Addis Ababa Accord

[This document is a comment on the "zero draft" of 16.3.2015 of the FFD3 outcome. Proposed additions and deletions to the text have been made. Comments are also made at the end of each paragraph to explain the rationale for the amendments. The changes and comments made are from the broad perspective of the South.[1] This document is a draft and is subject to changes as comments are obtained]

I. A global framework for financing sustainable development

1. We, the Heads of State and Government and High Representatives, gathered in Addis Ababa, Ethiopia, from 13 to 16 July 2015, have resolved to address the challenges of financing for sustainable development in the spirit of global partnership and solidarity. Our ambition is to eradicate poverty and hunger, to achieve equitable and sustained economic growth and sustainable development, to protect the environment, and to promote peaceful and inclusive societies where no one is left behind. We commit to ensure gender equality and promote and protect all human rights, including the right to development, in a world where all people are able to raise their standards of living through decent work and productive livelihoods, while preserving the planet for our children and future generations.

2. In September of this year, the United Nations will host a Summit to adopt an ambitious and transformative post-2015 development agenda, including Sustainable Development Goals (SDGs). We have come together in Addis Ababa to establish a holistic and forward-looking framework and to agree on concrete actions to deliver on the promise of that agenda and to achieve sustainable development. We reaffirm and build on the 2002 Monterrey Consensus and the 2008 Doha Declaration. Our task is threefold: to follow-up **and fill the gaps on implementation of** ~~on~~ commitments made in Monterrey and Doha; to further strengthen the framework to finance sustainable development and the means of implementation for the universal post-2015 development agenda; and to ensure that the actions

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[1] This document was prepared by the South Centre, for the information of developing countries. This is a draft and comments are welcome. Contact: Vice Yu, yu@southcentre.org.

we agree to are implemented and reviewed in an appropriate, timely and transparent manner.

COMMENT ON PARA. 2: ***The task is not simply to follow up Monterrey and Doha, but to actually fill in the gaps in the implementation of the Monterrey and Doha commitments.***

3. ~~We recognize that the world has changed significantly since the adoption of the Monterrey Consensus.~~ **There have been significant developments since the adoption of the Monterrey Consensus.** Economic activity and financing flows have increased substantially. We have made great strides in mobilizing financial and technical resources for development and advances in technology and innovation provide us with ever more tools. Many countries have achieved important economic and social progress. We have strengthened our policy and regulatory frameworks. The developing countries share in world trade has increased, and the debt burden in many heavily indebted poor countries has been reduced.

COMMENT ON PARA. 3: ***It is important to avoid the language "the world has changed" as developed countries often use this term to argue that development-related principles should no longer apply. It can be replaced by the more objective language, There has been significant developments….***

4. Current policy, financing and investment patterns are not delivering the future we want. There are enormous unmet financing needs for sustainable development. Estimates vary due to the complexities of quantifying needs, but consistently point to a significant financing shortfall. The 2008 financial crisis exposed risks and vulnerabilities in the international financial system. Some countries have fallen further behind, and inequalities have increased. Global growth has moderated and is projected to remain below pre-crisis levels. **The developing countries are especially affected, with many facing significantly reduced growth rates, decline in commodity process and export earnings, external debt and external financing difficulties, and growing current account deficits. Inequality has increased between countries and within many countries both during the growth and crisis years, and poverty and hunger persist amid great plenty for some.** Shocks from economic crises, conflict, natural disasters, and disease outbreaks spread rapidly in our highly interconnected world. Environmental concerns, climate change and other global risks threaten to undermine past successes and future prospects.

COMMENT ON PARA. 4: ***There should be acknowledgement that the present global slowdown has especially affected developing countries, so it is good to state that and highlight some of their problems.***

5. Yet, solutions can be found through strengthening official finance, unlocking the transformative potential of people and the private sector while ensuring that investment patterns support sustainable development, and by strengthening national and international policy environments. We recognize that effective policies, regulatory frameworks and appropriate incentives at all levels are essential for the shift towards sustainable development. We reaffirm the importance of freedom, peace and security, good governance, rule of law, sound economic policies and solid democratic institutions at the national and international levels. These are central to enable the effective, efficient and transparent mobilization and use of resources. We commit to pursue policy coherence for sustainable development at all levels and by all actors.

6. We reaffirm that gender equality and women's empowerment are essential to achieve equitable and effective sustainable growth and development. We reiterate the need for gender mainstreaming in the formulation and implementation of financial and economic policies and agree to implement transformative actions **and provide financing for actions** to ensure women's equal rights, access and opportunities for participation and leadership in the economy.

COMMENT TO PARA. 6: ***Actionable deliverables need to be strengthened throughout the document.***

7. Cohesive, national sustainable development strategies to facilitate sustainable, **rapid** and stable growth, **industrialization and** structural transformation, social inclusion and environmental sustainability, supported by ~~integrated national financing frameworks~~ **the provision of the means of implementation, especially finance and technology transfer, to support developing countries,** will be at the heart of our efforts to implement the post-2015 development agenda. We reiterate that each country has primary responsibility for its own economic and social development and that the role of national policies, domestic resources and development strategies cannot be overemphasized.

COMMENT ON PARA. 7: ***Industrialization should be considered as a key part of the overall development process. The emphasis of the text in this paragraph is on "integrated national financing frameworks" – this should be removed as many countries do not have nor do they know what it means.***

This can be replaced by the reference to "means of implementation", otherwise there is no reference to concrete delivery of means of implementation being an overarching goal of the 2015 FFD conference.

8. At the same time, we recognize that **the global economic environment plays a key role in** our countries' sustainable development prospects **given the significantly increased global economic integration. Thus, our development prospects** will depend **crucially** on our joint efforts to address global challenges. **Therefore the** national development efforts need to be ~~buttressed~~ **supported and made possible** by an enabling international economic environment. ~~Our national strategies must be supported by a new global partnership for sustainable development, based on efforts and responsibilities shared by all, taking into account different national realities and needs and the differentiated impacts of national policies on global sustainable development prospects~~ ***We commit ourselves to an enhanced and strengthened global partnership for development which will contribute to the required enabling international economic environment, and which will support and assist developing countries with implementing their national development plans and actions.*** We acknowledge the needs of countries in special situations, including least developed countries (LDCs), landlocked developing countries (LLDCs) and small-island developing States (SIDS), countries in conflict and post-conflict situations, sub-Saharan Africa as well as the specific challenges facing the middle-income countries. In this regards, we agree to strengthen support for the implementation of relevant strategies and programmes of action, including the Istanbul Declaration and Programme of Action, the Samoa Pathway, the Vienna Programme of Action for Landlocked Developing Countries, and the New Partnership for Africa's Development.

COMMENT ON PARA. 8: ***IMPORTANT PARA. 1. The additions in 1st and 2nd line make the case for global cooperation. 2. IMPORTANT: The line on 'Our national strategies…..' is not acceptable and should be deleted. It seeks to REDEFINE the concept of global partnership for development which has all along stressed the obligations of developed countries to assist and support developing countries, and the need to reform the unequal world economic structures and governance that disadvantage developing countries. The sentence does NOT reaffirm developed countries' obligations to developing countries and instead removes the distinction between developed and developing countries through phrases 'shared by all' and 'differentiated impacts of national policies on global sustainable development prospects.' This removes a historical perspective and the historical responsibilities of***

developed countries. If this line remains it would enable a REDEFINITION of global partnership and of CBDR. The reference to 'different national realities and needs' also attempts to remove the distinction between developed and developing countries and subverts CBDR.   Therefore this whole line has to deleted and replaced with the proposed new line that we commit to a enhanced and strengthened global partnership for development to support developing countries' national development actions.

9. The fundamental responsibility for organizing this global partnership lies with governments. We will be held accountable by future generations for the success of commitments we make today. Our success will also depend on the resources, knowledge and ingenuity of business, civil society, the scientific community, philanthropists and foundations, and other stakeholders. We urge business to embrace our commitment to sustainable development, including by directing private sector assets, technologies and capital towards sustainable investments with a long term perspective, and away from harmful, unsustainable **and speculative** ones. We count on civil society around the world to mobilize public support and awareness, and for academia and other experts to bring their scientific, economic, and financial expertise to our pursuit of sustainable development. We will work with all partners to ensure a sustainable, equitable and prosperous future for all.

COMMENT ON PARA. 9: ***The suggested text addition highlights and includes speculative investment flows as among those that should be avoided (due to their adverse effects on developing countries' financial and macroeconomic stability).***

Mobilizing the means to implement the post-2015 development agenda

10. The post-2015 agenda is ambitious and demands an ambitious response. Achieving the SDGs will require a comprehensive and holistic approach, integrating the economic, social and environmental dimensions of sustainable development, and combining different modalities and instruments, as detailed in the subsequent chapters of this Accord. Our approach entails harnessing the considerable synergies across the goals, and identifying and addressing critical gaps, so that implementation of one will contribute to the progress of others. We have identified a range of areas that build on these synergies, such as essential social services, infrastructure, agriculture, small and medium sized enterprises (SMEs), and investing in our ecosystems. Public, private, domestic and international

investments in these cross-cutting areas are needed to unlock the potential of our people, our economies and to protect our ecosystems – in short, to achieve the SDGs.

11. Ensuring productive and healthy lives, delivering equitable education, reducing inequality, ensuring access to water, sanitation and sustainable energy, and finishing the unfinished business of the Millennium Development Goals (MDGs) – will rely primarily on domestic public resources, supported by international cooperation and partnerships. We commit to a new basic social compact to ~~guarantee~~ **provide** nationally appropriate minimum levels of social protection and essential public services for all. We recognize that this entails significant additional investments, such as for strengthening country health and social protection systems and delivering education to all our children, including those in fragile and conflict affected states. **We recognize that developing countries that do not have adequate national financial resources will also require international support and resources to implement these social development programmes, and we commit to mobilise and provide the additional means of implementation as part of the global partnership for development.** We agree to explore the most effective, efficient and coherent funding modalities **~~to do this,~~ to mobilise adequate resources,** including **international development financing,** ~~the possibility of global funds,~~ building on the experiences of existing mechanisms and ~~based on~~ country-led experiences. We commit to significant international support for this initiative and we call for philanthropists, foundations and the business sector to join us in these efforts**, in accordance with interntionally agreed goals and nationally determined priorities.**

COMMENT ON PARA. 11: ***1. 'Provide' is better than 'guarantee' as it is less prescriptive and is lower in terms of obligation . IMPORTANT: 2. This is a very significant para that commits all countries to a new social compact, comprising social protection and public services. The key question is whether a developing country has the national resources to implement this. Therefore a line that international support for developing countries as part of the means of implementation and global partnership is crucial to include in this para.***
3. There can be problems with private funding distorting or skewing internationally agreed goals or the work of international organisations and

nationally priorities, and therefore a phrase "in accordance with international agreed goals and nationally determined priorities" should be added.

12. Investments in rural development and sustainable agriculture are essential for eliminating hunger, achieving food security and nutrition, creating decent job opportunities, in particular for rural youth and women, and will lead to rich payoffs across the SDGs. **Agriculture, rural development and food security are particularly important in developing countries, and we commit to give high priority to these issues in the FFD and post-2015 Development Agenda, including through international cooperation.** Agriculture is ~~primarily~~ **partly** financed through private sources, and we encourage increased private investments in accordance with the Committee on World Food Security's (CFS) Principles for Responsible Investment in Agriculture and Food Systems. At the same time we commit to put in place policies to ensure the sustainability and growth of agriculture. We agree to substantially increase public investment in areas such as rural infrastructure, agricultural research, including tropical agriculture, sustainable food production and food systems, with a particular focus on small scale food producers and on promoting gender equality to attain food security and nutrition for the poorest and most vulnerable. We will further catalyse progress through strengthened policy frameworks to encourage access to **land and security of land tenure, affordable credit and** markets**,** for farmers, with a particular attention to smallholder and women farmers and a fair multilateral trading system.

Comment on Para 12: 1. Need to stress the importance of agriculture, food security, rural development in developing countries. 2. Private sector is only PARTLY and not MAINLY important in agriculture, thus amend the word. 3. Should include access to land, land tenure, credit and not only markets.

13. We underscore that investing in sustainable infrastructure, inclusive and sustainable industrialization and innovation is a pre-requisite for achieving many of our goals, including our compact for investing in people as well as for sustainable cities. **We stress the critical importance for developing countries of industrial development as a factor in economic diversification, adding value to raw materials, improving economic productivity, developing and using modern and appropriate technologies and a critical source of economic growth. We therefore call for adequate space to be given to developing countries to use policy instruments and to implement policies that enable and promote industrialization, as well as**

the provision of adequate financing. We call for a new initiative to ensure sufficient investment in sustainable and resilient infrastructure, including transport, communication, water and sanitation and energy, in all countries**.** Working with on-going initiatives, we will identify gaps and constraints, help ensure that projects are environmentally, socially and economically sustainable, share knowledge and experiences, bring together different stakeholders and help mobilize financing from all sources. Infrastructure investment generally entails both public and private investment and sound policy frameworks. National and multilateral development banks (MDBs) play a critical role. We invite all to join us in our endeavour. We agree to ensure domestic and international enabling environments necessary for infrastructure investment.

COMMENT ON PARA 13: This para mentions two issues: industrialisation and infrastructure. However the details on industrialisation are missing, and thus the words in bold above on industrial development should be added.

14. The business sector will be a critical driver in achieving sustainable development, creating the vast majority of jobs. **While Governments provide the framework for their operation, businesses, for their part, are expected to engage as reliable and consistent partners in the development process. This partnership should include businesses contributing to the public finances in the jurisdictions where they operate, in proportion to the scale of their local operations.** Public policies must provide the enabling environment, as well as the policy framework and incentives to ensure that private investment is aligned with sustainable development, norms and standards. To realize full and productive employment and decent work for all, including for women and young people, and working with development banks and private actors, we commit to ensuring appropriate and stable access to credit for micro, small, and medium sized enterprises (MSMEs).

COMMENT ON PARA. 14: ***1. The added second sentence is from paragraph 23 in the Monterrey Consensus, and should be included. 2. The additional third sentence highlights what should be one of the key partnership roles of the business sector.***

15. In all of our actions we need to be mindful of the impact on our planet. We will implement environmental, social and governance (ESG) reporting frameworks for the private sector to contribute to transparency and accountability. We commit to coherent policy, financing, trade and

technology frameworks for protecting our ocean and terrestrial ecosystems, preserving biodiversity and fighting climate change. Governments, businesses and households will all need to change behaviours to create sustainable consumption and production patterns. We commit to regulate harmful activities and incentivise behavioural changes. Public and private investments on scale in infrastructure, innovations and clean technologies will be needed. At the same time, new technologies will not substitute for efforts to reduce waste or efficiently use natural resources.

