLDCs, SIDS and African countries. In this regard, we look forward to the work of the United Nations Committee of Experts on International Cooperation in Tax Matters and acknowledge the contributions made to its voluntary trust fund, and call for more contributions for the Committee to carry out its mandate effectively. We encourage donors to strengthen international cooperation and all types of support toward technical assistance and capacity building in resource mobilization and in preventing and fighting illicit financial flows. We request the IATF to report available data on international cooperation on asset return and to devote specific sections of its 2020 report to summaries of channel-specific and component-specific estimates of the volume of illicit financial flows, and the use of technological advances to strengthen tax administration, as well as to combat IFFs.

Domestic and international private business and finance

13. Creating a better enabling environment for the private sector to mobilize businesses and facilitate their involvement in the SDG achievement is necessary. The private sector can contribute to the SDGs in many ways, including through aligning their business models with SDGs, impact investment, disaster risk management, skills development and innovative solutions to economic, social and environmental challenges, according to national plans and policies. We note the potential of impact investment for financing sustainable development. We welcome the growing interest among investors in taking sustainability issues into account in their investment decisions, but acknowledge that further work is needed to analyse, monitor and measure its contribution to the SDGs and maximize its positive developmental impact. We note with concern that FDI has been on a weak trajectory since 2015 and, although FDI flows to developing countries increased slightly in 2018, they remain unequally distributed among regions and groups of countries, and African countries, LDCs, LLDCs and SIDS continue to receive a small share of global FDI flows. We further note that the global average cost of remittance transfer remained high at around 7 per cent in 2018, and recommit to working towards reducing the average transaction cost of migrant remittances by 2030 to less than 3 per cent of the amount transferred.

14. We will aim to create incentives for long-term sustainable investing, which could include requiring more meaningful disclosure on sustainability issues, clarifying fiduciary duties and asset owner preference, and pricing externalities. We stress the need to take stock of public and private initiatives to measure investment impacts on SDGs, identify their similarities and differences, and lay out potential gaps. We request the IATF to further its analysis on impact and metrics for measurement of the contribution of private sector investments and instruments to SDGs at the global level. We will promote sustainable corporate practices, including the integration of environmental, social and governance factors into company reporting, as appropriate, with countries deciding on the appropriate balance of voluntary and mandatory rules. We encourage the alignment of foreign direct investment with national sustainable development strategies. We will strengthen our policy frameworks to incentivize finance for productive investment, and call on donors to support these efforts, including building capacity to access available financing, particularly in LDCs, LLDCs and SIDS. We will endeavour to develop sustainable and inclusive financial sectors, with appropriate risk management and consumer protection. We note with concern the gap in access to capital for micro, small and medium enterprises, particularly businesses led by women, young entrepreneurs and persons with disabilities, and recognize that financial markets can be a powerful vehicle for economic growth and poverty alleviation when they support businesses that have sustainable development impact, and when access to credit is inclusive across all segments of an economy. We will promote financial inclusion, including through fintech, along with financial and digital literacy. We will work to improve access to, usage and quality of financial services to lower the cost of remittances and enable services that unlock new local sources of capital, complemented by international efforts. We call on all stakeholders, including the United Nations to support countries in their efforts to close the SDG investment gaps.

International development cooperation

15. International public finance plays an important role in complementing the efforts of countries to mobilize public resources domestically, especially in the poorest and most vulnerable countries with limited domestic resources. We are encouraged by countries that have met or surpassed their respective commitment to 0.7 per cent of ODA/GNI and the target of 0.15 to 0.20 per cent of ODA/gross national income to LDCs. We note with concern that ODA in 2017 fell by 0.1 per cent in real terms and ODA to LDCs accounted for 0.09 per cent of DAC members' GNI. Still, in 2017 the decline of ODA to the LDCs has been reversed, but we note a decline in recent years in the share of ODA to country programmable aid and a decrease in the concessionality of ODA to LDCs. We recall the importance of focusing the most

