First session of the Preparatory Committee for the fourth International Conference on Financing for Development

Ministerial Scene-Setter: "Reviewing the progress and gaps in the implementation of the Addis Ababa Action Agenda as an integral part of the 2030 Agenda, and identifying actions and ideas to accelerate the implementation of the SDGs"

Monday, 22 July 2024, 11:00-13:00

Concept Note and guiding questions

Despite the significant progress made since the adoption of the Addis Agenda, many gaps remain in its implementation. After four years of interconnected and mutually reinforcing shocks, including the COVID-19 pandemic, geopolitical conflicts and economic instability, the SDG financing gap has ballooned to USD 4 trillion annually for developing countries. The inability of international financial architecture (IFA) to mobilize sufficient stable long-term financing to implement the SDGs and address the climate crisis has laid bare its structural flaws and accelerated calls for reforms. Against this backdrop, Member States have decided to convene a **fourth International Conference on Financing for Development (FfD4)** from 30 June – 3 July 2025 in Spain. FfD4 is mandated to assess progress in previous FfD outcomes, address new and emerging issues, and support reform of the international financial architecture.

The 2002 **Monterrey Consensus** was the first comprehensive international framework for financing development which put development as a central objective of finance policies and regulations. Developed against the backdrop of a series of emerging debt and capital flow crises and the adoption of the Millennium Development Goals (MDGs), the Monterrey Consensus was based on shared responsibility: countries are responsible for their own development and the international community is responsible for providing an enabling international environment. Following the agreement, donors increased allocations of official development assistance (ODA) and initial effort were made to increase the voice of developing countries in global economic governance at the international financial institutions.

The 2008 **Doha Declaration** adapted the principles of the Monterrey Consensus to a more challenging and complex global environment amid the 2008 global financial crisis, food insecurity and volatile energy prices. The Declaration highlighted the need to address new and emerging issues such as climate change, food security, and financial instability while continuing to push for effective development cooperation and systemic reforms in global economic governance.

Developed in parallel to the Sustainable Development Goals (SDGs), the 2015 **Addis Ababa Action Agenda** reflected the evolution that had taken place in the understanding of sustainable development over the two previous decades. The Addis Agenda provided the first comprehensive framework for financing sustainable development by aligning all financing flows and policies with its economic, social, and environmental dimensions. This broad, integrated approach to development emphasized that finance should not be disconnected from the real economy.

To address larger and more diverse financing needs associated with sustainable development, the Addis Agenda offers a nuanced understanding of the benefits and the risks associated with

different types of finance. At its core is the importance of long-term investment, and the need for all financing to be aligned with sustainable development.

Amongst other commitments, the Addis Ababa Action Agenda:

- captures a compromise to strengthen the UN's role in international tax cooperation by strengthening the UN Committee of Experts on International Cooperation in Tax Matters, building momentum for the decision by the General Assembly in 2023 to begin a process towards a UN Framework Convention on Tax;
- highlights the role of public development banks (PDBs), calling for MDBs to optimize their balance sheets and to align their business models with the SDGs (actions that have since been taken up by MDB boards), and sparking discussions on how PDBs should work as a system;
- elevates the importance of sustainable finance, putting forward specific policies and regulatory frameworks, including calling for harmonization of the multitude of initiatives on responsible financing reporting (a call which is currently being implemented through the International Sustainability Standards Board ISSB);
- highlights blended finance, establishing principles on which blended finance projects should be based to share risks and returns fairly between the public and private sectors;
- incorporates commitments to leverage technology for sustainable development, expanding the conception of means of implementation for the SDGs, establishes the Technology Facilitation Mechanism and gives impetus to the establishment of the Technology Bank for LDCs.
- mainstreams gender in the development finance discourse; and
- establishes the concept of integrated national financing frameworks (INFFs).

In a world characterized by rising systemic risks that require multifaceted and multisectoral responses, it is increasingly critical to build dialogue between finance, foreign affairs and development officials. By bringing together voices from all countries in the world on an equal footing, along with the voices of stakeholders – including civil society and business – the UN ensures that financing for development consider a wide range of creative solutions focused on the needs of the most vulnerable.

Guiding questions for discussion

1. What are some the key lessons from past FfD Conferences that should be considered in preparing for FfD4? What can Member States do now to ensure an ambitious and successful FfD4 outcome?
2. Where has implementation been lagging and how can FfD4 instigate renewed commitments to FfD outcomes?
3. How can FfD4 mark a step change in financing for sustainable development, including in reform of the international financial architecture?
4. What politically feasible, action-oriented and ambitious proposals should Member States consider taking forward at FfD4?