16. All of these areas will require different combinations of public and private financing, **national and international financial resources,** trade, technology, innovation, and capacity building, underpinned by effective institutions, sound policies and good governance at all levels, and a strong commitment to **international cooperation and to** address key systemic challenges and constraints – as delineated in the chapters that follow in section II.

COMMENT ON PARA 16: 1. It is important to include national and international financial resources to recognise the importance of international means of implementation. 2. It is also useful to add international cooperation as a strong commitment.

II. Addis Ababa Action Agenda

A. Domestic public finance

COMMENT ON SECTION II.A: ***This comment is about making an important point on the main headings of the Addis outcome. The zero draft makes significant changes in the main titles of the "leading actions" from the Monterrey Consensus, in which the first heading of the leading actions is Mobilising domestic financial resources for development. The key concept has been Domestic Resource Mobilization. This heading has been changed to "Domestic public finance." This change in title cripples the intention to fulfil the first task listed in paragraph 2: "to follow-up on commitments made in Monterrey and Doha," where the commitments had been stated under the heading of the leading actions. The first paragraph of this section begins with words "domestic resource mobilization" (DRM). The standard definition of DRM includes private sector investment besides public finance. For example, an OECD piece on African DRM (http://www.oecd.org/site/devaeo10/44272298.pdf) says "Domestic Resource Mobilization (D.R.M.) refers to the generation of savings from domestic resources and their allocation to economically and socially productive investments. Such resource allocation can come from both the public and private sectors." By using this narrow heading, the FfD3 outcome ignores the theoretical meaning and the scope of DRM. The orginal Monterrey chapter designation should be restored: "Mobilizing domestic financial resources for development" which includes the financial mobilization of domestic enterprises.***

17. Domestic resource mobilization and effective use is ~~the crux~~ **an important component** of our common pursuit of sustainable development. We remain committed to strengthen the mobilization and effective use of domestic resources in support of national sustainable development strategies. Domestic public finance, **which is an important part of domestic resource mobilization,** is necessary to provide public goods and promote equity. Sound economic policies, including counter-cyclical fiscal policies, democratic institutions responsive to the needs of the people, and sustainable infrastructure are the basis of equitable growth, poverty eradication and employment creation. **A strong developmental state which is required to implement development policies and obtain successful development outcomes in turn requires the generation of adequate domestic public finances.**

18. We recognize that domestic resources are first and foremost generated by sustained economic growth. Effective fiscal policy depends on good governance at all levels and an enabling domestic environment, **and supported by an enabling international economic environment**. In this regard, we agree to strengthen our domestic governance and institutions, and to further combat corruption at all levels. We also agree to incorporate sustainable development, and promote equity, including **pro-poor policies and** gender equality , as an objective in all tax and revenue policies, including incentives we give to domestic and foreign investors, and tax treaties and agreements.

19. While many countries have made considerable progress in strengthening fiscal management since the Monterrey Consensus, we recognize that significant additional public resources will be necessary to realize sustainable development and achieve the SDGs. Towards that end we are committed to bolstering government revenues as needed while improving the efficiency of our expenditures. ~~Countries with government revenue below 20 per cent of GDP agree to progressively increase tax revenues, with the aim of halving the gap towards 20 per cent by 2025, and countries with government revenue above 20 per cent of GDP agree to raise tax revenues as appropriate.~~ **We encourage countries, especially those where government revenue is below 20 per cent of GDP, to progressively increase their tax revenues and their overall government revenues. Progressivity in tax systems and increased developing country space to tax at the source of income for enterprises operating in more than one tax jurisdiction are critical in making sure that public sector resources increase along with the increase in the size of the domestic economy.** Globally, we commit to support countries that need assistance, including through substantially increasing ODA and technical assistance for tax and fiscal management capacity, particularly to LDCs. **To obtain effective results, we also commit to assist these countries, on their request, to collect on tax debt and to have timely access to information on the assets of their tax payers in the developed countries, especially those that are financial centres.** .

COMMENT ON PARA. 19: IMPORTANT: 1. On 3rd line, quantitative targets on tax revenue are too prescriptive, and should be removed. They impose an obligation only or mainly on developing countries since most developed countries already have high tax:GNP ratios. Therefore the 3rd line should be deleted and replaced with a more general line on "encouraging countries", especially those with low tax ratio (20%). 2. Domestic efforts should be

enabled by supporting international efforts, such as combating systematic tax evasion and illicit outflows, the use of tax havens and measures taken routinely by transnational corporations such as transfer mispricing and avoiding double taxation. Thus the line on committing give assistance is good. To make this meaningful, another line should be added, to commit to assist countries (on request) to help with collecting debts on taxes and obtaining data on tax payers' assets in donor countries that are financial centres.

20. To this end, and while recognizing that optimal tax policy is necessarily reflective of a country's economic and social situation, we will work to improve the fairness and effectiveness of our tax systems. Our efforts will include broadening the tax base and continuing efforts to integrate the informal sector into the formal economy as appropriate and in line with country circumstances, while ensuring progressive tax systems. We further agree to strengthen our tax administrations, including through training, digitalization and increasing efficiencies.

21. We agree to strengthen national regulation and international cooperation to combat illicit financial flows (IFF), tax evasion and corruption, with the aim to substantially reduce such flows over the next 15 years, and agree to work to progressively reduce opportunities for tax evasion, as well as tax avoidance. We will increase transparency, including by ensuring that all payments to governments from large companies are fully transparent.

22. The full and equal participation of women in the formal labour market would significantly increase not just opportunities for women, but their contributions to domestic revenue and economic growth. Countries should promote social infrastructure and policies that enable women's full participation in the economy and in the labour force.

23. Countries relying significantly on natural resource exports face particular challenges in optimizing national benefits from resource extraction. Countries without stabilization funds or other policies to stabilize the flow of government revenues through price cycles are encouraged to consider how they might make use of such options. We ~~agree to implement~~ **encourage countries to participate in and implement** the Extractive Industries Transparency Initiative (EITI). We will promote peer learning for forging successful state relationships with the extractive sector, including as it pertains to fair concession and royalty agreements. **We encourage the UN system to develop guidance and provide assistance, consistent with**

sustainable development goals, for developing countries to optimize their benefits in contractual relationships with transnational corporations, including in sectors involving natural resources.

COMMENTS ON PARA. 23: 1. The EITI is not a multilateral initiative although it is participated in by a number of developed and developing countries in terms of standards-setting (see www.eiti.org). Having this language of "we agree to implement the EITI" would commit countries that are not yet part of the EITI to adopt a global standard in which they have not participated in making. More flexible language should be introduced here, such as "We encourage countries to participate in and implement the EITI standard."

2. Even more important is the actual legal or binding contract between a country and a corporation, and a line should be added to assist developing countries to obtain best benefits from such contracts. The contracts must reflect the SDGs as a prior measure, otherwise efforts will be limited to the after-effect of corporate activity, the cleaning up of violations and harm to sustainable development, rather than preventing these to begin with.

24. We also recognize that environmental crimes, especially illegal logging and illegal fishing, are a challenge for many countries and create substantial damage, including lost revenue. Developed countries commit to provide increased financial resources and technical assistance to support the efforts of developing countries, including addressing poaching and illegal trade in wildlife, and supporting the development of sustainable, alternative livelihoods for affected communities.

25. We recognize that there are limits to how much governments can individually increase revenues in our interconnected world. We thus commit to a global campaign to substantially reduce international tax evasion through more concerted international cooperation. We agree to work together to strengthen transparency and adopt pending policy innovations, including: public country-by-country reporting by multinational enterprises; public beneficial ownership registries; and multilateral, automatic exchange of tax information, with assistance to developing countries, especially the poorest, as needed to upgrade their capacity to participate. We agree to work through relevant fora to end harmful tax competition. We call on competing countries to engage in voluntary discussions on tax incentives in regional and international fora, which can also stimulate cooperation to stem illicit financial flows.

26. In this context, while we welcome ongoing efforts, including the work of the Global Forum on Transparency and Exchange of Information for Tax Purposes **and the UN Committee of Experts on International Cooperation in Tax Matters,** we stress that efforts in international tax cooperation should be universal in approach and scope and should fully take into account the differentiated needs and capacities of all countries, including **developing countries, notably** LDCs and SIDS. **In order to guarantee the universal character and feasibility of this effort, we mandate the UN committee of experts on cooperation in international tax matters to lead these global efforts, and that it be provided the appropriate resources to do so.** We commit to strengthen efforts to develop global norms on taxation **through the efforts of the UN system**, taking into account the work of the Organisation of Economic Cooperation and Development (OECD) for the Group of 20 on Base Erosion and Profit Shifting, and we call for more inclusive deliberations to ensure that these efforts benefit all countries, including LDCs and SIDS, as well as a more inclusive governance structure to reflect its global impact. We welcome the efforts of the International Monetary Fund (IMF), including on tax spill-overs and capacity building.

COMMENT ON PARA. 26: The Global Forum on Transparency and Exchange of Information for Tax Purposes is an OECD-led and housed project, where country participation is by invitation. The problem with an OECD-led effort is that it (1) it is unable to address the sharp difference in interests between residence-based and source-based taxation of corporations that operate among various jurisdictions (2) its standards for accounting for transfer pricing, based on the 'arms length' principle are overly complicated for tax authorities in developing countries to monitor and enforce. Thus, for the sake of universality and differentiated responsibilities, the voice of developing countries must be prominent and this is only possible in the UN. In the UN, there is a UN Committee of Experts on International Cooperation in Tax Matters and it should be given the mandate to take the lead in tax measures; this should also be explicitly referred to in order to counterbalance the reference to the OECD initiative.

27. We welcome the Report of the High Level Panel on Illicit Financial Flows (IFFs) from Africa. We urge governments to take into consideration the recommendations of the report and invite other regions to carry out similar exercises building on this initiative. To help track illicit flows, we invite the United Nations, the IMF, the World Bank and other relevant stakeholders, to develop a proposal for an official definition of IFFs, and to publish official

estimates of their volume and breakdown. We commit to developing the capacity to track 'to whom, from whom' information on cross-border transactions, bearing in mind that the poorest and most vulnerable countries will need assistance. We ask the Financial Stability Board to work expeditiously with relevant institutions to implement the proposed global Legal Entity Identifier system, with appropriate standards to incentivize countries to mandate use of the system. We will support the strengthening of efforts to effectively combat money laundering and the financing of terrorism. **In all the above initiatives and efforts, we agree to ensure the meaningful and effective participation of developing countries in the development of norms and programmes in the relevant institutions as well as their governance.**

28. We welcome the work of the United Nations Committee of Experts on International Cooperation in Tax Matters, including on double taxation treaties, transfer pricing, exchange of information, the taxation of extractive industries and capacity building. We decide to upgrade the Committee to an intergovernmental ~~committee~~ **Commission on Cooperation in International Tax Matters comprised of representative of member states**, to complement the work of other ongoing initiatives and further enhance the voice and participation of developing countries in norm setting for international tax cooperation. **We commit to support capacity building in developing countries to participate in improving the existing framework so that it will be adequate to administer taxation in the context of corporate activities in multiple jurisdictions. We commit to provide the Commission ample resources to provide secretariat support for multilateral efforts to reform international corporate taxation. We call on the UN system to provide research on various reform options. We request the General Assembly to examine the requirements of a representative and effective international tax cooperation mechanism and to determine the modalities of such a mechanism in the seventieth session of the General Assembly.**

COMMENT ON PARA. 28: ***As highlighted by the OECD BEPS effort itself under the G20, the current system of taxation of multinational corporation as separate entities leads to transfer pricing abuses and the promotion of harmful tax competition among tax jurisdictions. The end-result is that large companies, including Apple, Google, and Microsoft have tax liabilities that do not match the scale of their operations in most tax jurisdictions. This forces domestic tax payers to take on a greater burden for basic public services and utilities and is an implicit, unjust, subsidy on these multinational companies.***

While it will require a lot of institutional reform to evolve to such a system, the system among the states within the United States of sharing revenues from the national income of a company is one example of future evolution. Country-by-country reporting of income would be a first step, but it should require global disclosure which is different from the OECD proposal which requires the country-by-country data to be reported only to the jurisdiction hosting its headquarters, whose authorities have the discretion to disclose the information. The additional lines proposed above are to support developing countries build their capacity and to empower the UN Committee with a stronger mandate and resources and to request the UN system to undertake relevant research.

In the last sentence of the proposed addition, the General Assembly is assigned the responsibility to determine the modality and the resources of the UN Commission on Cooperation in International Tax Matters. Assigning this task to ECOSOC where the developed countries have a stronger voice risks previous outcomes which decided against strengthening the committee because of budgetary implications. The General Assembly could form an ad hoc committee that will report to the UNGA a resolution for establishing the Commission.

29. We urge all States that have not yet done so to ratify or accede to the UN Convention against Corruption and commit to making it an effective instrument to both deter corruption, prosecute corrupt officials and regain the assets they have stolen. We support the joint Stolen Asset Recovery Initiative of the United Nations and the World Bank, and will fully utilize the peer review process under the UN Convention to accelerate the unconditional return of stolen assets to their countries of origin.

30. Our financing policies, both domestic and international, will be guided by the need to achieve sustainable development, as an integral part of our national sustainable development strategies. We will spend our resources efficiently and effectively, and ensure that our national policies are in line with good governance, accountability and gender-sensitive public financial management, and promote equity. We will increase transparency and participation in all aspects of the budgeting process, and encourage those who have not yet done so to join the Open Government Partnership. We further agree on the need for transparent public procurement that reinforces sustainable development.

31. As the basis of a new basic social compact to invest in people, we will ~~guarantee~~ **provide affordable** access to essential health care and education

for all persons, and support implementation of nationally appropriate social protection systems and measures for all, including floors, with a special focus on those furthest below the poverty line, including children, persons with disabilities, youth and older persons, as provided for in the International Labour Organization's (ILO) Recommendation 202. In addition, we underscore that human development remains a key priority. The realization of full and productive employment and decent work for all is essential. We will continue to invest in human capital, including in the untapped potential of women's human capital through inclusive social policies, including on health and education, in accordance with national strategies. **We recognize that some developing countries do not have sufficient domestic financial and other resources to fully fulfill the above obligations, and we therefore commit to assist them by augmenting these domestic resources through international development assistance and by other supporting policy measures.**

COMMENT ON PARA. 31: ***The obligations in this para to provide social services are laudable and good; however those developing countries that do not have adequate resources should be able to obtain assistance in international means of implementation; thus the additional sentence above is needed.***

32. In this regard, we agree to increase public spending to secure adequate investments to ensure universal access to basic social infrastructure and inclusive social services, such as health and education. Available data indicates that in general, countries need to spend a minimum of $[300] per person in purchasing power parity terms or 10 per cent of GDP, whichever is higher, to provide essential public services. We agree to make every effort to meet this minimum benchmark for all communities by no later than 2025. **We recognize that developing countries that do not have adequate national financial resources will require international support to implement these social development programmes, and we commit to mobilise and provide the additional means of implementation as part of the global partnership for development. We therefore** agree to complement national efforts with international support, particularly to LDCs and other vulnerable countries, to ensure that by 2030, every woman, every child and every family has access to a minimum package of essential services.