concessional resources on those with the greatest needs and least ability to mobilize other resources. We also note that ODA to SIDS remains very concentrated in a few such States, despite the increasing frequency, volatility and intensity of weather-related hazards many of them are exposed to. We recognize that ODA remains a main source of external finance for many LLDCs. We also acknowledge that ODA and other concessional finance are still important for a number of middle-income countries. We will continue to hold open, inclusive and transparent discussions on the modernization of ODA measurement and on the proposed measure of "total official support for sustainable development" and we affirm that any such measure will not dilute commitments already made. We welcome continued efforts to improve the quality, effectiveness and impact of development cooperation and other international efforts in public finance, including adherence to agreed development cooperation effectiveness principles. We take note of the Development Cooperation Forum held in May 2018. We note the potential of blended finance, including its ability to crowd-in, leverage or catalyse additional financing, and stress that projects should be aligned with national priorities, have long-lasting development impact and be in the public interest, while recognizing that for different Sustainable Development Goal investment areas, different types of finance may represent the most effective financing modalities. We recognize that South-South cooperation is an important element of international cooperation for development as a complement to, not a substitute for, North-South cooperation and in this regard, we welcome the outcome of the second United Nations High-level Conference on South-South cooperation. We also commit to strengthening triangular cooperation as a means of bringing relevant experience and expertise to bear in development cooperation. We note the upcoming meeting of the Global Partnership for Effective Development Cooperation.

16. We call on donors that have not done so to intensify their efforts to fulfil their respective ODA commitments. We further encourage donors to align their support with country priorities identified in national sustainable development strategies. We encourage multilateral development banks to continue strengthening their cooperation, as well as efforts to mainstream SDG considerations in all operations. We call on providers of blended finance to engage strategically with host countries at the planning, design and implementation phases, to ensure that priorities in their project portfolios align with national priorities. We invite the IATF, as part of the 2020 Financing for Sustainable Development Report, to assess risks, opportunities and best practices in relation to different financing instruments, such as blended finance, and how different innovative instruments can be best tailored to the specific situations in developing countries, with special regard to African countries, LDCs, LLDCs, SIDS, and countries in conflict and post-conflict situations, as well as middle-income countries. We invite climate finance providers to improve access for the poorest and most vulnerable countries and we encourage the allocation of more resources to ex-ante instruments for building resilience, including new financing approaches which incentivize disaster risk reduction. We call for increased financial support and technical assistance by the international community, including multilateral financing institutions and the private sector, to countries, especially the most vulnerable, in developing and financing disaster risk reduction initiatives and resilience. In this regard, we note the successful and timely initial resource mobilization process of the Green Climate Fund and also look forward to its first replenishment process. We recognize that ODA should continue to focus on countries most in need. We take note of a willingness to develop a wider analysis of new measures, building on existing experiences with eligibility exceptions, for concessional finance and multidimensional assessments to address limitations of an income-only assessment of development and graduation readiness. In this regard, we encourage relevant institutions to learn from each other's efforts to address the diverse circumstances of countries, to better manage transitions and graduation. We invite the IATF to explore in its 2020 report, building on existing work, the challenges faced by developing countries experiencing diminished access to ODA and concessional finance due to graduation and during transition, as well as recommendations to overcome such challenges. We also request the IATF, as part of its 2020 report, to continue breaking down the use of ODA in developing countries.

International trade as an engine for development

17. We note that global trade growth again moderated in 2018, after solid growth in 2017. Strengthening trade's contribution as an engine for inclusive economic growth and poverty reduction is particularly important to LDCs, which remain far below the target of doubling their share of global exports by 2020. In this regard, we reiterate the importance for all developing countries, and in particular the LDCs, to benefit from trading opportunities. We note that the gap in trade finance has increased since the global financial crisis. We reaffirm that international trade is an engine for inclusive economic growth and poverty reduction, and contributes to the promotion of sustainable development. We recognize the contribution that the multilateral trading system has made to that end. We acknowledge that the multilateral trading system currently falling short of its objectives and there is room for improvement. We therefore support the necessary reform of the WTO to improve its functioning.