COMMENT ON PARA. 32: Developing countries generally may not have the financial resources to fund social development programmes to the extent mentioned here. The inclusion of the benchmark to be met by 2025 is a real

challenge for many countries. In any case adding the suggested sentence to provide means of implementation to developing countries is crucial.

33. We will work to ~~gradually eliminate~~ **reduce and if possible phase out** harmful subsidies, where they exist, ~~including fossil fuel subsidies~~ **with the objective of phasing out unsustainable patterns of** ~~for~~ production and consumption. **In doing so, we agree to do so in ways that avoid possible** adverse impacts in a manner that protects poor and disadvantaged communities **or that compensates them for these adverse impacts**. **We also commit to assist and support developing countries including through international means of implementation in their efforts to implement this.**

COMMENT ON PARA. 33: ***1. Instead of eliminate the subsidies, reduce and phase out if possible is a better language. 2. Fossil fuels should not be selectively mentioned; there are other subsidies too such as agricultural subsidies in developed countries that are harmful. 3. The reduction of subsidies should not harm the poor; and financing to offset this harm should also come from international financing if a developing country requires this, since it is an international public good to reduce subsidies that are harmful to the environment.***

34. ~~We agree to work towards putting a price on carbon, and to consider taxes that put a floor on fossil fuel prices for consumers.~~ We will also consider the use of natural capital accounting to make more transparent the environmental externalities of our **economic activities and** policy decisions.

COMMENT ON PARA. 34: ***There is presently no consensus on putting a price on carbon or on how this should be best done, for example whether through carbon trading or through a tax linked to a price fixed by the government, and whether this should be applied to all economic activity and all products or only some, and whether in developed countries or also developing countries, and whether this is appropriate for developing countries or whether they are prepared for it. Thus the first line should be deleted. Second line is OK.***

35. We note with concern the large financing gaps in areas crucial for sustainable development, including infrastructure, agriculture, and innovation, as well as financial inclusion. We acknowledge the important role that national development banks (NDBs) can play in filling these gaps, particularly in credit market segments in which commercial banks do not act, or do so only partially, such as to MSMEs. We acknowledge that NDBs also play a valuable countercyclical role, especially in cases of crisis when private sector entities become highly risk-averse. Development banks can

play a critical role in alleviating constraints on investment in infrastructure and we call on them to expand their contributions in this area.

36. We further acknowledge that in more and more countries, responsibilities for revenues, expenditures and investments in sustainable development are being devolved to the sub-national level and municipalities, which often lack adequate technical capacity, financing and support. We therefore commit to develop mechanisms to assist them, including to strengthen capacity, particularly in areas of infrastructure project development, local taxation, sectorial finance and debt issuance and management, including access to domestic bond markets. We will support our cities and local authorities in implementing resilient infrastructure and climate-friendly policies and investments. Reliable support for national and local capacity for prevention and mitigation of external shocks and risk management is needed. We must also ensure appropriate local community participation in decisions affecting their communities, based on country circumstances.

B. Domestic and international private business and finance

COMMENT ON SECTION II.B: ***This title is significantly different from the Monterrey Consensus heading of the chapter, "Mobilizing international resources for development: foreign direct investment and other private flows". The new heading (and the contents of this section of the draft) changes the concepts of the original FFD outcome, which is to differentiate between the domestic private sector its investment (which is included in the previous section on domestic resource mobilisation or DRM) and the foreign private sector (which has been in this second section).***

This draft thus ignores the conceptual meaning of DRM, which relies on domestic enterprises, not just households and government, as a large contributor, probably the largest contributor, to domestic resource mobilization. The use of this heading, and the transfer of the domestic private sector role to this section, unduly straitjackets developing country governments from undertaking policies that build their own domestic private sectors. The section could thus be changed back to the original Monterrey Consensus chapter "Mobilizing international resources for development: foreign direct investment and other private flows" and adjustments made.

A decision has to be made whether to allow the draft to re-define the titles and concepts, or to propose that the original Monterrey titles are re-instated (in which case the contents of the two sections have to be adjusted).

37. We acknowledge the role of private business activity, investment and innovation as major drivers of increased productivity, job creation, and economic growth, which provide people with the opportunity to overcome poverty and inequality. We welcome the significant growth in private activity – domestic private savings and investment, foreign direct investment (FDI), remittances from overseas workers and philanthropy – since Monterrey. Monterrey tasked us to continue our efforts to achieve a transparent, stable and predictable investment climate, with proper contract enforcement and respect for property rights, and many countries have made great strides in this area. We commit to continue to promote and create the right enabling conditions for inclusive and sustainable private sector investment. Businesses will play a critical role in our new agenda, and we call on them to engage as partners in the development process **subject to the regulatory authority of the State and while ensuring that the role of the public sector in providing essential services and in**

some essential goods is enhanced. We welcome the growing number of businesses that embrace corporate responsibility and take full account of environmental and social impacts in all their activities, and urge all others to do so. **We call on private companies operating internationally to adhere to the Human Rights Council's Guiding Principles on Business and Human Rights (A/HRC/17/31) endorsed by the Council in its resolution 17/4 of 16 June 2011.** We are encouraged by the growth of impact investing, which combines a return on investment with social and environmental impacts.

COMMENT ON PARA. 37: Para 37 stresses a reliance on the private sector while not mentioning at all the role of the public sector. The need to regulate private corporations is missing. This is contrary to current thinking after the 2009 financial crisis caused by excessive belief in unregulated finance and the consensus now that private financial markets must be strongly regulated. 1. Thus there should be language on the regulatory role of the state and the public sector's provision of basic services and goods. 2. Another line should be added on The Guiding Principles on Business and Human Rights which are a UN set of standards for business entities to adhere to human rights principles, and that have been negotiated and agreed among the private sector, governments and civil society and adopted by the Human Rights Council.

38. Nonetheless, we recognize that business practices need to be more in line with sustainable development objectives. **We further recognise that regulations are needed to ensure that business activity is in line with sustainable development practices and goals. We also recognise the need for businesses to take account of the potential social, environmental and human rights impacts of their practices and to adhere to the Guiding Principles on Business and Human Rights that were adopted by the Human Rights Council in June 2011.** Many people still lack access to financial services, and FDI largely bypasses countries most in need. We acknowledge risks associated with excessive leverage, the short-term nature of many investments, and the importance of the quality of investment. We call on private actors to invest with the long-term horizons necessary for sustainable development, and to apply their creativity and innovation toward solving sustainable development challenges. At the same time, we acknowledge the responsibility of governments to develop regulatory systems to align business incentives with sustainable development.

COMMENT ON PARA. 38: Para 38 starts by recognising that business practices need to be in line with sustainable development, but does not

mention the need for regulations to bring them in line. This should be mentioned in this introductory paragraph, to avoid that the FFD would be seen as promoting unregulated business when the world has awoken to the dangers of unregulated business practices which for example caused the global financial crisis and contributes to the climate crisis. Thus the added language above. This is useful, even if subsequent paras dwell with regulation.

39. We support the many initiatives to formulate and adopt principles for socially and environmentally responsible investment and business activities and invite businesses to sign on to and apply these principles. Such principles should also address business' role in preventing and fighting corruption. We welcome the work by the United Nations Conference on Trade and Development (UNCTAD), the United Nations Environment Programme (UNEP), CFS, the Global Compact, amongst others in this regard. We also recognize that each industry faces its own opportunities and challenges in contributing most constructively to sustainable development. We therefore undertake to work with industry groups, national regulators and international accounting standard-setting bodies to identify industry-level metrics that could frame generally accepted sustainable development accounting principles, consistent with international goals and targets for sustainable development. We will work towards unifying and strengthening the various initiatives on responsible financing, identifying gaps, and strengthening the mechanisms and incentives for compliance.

40. These initiatives should be complemented by appropriate national regulations, in line with national strategies. We agree to create strong regulatory frameworks on ESG practices, including mandatory integrated reporting for large companies to be adopted by 20xx. To better align business practices with sustainable development, we will adopt regulatory frameworks that foster a dynamic and well-functioning business sector, while protecting labour rights and environmental and health standards in accordance with internationally agreed norms, including the labour standards of the International Labour Organization and key Multilateral Environmental Agreements. We ~~will~~ **encourage countries to consider** adopt**ing** policies to internalize externalities, such as the "polluter pays principle", through a combination of taxation, regulation and other measures, in line with national strategies.

41. We acknowledge the importance of robust regulatory frameworks that encompass all financial intermediation, from microfinance to international

banking. We will work to ensure that our policy and regulatory environment supports financial market stability, while promoting access to finance, in a balanced manner. We will also work to design capital markets regulation that promotes incentives along the investment chain that are fully aligned with long-term performance and sustainability indicators.

42. Evidence shows that gender equality and women's full participation as economic agents improves the profitability and competitiveness of business and is vital to achieve sustainable development and a vibrant economy. To this end, we reaffirm our commitment to eliminate gender-based discrimination in all its forms. We commit to ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance. We further encourage the private sector to contribute to advancing gender equality through ensuring women's full and decent employment, equal pay and equal opportunities.

43. We commit to ensuring access to formal financial services for all, including the poor, women, rural communities, marginalized communities and persons with disabilities. Acknowledging that the best way to implement financial inclusion varies by country, we will adopt or review our national financial inclusion strategies in consultation with the relevant national stakeholders, and include financial inclusion as a policy target in financial regulation. We will encourage our commercial banking systems to serve all **sections of our** populations. We will support other institutions and channels that offer affordable financial services for all, including microfinance institutions, development banks, **agricultural banks,** mobile network operators, payment platforms, agent networks, cooperatives, postal banks and savings banks. We encourage the use of innovative tools, including mobile banking and digitalized payments to promote inclusion, while ensuring consumer protection and promoting financial literacy. We commit to increase resources for capacity development and expanding peer learning and experience sharing, including through the Alliance for Financial Inclusion and regional organizations, which should work in close cooperation with initiatives by the World Bank, IMF, the United Nations and academia.

COMMENT ON PARA. 43: ***Add agricultural banks as in many developing countries, rural or agricultural banks play a big role in the provision of formal***

financial services to farmers and other sectors that would have difficulty in accessing traditional urban-based banking systems.

44. Remittances from overseas workers are a significant financial resource for households in many countries. ~~To enhance their impact on development, countries should integrate remittances into their national financial inclusion strategies.~~ **To increase the share of remittances that reach the overseas workers' families in their home countries, we agree to take measures to reduce the cost of commissions and other charges in transferring the remittances.** No remittance corridors should require charges higher than 5 per cent by 2030. In this regard, we welcome the G20 initiative to lower the cost of remittances, as well as efforts by the World Bank in measuring remittances and advising on efforts to reduce remittance transfer costs. We commit to work with relevant partners to lower the cost of remittances, including through ensuring competitive and transparent market conditions, exploiting new technologies and improving data collection, with a view to reducing the charge for a remittance transfer to less than 3 per cent of the amount transferred.

COMMENT ON PARA. 44: Remittances are earnings of the individual workers who are citizens based abroad. Efforts to enhance their development impact, if not done on a voluntary basis, violate human rights to one's earned income. Thus it is not appropriate that remittances are integrated into national financial inclusion strategies. Thus the line on this should be deleted and replaced by a line that we agree to take measures to reduce and minimize the cost of making remittances.

45. We welcome the rapid growth of philanthropic giving and the significant contribution individuals have made toward achieving our common goals. We encourage others to join those who already contribute, and call on all philanthropic providers to partner with us in our pursuit of sustainable development. We also call for increased transparency in philanthropy. **While the positive aim of philanthropy is welcomed, it is imperative that philanthropic activities and funds channeled to public sector organisations should not alter or distort the policies of these organisations but instead recognize and support the core public purposes of these institutions.**

COMMENT ON PARA. 45: ***When funds from private philanthropies are programmed through public sector institutions such as the WHO, particularly those that have experienced years of restricted core funding, the work and***

staff time priorities can be distorted by the specific purposes for which such funding is made available. **Thus the proposed line above.**

46. We recognize that SMEs often have difficulty in obtaining financing. NDBs, credit unions, and other financial institutions can play a vital role providing access to credit, including to SMEs. One of the biggest impediments to lending to SMEs is the lack of credit information and analysis. We will work effective credit evaluation, as through public training programmes, including establishing national credit bureaus where they do not already operate. We recognize the potential of new investment vehicles, including development-oriented venture capital funds, potentially with public partners, as well as innovative debt funding structures and securitization, with appropriate risk management. On an international level, we encourage IFIs and development banks to promote SME finance through investments and technical assistance. We ~~welcome~~ **note** the work of the International Finance Corporation (IFC) and of regional initiatives in this area, and encourage increased knowledge sharing and capacity building at the regional and global levels as a priority area.

47. To meet longer-term financing needs, we will **consider the option of** ~~work towards~~ establishing long-term bond and insurance markets, where appropriate, while strengthening supervision, clearing and settlement in existing markets. Regional markets might be an effective way to achieve scale and depth not attainable when individual markets are small. We recognize that the nature of international portfolio investment has evolved over the past 15 years, and that foreign investors now play a significant role in some developing markets. We are concerned that short-term cross-border capital flows can create excessive volatility **in currency, bond and equity markets**, which should be contained through appropriate regulations, in conjunction with capital account management tools, when appropriate. At the international level, we agree to strengthen regional, inter-regional and global fora for knowledge sharing, technical assistance and data collection.

COMMENT ON PARA. 47: ***1. It is too strong and obligatory to state "we will work to establish bond markets". It is up to each country to consider the desirability and the timing of establishing bond markets, including whether there is regulatory capacity. Thus the language should be amended to "consider the option". 2. The excessive volatility can be in various financial markets i.e. currency, bond and equity markets, and all of them should be mentioned, as requiring regulations. .***

48. We recognize the important contribution that direct investment, including FDI, **particularly greenfield investment,** can make to sustainable development when investors follow social and environmental standards of good corporate behaviour. **We also recognise the need of regulating foreign direct investment, as appropriate, aimed at maximising the benefits and reducing the costs to the host countries.** We will thus direct our investment promotion and other relevant agencies to focus on project preparation, prioritizing projects aligned with sustainable development, including those with the greatest potential for sustainable industrialization and decent jobs. Internationally, we will support these efforts through financial and technical support, and encourage closer collaboration between home and host country agencies where international flows of investment are involved.

COMMENT ON PARA. 48: ***1. Explicitly mentioning greenfield investment highlights the importance of this type of FDI (as opposed to equity-oriented FDI such as mergers and acquisitions) for developing countries. Greenfield investments are new investments that build up new physical infrastructure (such as factories) in the host country. IMPORTANT: 2. A line should be added on the need to regulate FDI to maximise its benefits and reduce its costs. This is an important sentence to express the policy space needed by developing countries. If this is objected to, one can point to the qualifier, "as appropriate." Further, the line could be adjusted to "recognise the need expressed by some developing countries to regulate FDI….."***

49. Despite significant improvement in their investment climates, we note with concern that LDCs continue to be largely sidelined by foreign direct investment flows. In this regard, we agree to support LDCs through providing financial and technical support for project development and contract negotiation and to provide advisory support in investment related dispute resolution and other functions as requested by the LDCs.

50. We note with concern the large gap in financing for resilient infrastructure and energy necessary for sustainable development. We acknowledge that impediments to investment in resilient infrastructure and energy systems exist on both the supply and demand side. On the project side insufficient investment is often partly due to an insufficient enabling environment and an inadequate pipeline of well-prepared investable projects, but also due to affordability constraints. To address this, we agree to imbed resilient infrastructure and energy investment plans in our national sustainable development strategies. We commit to ensuring the technical support for countries to translate these plans into concrete project pipelines.

51. On the finance side, private sector incentive structures and new regulations designed to reduce risk-taking by banks tend to encourage short-term investment behaviours, which are inappropriate for many long-term projects, as in the area of infrastructure. We recognize that long-term institutional investors manage large pools of capital, but are currently only investing less than 3 per cent of assets in infrastructure in both developed and developing countries. Nonetheless, we are encouraged by recent efforts by some investors to develop new infrastructure platforms and call on investors to continue to build capacity and appropriate platforms for such investment, as well as reviews of compensation structures and performance criteria to incentivize greater long-term investment.

52. We recognize that blended finance (combining concessional and non-concessional international public finance), pooled financing platforms and public-private partnerships (PPPs) have significant potential to contribute in this area. In particular national and multilateral development banks can be constructive partners, both in terms of financing and skill building. It is also important that careful consideration be given to the appropriate use and structure of pooled financing instruments, including of PPPs**, in particular their equity and fiscal implications**. Projects should be transparent, share risks and rewards fairly, and be implemented following feasibility studies that demonstrate, inter alia, that they are the most effective way to structure the investment. PPPs should not replace or compromise state responsibilities, nor should they impose unsustainable debt burdens or contingent liabilities on governments. **All partnerships with the private sector in the context of the SDG and post-2015 development agenda should be governed for accountability through ex-ante assessments and independent, third-party evaluations that are in accordance with the three dimensions of sustainable development.**

COMMENT ON PARA. 52: ***IMPORTANT: The added last line expresses the need for accountability of partnerships with the private sector. Even World Bank projects (especially PPPs) undergo independent and third-party evaluations. The UN should not endorse PPPs and private sector engagement overall without accountability measures such as assessments and evaluations that are conducted ex-ante, meaning before the project or partnership is operationalized.***

53. We welcome the G20's emphasis on infrastructure as a critical component of growth strategies and on strengthening cooperation to address deficiencies in the development, implementation and financing of infrastructure. **We also welcome the efforts by several developing**

countries to deepen South-South cooperation in infrastructure and development banking. Given the importance of this challenge for all countries, we call for a global initiative to help scale up investments in sustainable and resilient infrastructure as a key pillar to meet the SDGs, building on existing initiatives and involving all stakeholders. A main goal of this initiative will be to identify gaps and constraints, particularly for countries and sectors that are often overlooked, and enhance mutual learning in the effective delivery of projects and programmes on sustainable infrastructure. It will ensure that projects are environmentally, socially and economically sustainable and help mobilizing financing from all sources. We commit to concerted and coordinated steps to strengthen capacity building as part of our overall effort to increase infrastructure investment, including for investment planning, project preparation and prioritization, and contract negotiation and management. We agree to develop and adopt principles, guidelines and standardized documentation for the use of PPPs, to build a knowledge base and share lessons learned through regional and global fora.

COMMENT ON PARA. 53: ***The suggested additional text will be an implicit recognition at the role that some developing countries are now playing in setting up new institutions such as the BRICS Bank, the South Bank, the Asian Infrastructure Investment Bank, etc.***

54. We welcome and call for action on the recommendations put forward under the Sustainable Energy for All initiative, with a combined potential to raise over $100 billion in incremental annual investments by 2020, through market based initiatives, partnerships and leveraging development banks. We recognize the need for complementary efforts to further strengthen public and corporate governance of the energy sector to increase its operational and financial efficiency, improve financial viability and creditworthiness, and provide appropriate frameworks for scaling up investments in sustainable energy.

C. International public finance

NOTE: The title of this section was called "Increasing interational financial and technical cooperation for development" (Section D of the Monterrey Consensus, and Chapter 5 of Doha outcome). This had an action-oriented reference to international cooperation. The section is now re-titled international public finance, which downgrades or undermines the obligation of developed countries and the principle of international cooperation for development. Decision is needed whether to re-name the title back to the original.

55. International public finance plays an important role in complementing the efforts of countries to raise public resources domestically. Our ambitious agenda puts significant demands on public budgets and capacities, which many developing countries will only meet with scaled up and more effective international support, including both concessional and non-concessional financing. ODA, South-South cooperation and other international public flows, including from MDBs, will be critical. International public finance also plays a catalytic role in mobilizing additional resources, including in middle income countries, and is increasingly being used to address other international challenges, such as climate change.

56. We welcome the significant increase in the volume of ODA since the adoption of the Monterrey Consensus, despite the difficult fiscal situation of many countries, and are encouraged by those countries that have recently met or surpassed their commitments. Nonetheless, many still fall significantly short of their commitments **and unfortunately some have even reduced their ODA level or their ratio of ODA to GNI.** We urge all developed countries that have not yet done so to substantially increase their ODA starting immediately with a view to implementing by 2020 their commitment to allocate 0.7 per cent of GNI as ODA to developing countries, with 0.15-0.20 of GNI to LDCs. We strongly encourage all donor countries to establish, by the end of 2015, indicative timetables to illustrate how they will increase their assistance and reach their goals.

Comment on Para 56: The additional language is to indicate unhappiness that ODA levels overall had fallen for some recent years before recovering, and that some countries (including some that had previously been exemplary in providing aid) have reduced their ODA level or ratio and also their sense of commitment.

NOTE: There was a lengthy section on ODA in Rio+20 outcome. It is useful to review this and see what from there could be re-stated in this FFD outcome.

57. ODA remains critically important for countries that have limited capacity to raise public resources domestically, including LDCs, LLDCs and SIDS, fragile and conflict affected states, those in protracted crises and sub-Saharan Africa. We encourage developed countries to target ODA to the poorest and those most in need **in developing countries**, taking into consideration agreed spending requirements to end poverty and invest in people. We note with great concern the decline in the share of ODA allocated to the poorest and most vulnerable **developing** countries, and welcome the agreement of members of the OECD Development Assistance Committee to reverse the declining trend of aid to LDCs.

COMMENT ON PARA. 57: Given that around 80% of the global poor live in non-LDC developing countries (see UN University study -- http://www.wider.unu.edu/publications/working-papers/2013/en_GB/wp2013-062/), it is important to note that ODA should be provided to developing countries that require them, targeting the poorest in these countries.

58. An important use of ODA is to catalyze additional resource mobilization from other sources, public and private. ODA can support improved tax collection and help strengthen domestic enabling environments. It can also be used to unlock infrastructure projects through blended or pooled financing, risk mitigation and through science and technology development and exchange . We will hold open, inclusive and transparent discussions on the modernization of the ODA definition and on the proposed indicator of "total official support for sustainable development (TOSSD)".

59. We welcome the **recent** increase **in South South cooperation and the** contributions of Southern partners to sustainable development and look forward to a further strengthening of South-South cooperation and triangular cooperation, including through multilateral efforts in new institutions. **We recognize that South-South cooperation complements and does not replace or replicate North-South cooperation. We reaffirm that South-South cooperation is voluntary and based on principles of solidarity and mutual benefit.** ~~. We invite developing countries in a position to do so to further scale up their efforts and make their support more effective, in keeping with the provisions of the Nairobi outcome document of the High-Level United Nations Conference on South South~~

~~Cooperation.~~ We welcome the initiative of developing country providers to work collectively through the UN Development Cooperation Forum on improving data and coordinating policies on South-South cooperation. ~~We encourage South-South providers to work to further enhance mutual accountability and transparency with respect to cooperation provisions so as to assist partner countries in planning the most effective use of this support, and to consider including targets and timelines where appropriate, according to methodologies conceived by developing countries that better fit their specificities. We also commit to strengthening triangular cooperation as a means of bringing relevant experience and expertise to bear in development cooperation.~~

COMMENT ON PARA. 59: IMPORTANT: 1. South South cooperation which is voluntary and based on solidarity should not be equated with North-South cooperation where there is a commitment and obligation of the North to assist the South. Therefore the text on S-S cooperation should not be prescriptive nor be too detailed. The sentence on encouraging S-S providers to enhance transparency and mutual accountability should be deleted for being intrusive on S-S cooperation and this can be counter productive as it could create disincentives for expanding S-S cooperation. Even the OECD-DAC member countries do not do what the stricken out text requires. 2. In the second sentence of Para 59, the phrase: "developing countries in a position to do so" is a term that was not only contested in UNFCCC COP in Lima but REJECTED in the final text that was adopted. If it resurfaces here it may be seen as an attempt to revive a failed attempt by developed countries to push developing countries into a status that is not appropriate....it will be counter productive and unnecessarily stir divisions that will divert time from core issues.

60. We reaffirm the importance of meeting in full existing commitments under international conventions, including on climate finance and other key global challenges. We recognize that ~~funding from all sources will need to be stepped up for investments in many areas,~~ **commitments for providing financial resources to developing countries should be fulfilled,** including for low-carbon and climate resilient development, conservation of biodiversity and combatting land degradation and desertification, **promotion of** science, innovation and new technologies, **and technology transfer.** We welcome pledges made to the initial capitalization of the Green Climate Fund **and call for the delivery of such pledges as soon as possible, to enable** ~~and~~ the Board's work to fully operationalize the Green Climate Fund. ~~as soon as possible.~~ We also welcome the reiteration by

developed countries~~, in the context of meaningful mitigation actions and transparency on implementation,~~ of their commitment to meet the goal of mobilizing jointly USD 100 billion a year by 2020 to address the needs of developing countries, coming from a ~~wider~~ variety of sources, public and private, bilateral and multilateral, including alternative sources of finance, **in the context of mitigation actions and transparency. We also recognize the critical importance to provide adequate support for developing countries' actions on adaptation and on addressing loss and damage including meeting the costs of recovery and reconstruction after natural disasters and of the adverse effects of climate change.**

COMMENT ON PARA. 60: 1. Instead of stressing funding from all sources (which dilutes the commitments of developed counties to provide financing to developing countries), this should be replaced with meeting the commitments to provide financing. 2. Technology transfer should be mentioned as one of the commitments for financing. 3. On pledges to Green Climate Fund, it is important to stress the delivery of the pledges as soon as possible. (At the GCF Board meeting on 25-27 March 2015, it was revealed that only 0.8% of the USD10.3 billion pledged had become the subject of legal contracts, let alone disbursements). 4. "In the context of mitigation and transparency' should be placed at the end of this complex sentence, in line with the decision in the Cancun COP on this. 5. It is important to stress the importance of financing climate adaptation (as the previous sentence says context of mitigation; and in line with the G77 position that adaptation is as equally important as mitigation with regard to priority and funding) and also of "loss and damage" as well as reconstruction after natural disasters.

61. ~~We further acknowledge the importance of aligning all financing flows, including ODA, with the three dimensions of sustainable development and that we need to build climate and disaster resilience considerations into development assistance to ensure the sustainability of development results.~~

We reiterate that international financing for climate change actions in developing countries represents new resources and additional to ODA. We recognize that such financing will assist developing countries to incorporate actions and measures relating to climate change in their national development processes and plans. We recognize that well-designed development actions can capture multiple local and global benefits, including those related to climate change. We recognize the need for transparent accounting for climate finance and welcome the ongoing work in the UNFCCC.

COMMENT ON PARA. 61: The first line should be deleted because (1) it is not clear what is the meaning of "aligning all financial flows including ODA"; (2) building climate resilience in development assistance would seem to legitimise financing of climate as part of ODA. Climate financing is supposed to be new and additional to ODA. Therefore the 1st sentence should be replaced with another sentence which reiterates climate financing as being new and additional, and that such financimg is to help developing countries incoprorate climate actions into development plans.

62. We welcome the progress made since the adoption of the Monterrey Consensus to develop and mobilize support for innovative sources of additional official financing for development, ~~in particular~~ **including** by the Leading Group on Innovative Financing for Development. We encourage additional countries to **consider participating in existing mechanisms on a voluntary basis** ~~voluntarily join in implementing the agreed mechanisms~~ and to **consider** ~~help develop and implement~~ additional innovative modalities. ~~including a widening of countries participating in a financial transaction tax, carbon taxes or market-based instruments that price carbon, taxes on fuels used in international aviation and maritime activities, or and additional tobacco taxes.~~ **We stress that these innovative** sources should be additional **to ODA**, and disbursed in a manner that respects the priorities of developing countries, and **that** does not unduly burden them.at

COMMENT on PARA 62. 1. The Leading Group is not a UN agency and only some countries are part of it. Thus "in particular" should be deleted, and replaced by "including." 2. Encouraging countries to take part in innovative mechanisms should be made milder to "consider" on a voluntary basis. 3. The list of innovative mechanisms mentioned include ones that are controversial including carbon taxes and carbon trading, and especially fuel taxes in international aviation and maritime (many developing countries have protested that these constitute trade protectionism) and therefore this list should be deleted. 4. Change the last line to stress that innovative sources should be additional to ODA.

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63. We recognize the ~~enormous~~ potential of MDBs in financing sustainable development, directly and catalytically. ~~and in helping countries address policy and institutional constraints in a coherent way.~~ We stress that development banks should fully utilize their balance sheets, consistent with

maintaining their financial integrity, to help support the ambitions embodied in the SDGs. Regional and multilateral development banks are able to provide non-concessional and concessional development finance to LLDCs, LDCs, SIDS, fragile and conflict affected states, sub-Saharan Africa, as well as middle income developing countries by leveraging contributions and capital, and by mobilizing substantial resources from capital markets. Development banks can play a particularly important role in alleviating constraints on financing infrastructure investment. In this regard, we welcome initiatives to expand the supply of such finance, including through the establishment of new MDBs such as the New Development Bank and the Asian Infrastructure Investment Bank. We also welcome efforts to establish new infrastructure investment platforms by established MDBs. We invite MDBs to strengthen these efforts, including through alleviating internal constraints. We encourage efforts by the MDBs to make the safeguards process more efficient and time-sensitive, to ensure that public investment is aligned with and contribute to the realization of sustainable development goals without being unduly burdensome. We encourage MDBs to further develop instruments to channel the resources of long-term investors towards sustainable development sectors, e.g. through long-term infrastructure and green bonds.