18. We encourage further progress, including through Aid for Trade, in improving efficiency and transparency in customs revenue collection and sustainable infrastructure, as a powerful instrument in reducing trade cost and increasing public revenues. We stress that Aid for Trade, implementation of the WTO Agreement on Trade Facilitation, targeted trade - related capacity-building and continued preferential market access for the exports of LDCs are essential to integrate developing countries, in particular LDCs, into the international trading system. We welcome the increase in the share of least developed country exports admitted duty free and the ongoing market access initiatives for the LDCs. We also encourage capacity building initiatives and actions aimed at allowing micro, small and medium-sized enterprises (MSMEs) to better tap into trade opportunities, including e-commerce, and at providing opportunities for underrepresented groups, including women, youth, indigenous peoples, and persons with disabilities to access local, regional and international markets. We encourage financial institutions to adopt, where applicable, trade finance techniques that are less document intensive to help strengthen trade financing for MSMEs. We invite the IATF to continue to monitor development with respect to trade financing gaps, particularly for MSMEs, as part of its 2020 report. We encourage new and existing trade and investment agreements to address linkages between trade, investment and economic, social and environmental policy.

Debt and debt sustainability

19. Borrowing is an important tool for financing investment critical to achieving sustainable development. We note with concern that public and private debt levels and vulnerabilities have continued to rise in a growing number of developing countries, including LDCs as well as middle-income countries, LLDCs and SIDS. In this context, while debt levels in the majority of countries remain sustainable, risks of a potential renewed cycle of debt crises and economic disruption pose severe challenges to the achievement of the Sustainable Development Goals. We reaffirm the importance of debt restructurings being timely, orderly, effective, fair and negotiated in good faith.

20. We recognize the need to assist developing countries in attaining long-term debt sustainability through coordinated policies aimed at fostering debt financing, debt relief, debt restructuring and sound debt management, as appropriate. We welcome measures to improve debt management and debt transparency, and related technical assistance and training provided by the international community, and also call on creditors to simplify the terms and conditions of lending and make them public, and easy to track. We call for greater transparency, on the side of both debtors and creditors. We reiterate our call to work towards a global consensus on guidelines for debtor and creditor responsibilities in borrowing by and lending to sovereigns. In this regard, we note the United Nations Conference on Trade and Development principles on responsible borrowing and lending as well as other relevant work in the United Nations and the International Monetary Fund, the World Bank Group, the Paris Club and the Group of 20, including the G-20 Operational Guidelines for Sustainable Financing. We stress the need to improve the arrangements for coordination between public and private sectors and between debtors and creditors and encourage exploring ways to strengthen creditor coordination and creditor and debtor dialogue, drawing on the existing work of other fora. We recommit to exploring how official creditor cooperation mechanisms can address the potentially more complicated future insolvencies more effectively. We encourage differentiating how debt financing is used, and prioritizing borrowing for productive investments that can promote economic growth and create fiscal space. We encourage all creditors to consider increasing the use of state-contingent instruments in their lending.

Addressing systemic issues

21. We recognize the need for strengthened international coordination and policy coherence to enhance global financial and macroeconomic stability. We note that while implementation of financial sector reforms in the aftermath of the 2008 global financial and economic crisis has reduced risks in the regulated financial system, there are growing risks outside the regulatory framework, including through non-bank financial institutions and fintech. We express our concern at the continued decline in correspondent banking relationships, impacting the ability to send and receive international payments, with potential consequences on the cost of remittances, financial inclusion and international trade, among other areas, and thus on achievement of the Sustainable Development Goals.

22. We will work to ensure adequate resources and comprehensive coverage in the global financial safety net. In this regard, we note that the IMF is working towards concluding the 15th General Review of Quotas. We will be mindful of spillovers from domestic policy choices including on the volatility of capital flows to developing countries. We encourage the international community to strengthen mechanisms to help address currency risk in developing countries, including through a greater use of currency risk diversification. We encourage the development of risk management practices and regulation for national development banks to be financially sustainable while fulfilling their developmental

mandate. We call on financial regulators to increasingly shift to looking at underlying risks associated with financial activity rather than the type of financial institution. To help address the costs and risks of operating correspondent banking relationships, we will work to encourage financial institutions to make greater use of technology, know-your-customer utilities and the Legal Entity Identifier. We will also encourage national and international efforts to integrate sustainability into the financial system and thus to further re-orient capital flows towards investments that are sustainable from an economic, social and environmental perspective.