Comment: 1. The potential role of MDBs should be avknowledged but not excessively so nor to claim they can resolve the constraints in a coherent way. There are also weaknesses in MDBs, as well as the potential to increase the debt and debt burden of developing countries. Therefore, the suggestion to delete certain words.

64. We note with concern that when countries graduate to middle income status, they often lose access to sufficient **multilateral and bilateral** finance to meet their needs. **We therefore call for measures to deal with this problem in order to ensure adequate financing for these countries.** We **also call on** ~~encourage~~ MDB shareholders to apply criteria flexibly and give favorable consideration to review graduation criteria to ensure that they are fair, up to date and relevant. We urge providers to take into account the recipient country's level of development, vulnerability, debt level, ability to mobilize domestic resources, access to other sources of finance and the type of programme being funded when determining what type of financing would be most appropriate. We also agree on the importance of enhancing risk mitigation mechanisms for sustainable development investments, such

as through the World Bank's Multilateral Investment Guarantee Agency (MIGA).

COMMENT ON PARA. 64: ***The first sentence correctly points to the middle income countries' problems of getting financing but does not call for remedy. Therefor it is important to add an additional sentence calling for this. The precipitous decline in non-concessional lending flows has been one of the unfortunate patterns in the 2000s with some public institutions such as the World Bank exhibiting net negative disbursements in non-global crisis years. Lending criteria, particularly conditionality and permanent impact on policy space has to be revisited as the paragraph suggests. Middle income countries' over-reliance on non-concessional private lending, even though such financing can be more attractive because of the faster processing time and free of policy conditionality, exposes them to risks of excessive outflows of private capital when external conditions change. It is important to defend this para.***

65. We call on the IFIs to establish a process to examine the role, scale and functioning of the multilateral and regional development finance institutions to make them more responsive to the sustainable development agenda.

66. We also recognize the contributions made by partnerships among public and private providers, both globally and nationally, including their contribution to technical assistance and capacity building. **At the same time there may be shortcomings. It is thus useful to assess the positive aspects and problems, so that the lessons learnt can lead to more successful future partnerships.** In this regard, we encourage the inclusion of lessons learned in the consideration of future partnership programs and call on them to work with and alongside existing instruments and institutions to ensure coordinated, cross-sectorial and integrated approaches in support of country-driven priorities and strategies.

67. We acknowledge the critical importance of biodiversity in poverty reduction and social and economic development, and recognize that investments in marine, freshwater and terrestrial ecosystems are part of the solutions to financial crises, food crises, water crises and natural disasters. We are committed to realizing the Convention on Biological Diversity's decisions on resource mobilization for implementing the strategic plan for 2011-2020 and beyond. Alignment of sectorial policies with environmental values can

be ~~achieved~~ **significantly assisted** by adopting appropriate economic instruments, increasing public revenue.

68. We acknowledge the role of the Global Environment Facility (GEF) in ~~safeguarding the global environment~~ raising and allocating resources for environmental capacity building in developing countries. We recognize the broad number of environmental issues that need to be tackled at a project level, while at the same time ~~fully~~ support and acknowledge the current development of a more programmatic and integrated approach to sustainable development. We aim to enhance public and private contributions to the GEF in replenishment 7 for both purposes.

69. **Provision of affordable health care is of the highest priority, requiring an increase in financing. We are committed the expansion of the capacity and effectiveness of the WHO, which is required more than ever as the ebola crisis has shown, and to ensure sufficient financing to prevent and manage the whole range of health problems.** Global partnerships have been ~~particularly effective~~ successful in the field of health, including the Global Fund to Fight AIDS, Tuberculosis and Malaria, and Gavi, the Vaccine Alliance. We underscore the importance of developing national health systems, as highlighted by the Ebola crisis. We agree to increase capacity, in particular in developing countries, for early warning, risk reduction and management of national and global health risks, as well as for recruitment, development, training and retention of the health workforce in developing couistance ntries, especially in LDCs and SIDS. **We also stress the need to urgently address the increasing global problem of anti-microbial resistance, which may make many diseases untreatable if present trends continue, and to provide resources to assist developing countries to build their capacity to deal with this issue.**

Comment on Para 69: 1. It is strange and discriminatory for PPPs to be mentioned and praised while ignoring the important role of WHO, the premier UN health agency. Thus additional sentences are proposed on the importance of health and of expanding the role and resources of WHO. 2. The crisis of antibiotic resistance and anti-microbial resistance should be mentioned, as resistance is growing in many diseases that affect developing countries, making it harder to treat TB, malaria, AIDS, respiratory diseases etc. Thus a sentence is added on the need to address this and to provide resources to developing countries.

70. It will be impossible to deliver education to all children without successfully reaching children in fragile and conflict-affected states. We therefore call

for the Global Partnership for Education (GPE), which currently works in and beyond fragile and conflict affected states, to be strengthened and scaled up to ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to the relevant and effective learning outcomes.

71. In agriculture, food security and nutrition we continue to value the contribution of the Food and Agriculture Organization (FAO), the International Fund for Agricultural Development (IFAD) and the World Food Program (WFP) and IFIs, regional initiatives such as the Comprehensive Africa Agriculture Development Programme (CAADP), Grow Africa, as well as other initiatives such as the multi-donor Global Agriculture and Food Security Program (GAFSP) ~~and the Global Alliance for Climate-Smart Agriculture~~. To enhance the reach and impact of such initiatives we call on the Secretary-General's High-level Task Force on the Global Food Security Crisis, in partnerships with other relevant actors, including private sector and civil society, to coordinate the preparation of concrete proposals to improve food security and nutrition and scale up programmes for smallholder resilience. Such proposals should acknowledge the important role of regional initiatives on agriculture and food production, and we call for strengthening collaboration with regional initiatives towards addressing the key constraints to sustainable agriculture and the achievement of food security and nutrition.

COMMENT ON PARA. 71: ***While some developing countries are part of the Climate Smart Agriculture Global Alliance, most are not. Many developing countries are against this initiative because it seeks to introduce the agricultural sector as a climate change mitigation sector. Their concern is that this may be used as an argument for developed countries with high agricultural subsidies with another loophole for continuing such agricultural subsidies on the grounds that it enables them to undertake environmental action. i.e. climate change mitigation. It also creates the potential for developing countries' agricultural export products to be discriminated against on the grounds that these are not produced from "climate-smart" agricultural practices. Thus the suggestion to delete the reference to this alliance.***

72. We also welcome continued efforts to increase the effectiveness of development cooperation, and the progress that has been achieved. We will further strengthen national ownership and alignment of activities with national priorities, including through increased joint programming based on national strategies, fully untying aid, strengthening its results orientation and use of country systems, building genuine and inclusive partnerships,

and increasing transparency and mutual accountability. Effective development cooperation is particularly important in post-conflict states, and we urge countries to intensify their efforts in such contexts, particularly in using country systems and strengthening capacities. We will pursue these efforts in the Development Cooperation Forum of the Economic and Social Council and in other relevant fora, such as the Global Partnership for Effective Development Cooperation, in a complementary manner.

D. International trade for sustainable development

73. A universal, rules-based, open, non-discriminatory and equitable multilateral trading system ~~as well as meaningful trade liberalization~~ can serve as an engine of economic growth and promote sustainable development, not least by encouraging long-term private and public investment in productive capacities. With appropriate supporting policies, trade can also promote decent work, combat inequality and contribute to the realization of the SDGs.

COMMENT ON PARA. 73: ***Having a reference to "meaningful trade liberalization" indicates a highly ideological preference that trade liberalization is the objective of the multilateral trade system, and that it is beneficial under all circumstances. There is also no agreement what is "meaningful" liberalisation. Some countries eg the USA tend to argue that it means "new trade flow." Such a reference disregards the fact that it is appropriate trade liberalization – e.g. appropriate to a country's national development circumstances and conditions, which takes into account its policy space requirements – that delivers on growth and development.***

74. We recognize that multilateral trade negotiations in the World Trade Organization (WTO) have progressed unevenly and slowly, although we regard the approval of the Bali Package in 2013 as an important sign that we can reach significant agreements at global level. We reaffirm our commitment to strengthening the multilateral system, and we commit to work towards reducing fragmentation caused by international trade and investment agreements. We call on members of the WTO to ~~ratify the Trade Facilitation Agreement and~~ implement the Bali Package, ~~including~~ **especially** the implementation of the decisions taken in favour of LDCs.

COMMENT ON PARA. 74: ***1. The reference to ratifying the Trade Facilitation Agreement should be deleted as it is redundant considering that it is already part of the Bali Package and it gives undue special emphasis on an agreement that has been mainly promoted by developed countries. It is up to***

each country to decide on the appropriate timing of ratifying the agreement. If the TF is mentioned here, other issues such as the food security/public stockholding issue, may also have to be mentioned to provide balance. 2. There can however be the highlighting of the issues of the LDCs, since it is agreed that the trading system must most cater to the interests of LDCs; hence the need to change "including" to "especially".

75. Since the adoption of the Monterrey Consensus, developing countries **as a whole** have ~~dramatically~~ increased their share in world exports. **This is significantly due to the higher prices of their export commodities, but the level of these prices have recently declined. We also welcome the expansion in South-South trade and look forward to the continuation of this trend.** ~~South-South trade in particular has increased, partly due to the development of global value chains, in which the stages of production from design to the various steps in manufacturing to marketing and sales may take place in different locations around the world.~~ At the same time, LDC participation in world trade in goods and commercial services remains low and **there is need to boost the productive capacity of LDCs and ensure they have sufficient policy space and assistance to increase their export capacity. W**orld trade **also** seems unable to return to the buoyant growth rates seen before the global financial crisis. Regional integration has boosted trade growth **in some instances** and ~~must~~ **could** be further encouraged **if they are appropriate to the region's development objectives and enhance and allow the policy space for the implementation of sustainable development strategies. Free trade agreements (FTAs) should be carefully negotiated to provide a balanced outcome that especially benefits the developing country partners, especially if these agreements contain non-trade issues such as intellectual property and investment, and thus adequate flexibilities and special and differential treatment should be provided to them.** We will endeavour to ~~significantly~~ ~~increase~~ **ensure that** world trade **will proceed and expand** in a manner consistent with sustainable development **objectives and the SDGs**, **and** in particular to the benefit of **developing countries and** the LDCs.

COMMENT ON PARA. 75: IMPORTANT 1. There should not be exaggeration on the increase in the South's importance in world trade. It could be significantly transient due to commodity price boom, which is now fading. 2. The reference to global value chains in relation to South-South trade should be removed. There is some but not strong evidence. In any case, GVCs are dominated by lead firms in developing countries, who decided which

developing countries have the privilege of hosting their tasks and who ensure that most of the value-added are in the OECD countries (there is evidence for this). 3. There should be language to inject a degree of caution about the impact that North-South trade agreements may have on South-South regional integration and Southern development policy space. 4. Even with its problems, the multilateral, as opposed to the plurilateral, bilateral, regional, approach to trade expansion provides the broadest and fairest approach where all parties have the ability to bargain in a more equal manner, and features such as special and differential treatment have a stable role. FTAs tend to benefit some specific and narrow sectors, and often imbalanced in favour of the parties with the largest markets. The non-trade issues in North-South FTAs (investment, procurement, competition) are also disadvantageous or damaging to developing countries.

76. Development Agenda, and call on WTO members to redouble their efforts to successfully conclude the negotiations as soon as possible **with a balanced and pro-development outcome. Thus we** recommit to placing the interests and concerns of developing countries at the heart of these negotiations**, as stated in the Doha Ministerial Declaration. This should be operationalized through concrete outcomes in the direct development components of the negotiations, especially strengthening the WTO's special and differential treatment provisions and addressing implementation issues, as well as through operationalizing effective special and differential treatment and the observance of development principles in the market access components of the negotiations (agriculture, non-agricultural market access and services).** In accordance with the mandate of the Doha Development Agenda we urge WTO members to seek to correct and ~~prevent trade restrictions and~~ **the existing** distortions in world agricultural ~~and fishery~~ markets, including by the elimination of all forms of agricultural export subsidies and disciplining all export measures with equivalent effect, **and the substantive reduction of trade-distorting domestic supports in developed countries.** We also urge WTO members to commit to accelerate the accession of all developing countries, in particular LDCs, engaged in negotiations for membership in the WTO **on terms which are appropriate to the development needs and objectives of the acceding developing countries**.

COMMENT ON PARA. 76: IMPORTANT: This is a very important para dealing with the WTO Doha Agenda and the issues and language should reflect the interests of developing countries. Phrases, terms and nuances should be accurate in this regard.

1. The Doha negotiations should be concluded but with a balanced and pro-development outcome; this is an important point to make.
2. The long new sentence starting "This should be operationalize…" provides details of what a development-oriented outcome should be like, and this should be added.   3. In the WTO negotiations, agriculture and fishery sectors each have their own language. The two are not lumped together. It is best to remove the word " fishery". For example on fishery subsidies there is usually language on special and differential treatment (SDT) for developing countries and exemption for artisanal fisherfolk when talking about reducing fishery subsidies. By lumping agriculture and fishery subsidies together in the text, these nuances cannot be captured and thus it is the fishery subsidies issue that is being distorted here. If the text must include fishery subsidies, then this should be in a separate line by itself, and it should contain the nuances of SDT for developing countries and exemption for artisanal fisherfolk.   4. The agriculture subsidies that have to bveloping e disciplined include domestic subsidies or support, not just export subsidies, and this has to be mentioned.   5. The language relating to WTO accession should be improved; accession should not be WTO-plus with respect to acceding developing countries.

77. Members of the WTO reaffirm that the provisions of special and differential treatment (S&D) are an integral part of the WTO agreements. ~~We look forward to initiation of the monitoring mechanism to review and analyse implementation of specific S&D provisions, as agreed in Bali, including consideration of challenges faced by developing countries in utilizing those provisions.~~ **We re-commit to the mandate of the Doha Work Programme to review all special and differential provisions in the WTO Agreements, with a view to strengthening them and making them more precise, effective and operational, and call for the negotiations to produce adequate and concrete outcomes on this.   We also call for similarly effective outcomes on the implementation issues.**

COMMENT ON PARA.77: This language alludes to the 'Monitoring Mechanism' that was established in Bali, which is extremely weak as its mandate was only to review 'implementation' of S&D provisions and their utilization. It was not about strengthening the provisions themselves. In contrast, important to the Doha Round is para 44 of the Doha mandate which says that all S&D provisions 'shall be reviewed with a view to strengthening them and making them more precise, effective and operational'. The Africa

Group and LDCs in Geneva are currently using this much stronger Doha mandate to re-initiate a review process at the WTO to strengthen Special and Differential Treatment provisions because the Monitoring Mechanism adopted in Bali is very weak and will not provide developing countries with their desired results since the mandate is about analyzing implementation rather than about strengthening the special and differential treatment provisions.

78. We call for the full and effective implementation of decisions regarding duty-free quota-free market access, for products originating from the LDCs, consistent with the Hong Kong Ministerial Declaration adopted by the WTO in 2005 and the Bali decision in 2013 on duty-free quota-free access. We also will consider to further simplifying the rules of origin related to duty free quota free access **and preferential trade arrangements**. We support and will assist WTO members to take advantage of the flexibilities in the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs) to further the public interest**, especially** in sectors of ~~vital~~ importance for sustainable development, including public health, in particular to provide access to affordable essential medicines and vaccines for all, and **to technologies for mitigation of and adaptation** ~~responses~~ to climate change.

COMMENT ON PARA. 78: 1. The reference with respect to rules of origin should be to "preferential trade" as well as DFQF because not all preferential trade arrangements are provided for DFQF access. 2. TRIPS flexibilities should be used to further the public interest INCLUDING (and not only) in vital sectors of sustainable development. 3. The link between TRIPs and responses to climate change are with respect to technologies primarily, hence this link should be made clear and explicit through the proposed language.

NOTE: Should developed countries, in relation to the text on the implementation of duty-free quota-free market access, in the negotiations suggest that such provision of DFQF should ALSO be done by "emerging and middle-income developing countries" or "countries in a position to do so" , this should not be agreed to; the US has NOT yet implemented 100 percent duty free quota free market access for LDCs, and this would be an attempt to divert the issue of developed countries' commitment to LDCs, and to pit middle-income developing countries against LDCs.

79. We recognize the ~~significant~~ potential of regional economic integration **in developing countries** to promote growth and sustainable development.

while also recognising potential effects such as trade diversion. We commit to strengthen regional cooperation and regional trade agreements, where relevant **and appropriate to sustainable development needs and interests.** We urge the international community to increase its support to projects that foster regional integration, and call on regional and multilateral development banks, in collaboration with other stakeholders, to address gaps in trade and transport related regional infrastructure.

COMMENT ON PARA. 79: Regional cooperation and regional trade agreements have to be relevant and appropriate to the development needs of the countries involved, otherwise these could adversely affect development prospects and reduce policy space.

80. Recognizing that international trade offers opportunities, but also requires complementary actions at the national level, we call on all countries to implement sound domestic policies and reforms conducive to realising the potential of trade for sustainable development, **as well as adequate space for developing countries to implement the appropriate required policies.** We call for an increase in Aid for Trade to developing countries, in particular to LDCs, and we **also** welcome additional cooperation among developing countries to this end, **as a complement, not a substitute for developed countries' commitment.**

81. We will carry out negotiation and implementation of trade and investment agreements in a transparent manner to ensure that trade and investment treaties do not constrain domestic policies to reduce inequality, protect **health and** the environment, ensure adequate tax revenues, **ensure financial stability, or promote development objectives including food security and industrialisation.** We **welcome on-going discussions to review and reform investment treaties aimed at making them more balanced and to be in line with sustainable development objectives. In this regard, we** will **review provisions and** strengthen safeguards in investment treaties, especially by proper review of investor-state-dispute-settlement (ISDS) clauses, to ensure the right to regulate is retained in areas critical for sustainable development, including health, the environment, employment, **food security, industrial development,** infrastructure (including electricity and transport), public safety, macro prudential regulations and financial stability. **We request UNCTAD to continue its existing programme of meetings and consultations with member states to review investment agreements on ways to bring them in line with sustainable development objectives.**

COMMENT ON PARA. 81: IMPORTANT: This paragraph is very important, and can be strengthened to make the crucial point that trade and investment agreements should be in line with development objectives. There is bound be resistance even to the original text by some major developed countries and thus this para requires a strong advocacy and defence. If included without dilution, this paragraph will be one of the achievements of FFD3. There is already a para in the report of the Expert Group on Financing for Suatainable Development on the need to review investment treaties, which should at the least be replicated and built upon.

1. The additions in first sentence is to broaden the areas for policy space or not constraining domestic policies. 2. Good to have a line welcoming on-going discussions to review and reform the bilateral investment regime. 3. The review should be on provisions and not only safeguards. 4. Increase the scope to include food and industrialization. 5. UNCTAD is already holding well attended and high level meetings to review investment agreements. This should continue and the FFD Conference should give this UNCTAD mandate a boost.

NOTE : There is a big and increasing debate about the adverse impacts of bilateral investment treaties and investment chapter of FTAs, especially with regard to ISDS, as investors have made claims and won up to billions of dollars because of changes in government policies and regulations. Even European countries like Germany are now insisting there should be no ISDS clause in EU FTA with USA. Some developing countries have withdrawn from their existing BITS or not signing new ones based on the existing models. There is little evidence that investment agreements contribute to stable, transparent and predictable investment climates. Moreover, there is practically no evidence that investment agreements result in greater investment flows. A strong para on BITS in FFD would be very useful.

Debt and Debt Sustainability

82. We acknowledge that borrowing is an important tool for financing public and private investment critical to achieving the SDGs, including, for example, in infrastructure. Sovereign borrowing also allows government finance to play a countercyclical role over economic cycles. However, borrowing needs to be managed prudently **and lending to sovereigns should be conducted in a responsible manner**. Since the Monterrey Consensus, strengthened macroeconomic and public resource management

has led to a substantial decline in the vulnerability of many countries to sovereign debt distress, as has the substantial debt reduction accorded to the group of heavily indebted poor countries (HIPCs), as well as certain other countries. Yet many countries remain vulnerable to debt crises and some are in the midst of crises, including a number of SIDS and some developed countries. The international community must continue to support the remaining HIPC-eligible countries in completing the HIPC process, and assist other countries facing potential debt crises.

COMMENT ON PARA. 82: This additional text is needed in order to highlight that lenders also have a responsibility to ensure appropriate lending practices. This is in line with the UNCTAD guidelines on responsible borrowing and lending. Most importantly, lending activities should not be speculative or detrimental to borrowers' economic and social interests. Co-responsibility between lenders and borrowers should be emphasized.

83. The monitoring and prudent management of liabilities is an important element of comprehensive national financing strategies and is critical to reducing vulnerabilities. In this regard, debt sustainability ~~analysis~~ **frameworks** (DS~~A~~**F**) can be a useful tool to inform the level of appropriate borrowing, **recognizing that these require continued periodic review and revision**. We welcome the efforts of the **UN system, the** World Bank and the IMF to continue to improve the analytical tools for assessing debt sustainability and prudent public debt management. We also welcome ~~their and others~~ **the** efforts **of the World Bank, UNCTAD and others** to assist countries in strengthening their sovereign debt management and commit to strengthening technical assistance in this area. **We urge that official debt sustainability assessments pay explicit attention to the fulfillment of internationally agreed goals such as MDGs and SDGs.** We invite the IMF and the World Bank in an open consultative process with relevant stakeholders, to further strengthen their analytical tools for sovereign debt management, by for example better taking account of the growth-inducing effects of debt-financed public investment **and the impact of debt servicing on the realization of the SDGs**. **We also encourage the development of independent debt sustainability analysis from parties, including UNCTAD, which do not have a creditor relationship with affected countries to fulfill the standard of good governance at all levels.**

COMMENT ON PARA. 83: IMPORTANT: This is an important para that makes a link between debt sustainability and the ability of a country to finance implementation of its SDGs. The acceptance of such a link would be an achievement in the FFD3.

1. Include the UN system as UNCTAD is organising debt management courses for governments which should be recognised and work is going on in the UN (eg UNCTAD, DESA) on debt sustainability. The text should not only recognise IMF and World Bank. 2. The additional sentence on giving priority to fulfilling SDGs over debt servicing is to enable developing-country governments to have the resources to meet their SDG obligations, instead of heavy debt servicing channelling away such resources. Alternative language can also be developed. 3. The phrase "and the impact of debt servicing on the realization of the SDGs" is needed in order to link the World Bank and IMF's work on debt to the need for resources by developing countries for SDG implementation. Analyses of debt sustainability should incorporate the impact on debt servicing on the realization of the SDGs, otherwise the Addis outcome cannot be well associated as an MOI for the SDGs. 4. The IMF does not have technical assistance on debt management capacities. The largest multilateral institutions working in this area are the World Bank and UNCTAD. UNCTAD has been active in approximately 60 countries. 5. The addition of the last sentence above reflects the fact that UNCTAD has a large debt management team actively supporting debt management of many developing countries. Because they are themselves creditors, debt sustainability analyses by the World Bank and IMF suffer from credibility gaps because of the inherent conflict of interest.

84. We welcome the continuing activities of the Task Force on Finance Statistics in setting methodological standards and promoting public availability of data on public and publicly guaranteed sovereign debt and on total external debt obligations of economies**, including domestically-issued, externally-held debt,** and the revised and more comprehensive quarterly publication of debt data. To further enhance its work, we invite the Task Force to consider creation of a central data registry, including information on debt restructurings.

COMMENT ON PARA. 84: ***The suggested additional text highlights that for many developing countries, the debt problem may lie not only in terms of external debt contracted in foreign currency, but also domestically-issued debt that are held by non-residents, and domestic debt as a whole.***

~~85.~~ We reiterate that debtors and creditors must share responsibility for preventing and resolving unsustainable debt situations. In this regard, we acknowledge UNCTAD's principles on Responsible Sovereign Lending and Borrowing **already endorsed by some Member States of the United Nations**, and **we agree to continue work to build a global consensus, building on this initiative. We also acknowledge** the effort of the ~~Working~~

~~Party on Export Credits and Credit Guarantees of the~~ OECD to provide guidance to its members **"on sustainable lending practices in official export credits to low income countries"** ~~on responsible sovereign borrowing and on lending to sovereigns. We agree to work in the appropriate forums towards a global consensus on guidelines for debtor and creditor responsibilities in borrowing by and lending to sovereigns, building on existing initiatives.~~

COMMENT ON PARA. 85: 1. The mature work of UNCTAD on the Principles should be acknowledged and commitment given to continue to build consensus based on these principles. 2. It is very misleading to give wrong names to the OECD principles. The text is inaccurate on the OECD reference. The OECD worked on "Principles and Guidelines to Promote Sustainable Lending Practices in the Provision of Official Export Credits to Low Income Countries" in 2008. See link: http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=TAD/ECG%282008%2915&doclanguage=en. The OECD principles are much narrower than what is being suggested here. The principles aimed only at promoting coherence between export credits by Members and the IMF activities, and not on the much broader issue of responsible lending and borrowing. 3. The last line can be deleted and instead reference be made to build consensus based on the UNCTAD Principles, which already exist, instead of asking for new initiatives to develop Principles.

86. We affirm that in instances where governments face the need to restructure their repayment obligations, it is important that debt restructurings be timely, effective and fair. We believe that the aim of the workout from a sovereign debt crisis should be to restore public debt sustainability and to help the government and people reap the benefits of higher growth. In addition, the ability of countries to achieve sustainable development should be taken into account in debt restructurings. **In this regard, we believe debt sustainability analysis and criteria and debt restructuring exercises should take into account the capacity of governments to meet their commitments to implementing the SDGs. This builds on the concern we earlier advanced in the Monterrey Consensus in the context of the development goals contained in the Millennium Declaration (para. 49) and subsequently embodied in the Multilateral Debt Relief Initiative we adopted for HIPCs in 2005.**

COMMENT ON PARA. 86: IMPORTANT : It is very important to ensure that debt sustainability analysis takes into account what needs to be done by governments and their capacity to meet the SDGs. This has been alluded to in the original zero draft, and an additional text should be added, including reaffirming what had been agreed to in Monterrey regarding the MDGs.

87. We recognize that important improvements have been made since Monterrey in enhancing the processes for cooperative restructuring of sovereign obligations, including in the Paris Club of official creditors and in the market acceptance of new standard clauses of government bond contracts. Yet we acknowledge that the resolution of sovereign debt crises is governed by a loose set of arrangements. We recognize that there is room to improve the **involvement of the private sector in the resolution of debt crises and the** burden-sharing between public and private sectors and between debtors and creditors. This will require a design of international arrangements that minimizes both creditor and debtor moral hazard, and facilitates a fair and efficient restructuring, that respects the principle of shared responsibility. **The absence of an international system to manage debt restructuring is a weakness of international financial architecture as this has resulted in ad hoc restructuring by countries, or to the absence or postponement of restructuring, often until there has already been damaging consequences. We therefore welcome the decision of the UN General Assembly in its Resolution 68/304 to establish a multilateral legal framework for sovereign debt restructuring and commit to fulfill the mandate to reach an outcome during the 69th General Assembly, and we agree to engage in subsequent international discussions as may be warranted.** We welcome ~~the recent work on the IMF's lending framework and take note of~~ the ongoing work at the IMF, UNCTAD and the UN in this area.

COMMENT ON PARA. 87: IMPORTANT: The absence of an international debt restructuring mechanism is a major weakness of the international financial architecture. This para is therefore of great importance and should be strengthened. If the Addis outcome is to be part of the MOI for the SDGs, then it should incorporate the means by which growth and renewed access to external finance can be afforded to countries is a situation of sovereign insolvency.

1. There should be an explicit reference to the sovereign debt workout resolution (Res. 63/804) adopted by the UN General Assembly so as to give stress to this important initiative and commit to fulfil the mandate. The text should have a commitment by all to engage in the negotiations in the

working group to establish the mechanism. 2. The zero draft gives a privilege to the IMF work (which is on restructuring based on including including clauses in debt contracts) against the UNCTAD work (based on a legal framework for debt restructuring mechanism) . By using terms, "welcome" the IMF work and "take note of" UNCTAD and UN work, it implies the ongoing UN work is not as important. The implications is that only the IMF's "contractual approach" should be pursued and the rest is treated as side activities deserving of only being noted. This is even more so when the UN General Assembly's work on the multilateral framework for debt restructuring is not even explicitly mentioned. This carries the risk of killing the GA effort before it starts in earnest. The other additional texts that refer to the involvement of the private sector and to the non-bailing out of private creditors recognize that risk-taking private sector creditors should not be bailed out using public funds, particularly in cases where such risk-taking behavior contributed to the debt crisis or to capital flight.