Science, technology, innovation and capacity-building

23. We reaffirm that the creation, development and diffusion of new innovations and technologies and associated know-how, including the transfer of technology on mutually agreed terms, are powerful drivers of economic growth and sustainable development. Rapid changes in new and emerging technologies have great potential to support achievement of the SDGs and financial innovations have fostered financial inclusion. We note that automation, artificial intelligence and other emerging technologies may have a transformative, and in some cases, disruptive, effect on labour markets in both developed and developing countries. We further recognize that women, girls, persons with disabilities, and indigenous peoples are already significantly under-represented in science, technology, engineering and maths (STEM) education and jobs. We welcome fintech innovations that have fostered financial inclusion, but also note that they create new challenges and risks. We recognize the potential of information and communications technologies as critical enablers of sustainable development and we remain committed to closing the digital divide in access, infrastructure, and capacity within and between countries. In this regard, we welcome the fact that ODA for scientific, technological and innovative capacity in developing countries has increased in recent decades.

24. We encourage innovation and tech-related jobs to be sensitive to the differential impact on different groups, to promote sustainable social protection systems and extend social security mechanisms to compensate for loss of jobs, and to invest in people's capabilities to enable them to benefit from new technologies. We underscore the need to address the risks from fintech without stifling financial innovation and will aim for improved dialogues between policymakers, regulators and new service providers to find the right balance, and stress the need for peer learning and exchange in this fast-evolving space. We encourage international cooperation to support developing countries in addressing their constraints in access to technology, including through strengthening STI infrastructure, domestic innovation capabilities, absorptive capacities and policy and legal frameworks. We welcome the operationalization of the Technology Bank for the Least Developed Countries in Turkey, by which the first SDG target, 17.8, has been achieved, and invite Member States, as well as international organizations, foundations and the private sector, to provide voluntary financial contributions and technical assistance to ensure its full and effective implementation. We look forward to the thematic chapter of the IATF's 2020 report on financing sustainable development in an era of disruptive technologies and rapid innovation.

Data, monitoring and follow-up

25. We note the multilateral initiatives launched in supporting developed and developing countries in the use of other data sources such as big data for, inter alia, measuring progress in sustainable development. We will further strengthen traditional data sources, such as surveys and administrative records, while also embracing new sources, and continuing to strengthen our efforts to collect, analyse and disseminate relevant and reliable data, disaggregated by sex, age, disability and other characteristics relevant in national contexts, for better monitoring and policymaking to achieve the 2030 Agenda. We encourage increased support of all types and from all sources, including through international cooperation, capacity building and technical support for developing countries, to strengthen their national statistical systems.

26. We recognize that 2019 marks a key year in the follow-up and review of the 2030 Agenda for Sustainable Development and the Addis Ababa Action Agenda, which will allow us to take stock of progress made and step up ambition and action. We look forward to the High-level Political Forum (HLPF) under the auspices of the ECOSOC and the General Assembly, the Climate Action Summit, the High-Level Meeting on Universal Health Coverage, the High-level Dialogue on Financing for Development, the High-Level Review of the SAMOA Pathway, and the high-level mid-term review of the Vienna Programmme of Action. We decide that the intergovermentally agreed conclusions and recommendations of the four ECOSOC Forums on Financing for Development held since 2016 will be fed into the High-level Dialogue on Financing for Development of the General Assembly.

27. We further decide that the 5th ECOSOC Forum on Financing for Development follow-up will convene from 20 to 23 April 2020 and will include the special high-level meeting with the Bretton Woods institutions, the World Trade

Organization and the UNCTAD. We also decide that the forum's modalities will be the modalities that applied to the 2019 Forum.

28. We request the IATF to issue an advance unedited version of its 2020 report, no later than the end of February 2020, to be updated with the latest data upon its release, in order to facilitate the timely preparation of the draft conclusions and recommendations.

29. As decided in the intergovernmentally agreed conclusions and recommendations of the 2018 Financing for Development Forum, we considered the need to hold a follow-up conference, and decide to defer such consideration to the outcome document of the 2020 forum.