88. We are especially concerned by the continuing ability of uncooperative minority bondholders to disrupt the will of the large majority of bondholders who accept a restructuring of a debt-crisis country's obligations. In this regard, we welcome the reforms to pari passu and collective action clauses proposed by the International Capital Markets Association, and endorsed by the IMF, to reduce the vulnerability of sovereigns to holdout creditors. We applaud the legislative steps taken in Belgium and the United Kingdom to impede these activities and encourage other financial centre jurisdictions to similarly take action. We also welcome provision of financial support for legal assistance to low-income countries facing these challenges and agree to boost international support for advisory legal services. **We welcome the resolution on vulture funds adopted by the Human Rights Council (Res. 68/304 , adopted 9.9.2014) and encourage its further work in this area.** We agree as well to explore enhanced international monitoring of litigating creditors' activities, strategies and incentives **in various fora.**

COMMENT ON PARA. 88: The additional text is needed to endorse the Human rights Council resolution on vulture funds, and to encourage further work in this Council and in other fora.

89. We note the increased issuance of sovereign bonds in domestic currency under national laws**, keeping in mind that domestic borrowing also has its risks and challenges**~~ and the desirability that the relevant guiding national legislation reflect internationally agreed principles and best practice of effective, timely and fair resolution of sovereign debt crises~~.

COMMENT ON PARA. 89: The zero draft language could have various implications since the content is not correct. For instance, there are no internationally agreed principles as paragraph 85 states and encourages the international community to work on it. In addition, some countries have revised their sovereign immunity laws to impede asset grabbing by foreign creditors. The language here opens possibilities to prevent efforts as such. Therefore the second line should be deleted and the additional phrase is added in the first line.

90. We appreciate that severe natural or economic shocks can undermine a country's debt sustainability and that public creditors have taken unilateral steps to offer to ease debt repayment obligations following an earthquake, a tsunami and in the context of the Ebola crisis in West Africa. We encourage consideration of further steps in this regard, including introducing specific contingencies in standard bond contracts that would automatically extend repayments as well as in the terms of inter-governmental lending, as in GDP-linked loans or other loans with a countercyclical repayment option that the French development agency currently offers to low-income countries. **We request the UN system to expand technical support to explore further work in this area.**

E. Systemic issues

91. We committed in Monterrey and Doha to build bridges between development, finance and trade organizations and initiatives, within the framework of the holistic Monterrey agenda. Since Monterrey we have become increasingly aware of the need to take much more serious account of **developmental and** environmental challenges~~, including natural disasters and climate change,~~ in our coherence agenda. We resolve to take measures to arrive at a stronger, more coherent and more inclusive international architecture to improve global governance for sustainable development.

COMMENT ON PARA. 91: ***The textual suggestions are intended to highlight that FFD is about development and not solely about environment. It is also not appropriate to only mention climate and disasters in this framing first para, although of course these two are among the priority issues for financing of developing countries.***

92. The 2008 world financial and economic crisis underscored the need for sound regulation of financial markets**, effective surveillance of policies in countries with disproportionately large impact on global economic conditions**, as well as the imperative of a global financial safety net. We

welcome the important steps that have been taken since Monterrey and particularly following the crisis in 2008 to reduce vulnerability to international financial disruption of development. The IMF and the World Bank played important countercyclical roles during the crisis. The IMF bolstered its lending capacity, and the world's principal financial centres have worked together to reduce sources of global financial volatility through stronger national financial regulation in a reform agenda whose completion remains a high policy priority. Nonetheless, regulatory gaps and misaligned incentives **and policies in some major economy countries** continue to pose risks to financial stability, and suggest a need to consider further reforms to the ~~global~~ **international** monetary system. **Because it uses resources from the public sector of the global community, we request that the application of the IMF's resources be made coherent with and aligned with sustainable development goals.**

COMMENT ON PARA. 92: 1. Text that talks about policy surveillance with respect to major economies whose policies have systemic impacts is needed in order recognize that this is a major issue in the international monetary system. 2. IMF lending itself should be called on to be coherent or aligned to the sustainable development goals (or "global goals").

93. The major economy countries among us commit ~~to continue~~ to strengthen international coordination of macroeconomic policies for greater global financial stability and sustainable development, acknowledging that national policy decisions can have systemic and far-ranging effects well beyond national borders**, particularly on developing countries**. In this regard, we welcome frameworks for swap lines among central banks of qualified countries supported by multilateral institutions.

COMMENT ON PARA. 93: ***This suggested text highlights that what needs to be looked at are the effects on developing countries.***

94. At the same time, we recognize the importance of strengthening **the governance of international financial institutions** ~~the permanent international financial safety net~~. The implementation of the 2010 reforms remains the highest priority for the IMF and we strongly urge the earliest ratification of these reforms. We remain committed to maintaining a strong and quota-based IMF, with adequate resources to fulfill its systemic responsibilities.

COMMENT ON PARA. 94: ***The suggested text makes the paragraph clearer in terms of indicating that it is about the governance of the IFIs. It is also not clear what is "the permanent international financial safety net"***

95. We invite the IMF to consider regular periodic allocations of special drawing rights (SDRs) to supplement IMF member countries' foreign reserves and to better support developing countries, including ~~LDCs~~ **by reforming the modalities of allocation of SDRs in favour of poorer countries**. We welcome new regional and sub-regional economic and financial cooperation initiatives ~~in coordination with the IMF.~~ We call on the relevant international financial institutions to further improve early warning of macroeconomic and financial risks **and improve their capacity to identify sources of global instability and to anticipate instability and crises with global repercussions**.

COMMENT ON PARA. 95: IMPORTANT. 1. ***The issuing of SDRs to support developing countries is a very good suggestion, as it can provide financing for developing countries at low cost (or even no cost, depending on the terms). The G77 and China had advocated this during the 2009 UNGA Financial Crisis conference. This idea in the text should be strongly defended. 2. Additional text in the first sentence highlights the need to improve the basis for SDR allocations. The present system allocates SDRs in line with the quota shares of IMF members, and thus is weighted against developing countries, especially those who little or no quotas. This basis for allocating SDRs can be reformed so that SDRs when issued are allocated on the basis of which countries are in need of external financing, i.e. the developing countries, especially the poorer ones, that have this need. 3. The additional text in the last sentence indicates the important role that the IFIs should play (but have not adequately done so), i.e. identify sources of instability and anticipate crises.***

96. We agree on the need to respect each country's policy space and leadership to establish and implement policies for poverty eradication and sustainable development. **This should be taken into account by countries when negotiating and implementing international economic commitments. Each country's ability to fashion an adequate national response to systemic risks should not be compromised. Governments require adequate 'de facto' and 'de jure' policy space in which to choose the policies that meet their development needs.** In this regard, we recognize the importance of capital account and macro prudential regulations, and will strengthen our support for capacity-building in monitoring, analyzing and forming policy on capital flow management**, including in source countries**. We are concerned about the volatility of commodity prices, including food prices. We call on relevant regulatory bodies to adopt

measures to ensure that these markets appropriately reflect underlying demand and supply changes**, to restrain the scope for speculative transactions in driving commodity prices** and to facilitate efforts to provide food producers with timely access to market information. We welcome the work by the Financial Stability Board (FSB) on financial market reform. We agree to hasten completion of the reform agenda on financial market regulation, including reducing the systemic risks of shadow banking, including markets for derivatives and repurchase agreements, ending the risk of "too-big-to-fail" financial institutions, and addressing cross-border elements in effective resolution of troubled systemically important financial institutions. We will continue to strengthen frameworks for macro prudential regulation and countercyclical buffers.

COMMENT ON PARA. 96: 1. The suggested additional texts relating to policy space and policy responses to systemic risks are highlighted so that international norm-setting activities take account of the need for policy space and reflect them in international norms or rules that may be developed. 2.The IMF itself has warned that trade (FTA) and investment (BIT, FTA) regimes curtail the policy space of countries by prohibiting or limiting regulation on capital flows, and this could cause financial crises that pose systemic risks, thus countries need policy space. (An IMF paper mentions in a footnote why FTAs and BITS hinder the possibility of countries being able to regulate capital flows and prevent instability). 3. De facto is in fact. De jure is in law. So this language simply gives a quite sophisticated argument for the need for trade and investment agreements to allow policy space to prevent financial crises. 4. Regulations in "source countries" of capital are needed to prevent financial speculation and volatile flows. 5. "Speculative transactions in driving commodity prices" provides detail to the problem of speculative food markets.

97. We acknowledge that we have not solved how to reduce financial regulatory reliance on credit rating agency assessments or promote alternatives to the "issuer-pays" model of credit ratings. We invite increased competition in the provision of credit ratings, including by establishment of public agencies, where appropriate. **We undertake to bring greater transparency to evaluation standards of rating agencies and to introduce measures to end conflicts of interest.** We will also continue to explore reform of compensation practices in our countries to incentivize greater long-term investment.

COMMENT ON PARA. 97: ***The problematic role of credit agencies has been highlighted by the G77 and China, and it would be good to include this issue here.***

98. We resolve to ensure that international agreements, rules and standards are consistent with each other and with **making** progress towards the SDGs, for example, those for trade, intellectual property rights, banking and insurance regulation, balance-of-payments management and accounting standards. To this end, we invite relevant international institutions, as well as private rule-setting bodies, to undertake 'coherence checks' and regularly publish reviews of the impact of their operations on the achievement of economic, social and environmental priorities and in particular the SDGs. **We undertake to explore the feasibility of establishing a global coherence and oversight mechanism within the UN system.** We encourage all international and national development finance institutions to align their business practices with sustainable development objectives, including through assessments of their impact on the enjoyment of human rights, including indigenous peoples' rights, progress toward gender equality, and ESG targets that they have adopted. We further invite all relevant international institutions to recognize the group of LDCs, to fully reflect the importance of fragility and structural constraints in achieving the SDGs.

COMMENT ON PARA. 98: ***The UN itself should have a coordination and coherence mechanism, aimed at sustainable development objectives.***

99. We recommit to broadening and strengthening the participation of developing and transition economy countries in international economic decision-making and norm setting. We agree to overcome obstacles to planned resource increases and governance reforms at the IMF. **We recognize the need for full participation of developing countries in the international standard-setting bodies. In this respect,** ~~W~~we welcome the expansion in the number of participants in meetings of the FSB and recommend consideration by the FSB, the Basel Committee on Banking Supervision and the other main international regulatory standard setting bodies to increase the voice and participation of developing countries, including in all of their subsidiary committees. As the shareholders in the main international financial institutions, we commit to open and transparent, gender-balanced and merit-based selection of their heads.

COMMENT ON PARA. 99: ***A new sentence is added to make the point of adequate participation of developing countries in international standard setting bodies. This is important since international standards bodies play a major role in setting up new norms that developing countries often have difficulties in complying with – e.g. in relation to trade, banking standards, IPR enforcement, health, environmental and sanitary and phytosanitary standards, technical barriers, etc.***

100. Recognizing the positive contribution that well-managed migration and mobility can play for inclusive growth and sustainable development, we will make efforts to enable the orderly, safe and regular migration and mobility of people, while protecting the rights of migrant workers in compliance with the ILO's fundamental conventions, as well as the rights of displaced persons. **We undertake to adopt measures to restore the balance between labour and capital in international mobility.** We also resolve to strengthen national institutions and enhance international cooperation to prevent violence and combat terrorism and crime, and end trafficking and exploitation of children. In this context, we commit to ensuring the effective implementation of the United Nations Convention on Transnational Crime.

COMMENT ON PARA. 100: ***The suggested additional text recognizes that because of the financialization of global integration, international capital mobility has moved much faster and farther than international labour mobility. The latter has benefited developed countries more than developing countries, while international labour mobility has been something that many developing countries have been pushing for in various multilateral negotiations in order to enable their works to have better access to higher paying work overseas.***

101. We resolve to strengthen the coherence and consistency of multilateral financial, investment, trade, and development policy and environment institutions and platforms, and increase cooperation of the major international institutions, while respecting mandates and governance structures. In support of this aim, we commit to take better advantage of United Nations forums for promoting universal and holistic coherence and international commitments to sustainable development, building on the vision of the Monterrey Consensus.

102. Achieving sustainable development for all, including the SDGs, will require coordinated and sustained action, at the local, national, regional and international level. For this purpose, we commit to a revitalized and strengthened global partnership for sustainable development, **especially**

between developed and developing countries. This global partnership embodies our collective commitment to mobilize the financial and technological resources needed and to direct them toward our common goals, **and especially towards developing countries.** We will further strive for coherence of our economic, environmental and social agreements and policies, which are negotiated in separate forums and implemented through different institutions. We will continue to build bridges between sustainable development, finance and trade organizations and initiatives, within the framework of the holistic agenda of this Accord. We will work in partnership with all stakeholders, recognizing their different responsibilities and capabilities, and we commit to monitoring and reviewing our progress in implementation in an adequate, transparent, evidence-based and participatory manner, to ensure mutual accountability.

COMMENT on para 102. IMPORTANT: This para is on global partnership, a key issue for developing countries. However there is no mention of partnership of developed and developing countries and that it is the developing countries that should benefit from this partnership. Thus the additions to the text are important.

F. Technology, innovation and capacity building

IMPORTANT NOTE: Technology was not a stand alone topic in FFD2 (Doha). Whether such a section should be in this document should be considered as a strategic issue. Perhaps the zero draft drafters wanted to "import" this MOI issue from the post 2015 agenda into the FFD outcome. If there was no SDG or Development Agenda process taking place at the same time, it is unlikely that this zero draft would contain this technology. The comments are made in this section tentatively in order to allow a preliminary assessment of this section's contents.

103. Technology, innovation and capacity building are critical to achieving sustainable development. We are currently witness to significant advances in a wide range of science and technology fields, which, if not harnessed properly, will enable great progress for people and planet. Innovation and diffusion of new technologies is a powerful driver of economic growth and employment creation. New vaccines and medicines will support advances in health. Information and communication technologies (ICT) drive technological progress in a wide range of sectors and have made the diffusion of information easier, which offers great opportunities for

education. New technologies and technological diffusion will be key to attain more climate-resilient and resource-efficient development, including through low carbon energy sources and systems. Technology, innovation and capacity building can also promote gender equality and facilitate sustainable production and consumption patterns, resilience against natural disasters, climate change and other shocks, and support the protection of the environment, including preventing deforestation and desertification. However, we note with concern the uneven innovative capacity and access to technology both within and between countries **but particularly weak in many developing countries and LDCs**, ~~as shown for example by~~ **resulting in** a persistent "digital divide"~~, particularly for LDCs~~ **between developed and developing countries**.

COMMENT ON PARA. 103: ***The paragraph is rather neutral (as between North and South) failing to recognize that developing countries and LDCs face more technology constraints than other countries. Thus the proposed addition.***

104. We agree to craft policies that support innovation in areas that can spur sustainable and inclusive growth and increase access to basic services at reduced costs. We recognize the importance of an enabling, regulatory and governance framework in nurturing innovation in both developed and developing countries, including for adaptation of existing technologies. We acknowledge that transferring technology requires an elaborate process of knowledge sharing and adapting technology to meet local conditions.

105. To encourage innovation, countries should remove barriers to entrepreneurship and increase support for research and development, and foster cooperation, including among academia, industry, government, civil society and innovation laboratories. We affirm that regulatory environments that are open, non-discriminatory, transparent, and collaborative can further our efforts substantially by enabling entrepreneurs, scientists, and investors to collaborate and compete in the global marketplace on the merits of their ideas and innovations.

106. Given its entrepreneurial nature, the private sector plays a critical role in fostering innovation and technological development. At the same time, we recognize that private capital is sometimes unwilling to invest in innovation and technologies most necessary for sustainable development, given the high risks and uncertain returns associated with many investments. We underline the importance of public financing and policies, along with development cooperation, to promote research and development, and **development of mechanisms for the** diffusion and transfer of technologies

~~on mutually agreed terms~~, particularly to developing countries. Public funding can also be used to ensure that critical projects remain in the public domain. To overcome funding gaps for early stage sustainable technologies and support adaption of clean late-stage technologies, we will consider setting up innovation funds where appropriate, on an open, competitive basis that incentivizes ~~collaboration among~~ **innovation by local** private and public actors, **as well as appropriate collaboration among them**. We recognize the value of a "portfolio approach" in which public and private venture funds invest in diverse sets of projects to diversify risks and capture the upside of successful enterprises.

COMMENT ON PARA. 106: ***The phrase "mutually agreed terms" should be deleted as it conditions technology transfer to mutual agreement which could ultimately result in no technology transfer actually taking place. Additionally, in the context of sustainable development, Principle 9 of the 1992 Rio Declaration on Environment and Development does not condition technology transfer to mutual agreement. The diffusion and transfer of technology need not always be on mutually agreed terms. Developed countries can put in place incentives e.g. tax incentives to facilitate transfer of technologies to developing countries and LDCs. Often local private actors as well as public actors can innovate on their own without engaging in public –private partnership. An innovation fund should prioritize local actors as well as collaboration among both the actors.***

107. In this context, we agree to adopt science, technology and innovation (STI) strategies as integral elements of our national sustainable development strategies. These strategies help strengthen the environment for knowledge sharing and collaboration among all stakeholders, including through sound regulation and balanced intellectual property rights regimes **suitable to national development needs and conditions**. We will also scale up investments in science, technology, engineering and mathematics (STEM) education, and enhance technical and vocational education and training, ensuring equal access for women and girls and encouraging their participation. We will significantly increase access to ICT and strive to provide universal and affordable access to the internet in the LDCs by 2020. In addition, we underscore the need to increase R&D in areas critical to sustainable development.

COMMENT ON PARA. 107: ***The proposed phrase "suitable to national development needs and conditions" is needed because the IPR regime has to be appropriate to the country's circumstances in order to make sure that IPRs***

do not become a barrier to the country's achievement of its technological and industrialization development objectives.

108. We will increase international cooperation and collaboration on innovation and scientific research, building on existing initiatives, and acknowledging the important role that South-South cooperation and triangular cooperation can play in this regard. We will step up international collaboration in scientific research focusing on specific needs of developing countries, including those related to the achievement of the SDGs, and to adopt open access to research as a general principle for publicly funded research projects. ~~To this end, we will scale up support to PPPs targeting technology development and diffusion in priority areas, including low-carbon climate-resilient technologies, climate-resilient agriculture, sustainable urban development (transport, buildings, food and service provision) and vaccines and medicines.~~ We commit to allocate ODA for technical support to national science, technology and innovative applications, such as hydro-meteorological information and early warning systems, including through human capacity development in developing countries, in particular LDCs.

COMMENT ON PARA 108: ***The deleted text unconditionally commits to increase support PPPs in so many sectors, without pointing out the many problems and weaknesses of PPPs. This seems to give priority exclusively to PPPs, which distorts the reality, as PPPs are often not the solutions to enhancing technology development*.**

109. We highly value the research and development of vaccines and medicines for the communicable and non-communicable diseases that primarily affect developing countries. **We support in this context the implementation of the WHO Global Strategy and Plan of Action on Public Health, Innovation, and Intellectual Property** ~~and will increase our support of the work of Gavi, The Vaccine Alliance, in incentivizing such innovation and improving equal access to new and underused vaccines~~. **(SANGEETA)**We **call on all stakeholders** ~~also commit~~ to further increase investment in agricultural research and development, and ~~call on the Consultative Group on International Agricultural Research (CGIAR) to strengthen long-term partnerships with the private sector, academia, and civil society~~ to accelerate the development, demonstration and diffusion of sustainable agricultural technologies**, bearing in mind the need to ensure fair and equitable sharing of benefits arising from the commercial or other utilization of genetic resources with the country providing such resources**. We agree to continue efforts to upgrade technology for modern and

sustainable energy services for all, particularly LDCs and SIDS~~, and welcome the Secretary-General's Sustainable Energy for All initiative as a useful framework in this regard~~.

COMMENT ON PARA. 109: ***1. The work of the WHO Global Strategy is supported by developing countries in WHO and should be mentioned here especially as WHO is a UN and universal agency. See http://www.gavi.org/about/gavis-business-model/the-business-model/. The WHO Global Strategy also speaks about R&D in developing countries and can be found at http://www.who.int/phi/implementation/phi_globstat_action/en/. The WHO Executive Board recommended that this Global Strategy be extended until 2022. See http://www.ip-watch.org/2015/02/03/who-board-recommends-extension-of-plan-for-health-innovation-ip/?utm_source=IP-Watch+Subscribers&utm_campaign=85200f200f-DAILY_SUMMARY&utm_medium=email&utm_term=0_b78685696b-85200f200f-352130653. It is not good to mention the other agencies and projects as this would provide them with unconditional support. 2. GAVI is essentially about procuring medicines rather than about supporting R&D and incentivizing innovation. 3. It's not clear why CGIAR has been singled out. In any case the main issue is to incorporate language speaking about fair and equitable benefit sharing arising from the utilization of genetic resources. This is language from Article 15 of the Convention on Biological Diversity***

110. We welcome additional recent developments of global investment in research, development, diffusion and capacity building, including the UN Commission on Science and Technology for Development, the Climate Technology Centre and Network's advisory services, the World Intellectual Property Organization's (WIPO) capacity building, and the World Bank's Climate Investment Funds (ClF). We hope to build on these mechanisms, to spur innovation of clean technologies, increase capacity development, close the technology gap and help developing countries move up value chains.

111. We invite specialized agencies, funds and programmes of the United Nations system with technology-intensive mandates to **promote measures that eliminate barriers to access to affordable technologies and** further promote the development and diffusion of relevant technologies and capacity building through their respective work programmes. We commit to strengthen coherence and synergies among technology transfer initiatives within the UN infrastructure.

COMMENT ON PARA. 111: ***There should be an explicit call to eliminate barriers to access to affordable technologies, rather than simply call for development and diffusion of technologies.***

112. Based on the recommendations from the structured dialogues on a facilitation mechanism to promote the development, transfer and dissemination of clean and environmentally sound technologies, we support the proposal of the Secretary General**, in consultation with UN Member States and the approval of the UN General Assembly,** to establish an online global platform, building on and complementing existing initiatives, in partnership with all relevant stakeholders **if appropriate**. The global platform will map existing technology facilitation mechanisms, needs and gaps, including in areas vital for sustainable development, including environment, agriculture, cities and health. It will enhance international cooperation and coordination in this field, address fragmentation and facilitate synergies, including within the United Nations system, and promote networking, information sharing, knowledge transfer and technical assistance, in order to advance the scaling up of clean technology initiatives. We welcome the identification of further steps in line with our shared objectives to accelerate technology facilitation.

COMMENT ON PARA. 112: ***The original paragraph is turning the UN into a multistakeholder forum, which it should not be. The platform should be developed in consultation with UN member states and subject to the endorsement of the UN General Assembly.***

113. We look forward to the recommendations of the High-Level Panel on organizational and operational functions of a proposed technology bank for LDCs, and commit to expeditiously establish and make fully operational the technology bank and the science, technology and innovation supporting mechanism dedicated to LDCs, based on the outcome of the High-Level Panel's report. We will work towards enhancing ICT infrastructure development and capacity building in LLDCs and SIDS.

114. In addition, we will work to assure policy environments conducive for technology development, **transfer** and dissemination as well as ~~balanced~~ **appropriate development-oriented** intellectual property rights (IPR) regimes, **placing knowledge and technologies in the public domain and full utilization of flexibilities under the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) of the WTO including** ~~including the application of TRIPS flexibilities fully consistent with sustainable development strategies and the necessary consideration of~~

~~knowledge and technologies in the public domain and under~~ compulsory ~~and public~~ licenses **and government use.**

COMMENT ON PARA. 114: 1. Technology transfer is missing and must be re-instated. Technology 'dissemination' is a non-standard term. The use of the term "technology development and dissemination" will mean a shift away from the long-standing use of "technology development and transfer" in many international agreements such as the UNFCCC, CBD, Desertification Convention, 1992 Rio Principles, 2002 Johannesburg Plan of Implementation, 2012 Rio+20 Outcome Document, 2002 Monterrey FFD, etc. Allowing such a change of the term will open the door to a dilution of these long-standing commitments of developed countries to provide technology transfer as a means of implementation for developing countries. There is a big conceptual difference between "dissemination" and "transfer." "Dissemination" is a passive act that does not require developed country governments to actually move the technology and know-how to developing countries (relying instead on commercial market mechanisms to do so such as international) while "transfer" requires an active act on the part of developed country governments to engage directly with developing country governments in order to build up the latter's domestic technological capacities and know-how so that they can produce their own endogenous technologies later on. 2. The addition of the phrase "appropriate development-oriented" is needed to replace "balance". There is now in WIPO a programme on a Development Agenda which was adopted in 2005 and is currently being implemented. 3. It is better to state "full use of TRIPS flexibilities". 4. The replacement of the term "public" with "government use" is in order to make it technically accurate.

G. Data, monitoring and follow-up

COMMENT ON SECTION H: ***In this section, developing countries can think of bringing up two issues. First, the official data on FDI do not distinguish between greenfield FDI and Mergers & Aquisitions. This gap needs to be closed. Also we need detailed sectoral data on FDI. Second, debt statistics are highly inadequate regarding the currency and jurisdiction (local versus international) composition of external debt. They often do not include locally issued, externally held debt. This gap needs to be closed in view of growing importance of local bonds held by non-residents.***

115. We will seek to improve the availability of sufficiently disaggregated financing data, including gender-disaggregated data, as well as data on other means of implementation, and to strengthen the capacity of our national statistical offices and systems. We call on relevant international financial institutions to strengthen and standardize data on domestic resource mobilization and other streams of finance. In support of this effort, we commit to enhance capacity building and promote sharing of experiences and expertise among developing countries, and to provide adequate financial support to enable developing countries and LDCs and SIDS in particular, to increase collection and publication of high quality, timely and reliable data in support of the post-2015 development agenda.

116. We recognize that greater transparency is essential. To this end, we welcome proposals on improved statistical indicators of financial and technical cooperation for sustainable development by all official providers and, separately, for development assistance from foundations and other non-governmental providers.

117. Greater transparency can be achieved by publishing timely, comprehensive and forward–looking information on development activities in an independent, standardized, open, electronic format. We will learn from and strengthen existing initiatives and open data standards. A focus on data and statistical systems at the country level will be especially important in order to strengthen domestic capacity and accountability. Targeted support will be needed for this effort.

118. To reach the commitments agreed in this Accord, we commit, in particular, to assist countries in collecting data on domestic flow of funds, including sources, uses and allocation to sustainable development activities by contributing to strengthen national statistical authorities. We also request the UN Statistical Commission, working with the relevant international statistical services and forums, to facilitate enhanced tracking of data on all cross-border financing and other economically relevant flows that brings together existing databases, and to regularly assess and report on the adequacy of international statistics related to financing for sustainable development.

119. We further call on the United Nations and the IFIs to develop a broader metric of well-being than GDP as a sustainable development indicator, which recognizes the multi-dimensional nature of poverty and the social, economic, and environmental dimensions of domestic output.

120. Mechanisms for monitoring progress will be essential to the achievement of the post-2015 development agenda, including the SDGs and the means of implementation. We commit to monitor progress in implementing the agreements in this Accord in a transparent manner and with full multi-stakeholder participation, and to strengthen mutual accountability for development results.

121. A strengthened follow-up process will need to monitor and review implementation of this Accord, comprising the overall financial, trade and investment policies of the global partnership for sustainable development, and ensure coherence and synergies across policy actions. To achieve this, it will be necessary to ensure full participation of ministries of finance, economic development, trade and development cooperation, central banks and financial regulators, as well as the major institutional stakeholders, other MDBs, the OECD, the FSB, other relevant institutions, civil society and the business sector in the relevant processes and fora.

122. We recognize that one of the most important mechanisms to reach our goals is capacity building and peer learning. National initiatives should be supported by the international community. We call for follow-up at the regional level, with the support of relevant regional and other institutions. We encourage the United Nations regional commissions, in cooperation with regional banks and other organizations, to strengthen platforms for peer review and learning on priority thematic aspects of the global partnership reflected in the present Accord. We invite countries and Regional Commissions to report regularly on their progress and to share lessons learned with the global community.

123. To strengthen follow-up on the global level, we request the Secretary-General to convene an inter-agency Task Force, including the major institutional stakeholders, to report annually on progress in implementing the present Accord and to advise the intergovernmental follow-up thereto on critical implementation gaps and recommendation for corrective action. The report on progress and critical gaps in implementing the global partnership for sustainable development will also be considered by the High-level Political Forum on Sustainable Development, as part of the review mechanism to be established to monitor and review the implementation of the sustainable development goals and its means of implementation. We invite relevant international institutions, regional and other development banks, academia, think tanks, civil society and business to provide input to the inter-agency task force.

124. We ~~will consider the need to hold~~ **agree on** a follow-up international conference to review and further advance the implementation of the Addis Ababa Accord by 20~~XX~~**20**.

COMMENT ON PARA. 124: The zero draft text holds having a follow-up conference hostage to future negotiations on the issue in the UN General Assembly, which renders it uncertain. The text should clearly and explicitly already set out a mandate for the holding of the follow up conference by a certain date – i.e. 2020.

General Comment: The follow up paras (123, 124) are weak. Thus it is important to reflect on what kinds of follow up (besides the UN inter-agency task force and a follow up FFD conference) should be suggested. Should the follow up institution be the FFD office in DESA? What is the role of High Level Panel on Sustainable Development? What is the link between the FFD3 outcome and the Development Agenda and the SDG's Global Partnership for Development? What are the concrete activities for FFD follow up?