Second Drafting Session for the outcome document of the Third International Conference on Financing for Development (FfD)

Statement on behalf of UNICEF

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Distinguished Co-Facilitators,

I have the honor to deliver this statement on behalf of the United Nations Children's Fund.

At the outset, I would like to convey our appreciation to the Co-Facilitators for an ambitious and aspirational zero draft of the FfD Outcome document. We welcome especially that the needs of children, youths, and young people are now acknowledged in several key locations of the document, including the opening paragraph. We urge Member States to protect and strengthen references to the wellbeing and needs of children during this week's discussions and in the following negotiations of the Addis Outcome document.

We welcome statements during this drafting session from the G77 and EU, Canada, Mexico, Palau, and Rwanda about the importance of investing in children and the need for gender- and age-disaggregated data on spending and results.

Allow me to make the following suggestions to strengthen commitments to children in the next draft of the Addis Outcome document. The annex to this statement includes detailed proposals for revised language.

I. Acknowledge the importance of investing in children in a central location of the Addis outcome document.

Investing in all children is a moral and legal obligation as enshrined in the *Convention on the Rights of the Child*. It is also among the smartest investments we can make for social cohesion, robust economic growth, and sustainable development. For example, research by leading economists from the *Copenhagen Consensus* indicates that investments in children have among the highest economic returns in a set of interventions evaluated by the authors.[1]

The draft outcome document can be strengthened by inserting the following paragraph in Section I of the document (e.g. after para 6).

[1] For instance, increasing access to early education has 33 dollar Return on Investment (ROI) for every dollar spent. The same researchers show that the global economic impacts and costs resulting from the consequences of physical, psychological and sexual violence against children can be as high as $7 trillion dollars or 11 per cent of global GDP. Similar results are reported in the work of Economic Nobel Laureate James Heckman.

"We recognize that investing in children is critical for achieving inclusive, equitable and sustainable human development for present and future generations, and delivers benefits to society and the economy at large. We reaffirm that the general principles of the Convention on the Rights of the Child provide the framework for all actions concerning children".

We also suggest the following amendment in paragraph one:

"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, starting with the health, education, and protection of our children, the foundation of the future. 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."

II. Continue the positive momentum of investing in children

Spending on key services, such as education and health, improved in most parts of the world since Monterrey. Increases were particularly strong in low and middle income countries. Member States can build on this momentum, by committing to continue to provide adequate resources to sectors that matter most to children.

- In addition to minimum spending targets for basic services included in the zero draft we propose voluntary commitments to increase child-sensitive investments as economies grow, and to safeguard momentum of social spending during fiscal consolidation (paras 32 and 95).
- Increase investments in sectors that have large proven returns for children but are traditionally underfunded, such as nutrition, Early Childhood Development and child protection. References to these interventions can be included in paras 31-32 and 69-70.

III. Improve <u>how</u> resources are spent

Looking beyond aggregate spending targets much progress can be made by strengthening the equitability and effectiveness of spending on the ground.

- Equity-focused investments in particular have been shown to yield high returns on the dollar when compared to mainstream interventions.[2] We would welcome attempts to strengthen language on **equitable development** in the zero draft, especially in sections on domestic resource mobilization and basic service provision (paras 11, 30-32).
- Governments can also make progress by committing to improve how they report on services and investments for children. Disaggregated reporting on spending and results by gender **and age group** would enable governments and stakeholders to monitor how conditions for children improve over time (para 115).

IV. Build a strong global development partnership by targeting ODA to countries and populations most in need

Improvements for children will not be achieved in many parts of the world without a renewed development partnership. UNICEF welcomes efforts by developed countries to honor existing commitments to allocate 0.7 % of their GNI to ODA and to halt the decline in ODA flows to the poorest countries (para 56, 57). We also welcome proposals to use ODA to catalyse and leverage additional resources from domestic and public and private sources (para 58), especially in MICs. We propose the following additions.

- Ensure that the relative share of ODA to LDCs does not diminish as developed countries increase their ODA allocations to 0.7% of GNI. Currently around a third of total ODA is allocated to LDCs. This would translate into a higher allocation of ODA to LDC than the currently proposed 0.15-0.2% benchmark, once developed countries achieve the 0.7% of GNI to ODA target (para 56). A revised benchmark of 0.25-35 % of developed countries' GNI to LDCs in ODA would stabilize or increase the share of ODA flowing to poorest countries, once the target of 0.7% of GNI to ODA is achieved.
- Recognize new development partnerships and initiative in areas with the greatest financing needs and the highest expected additional impacts for children. Examples include new partnerships in areas of maternal and child health, nutrition, water and sanitation, and child protection (paras 69-70).
- Acknowledge increased financing needs related to the growing frequency and severity of humanitarian and climate change-related emergencies. This can be accommodated in paragraphs 60-61 and by including the response to humanitarian and climate-related disasters as an additional priority for new innovative sources of development finance in para 62 of the draft.
- UNICEF also supports new proposals from Member States (Korea, Norway, UK) to better align FfD with humanitarian finance, in order to address increased funding needs arising from humanitarian, health-, and climate change-related emergencies.

[2] For example, a modelling exercise published in *The Lancet* suggests that for each $1 million invested in improving preventive and primary care in deprived communities, approximately 160 under-5 deaths could be averted in LDCs, as opposed to 84 deaths averted under more mainstream interventions.

Annex 1: Proposed language

Para	Proposed language
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, starting with the health, education and protection of our children, the foundation of the future. 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.
6a	We recognize that investing in children is critical to achieving inclusive, equitable and sustainable human development for present and future generations, and delivers benefits to society and the economy at large. We reaffirm that the general principles of the Convention on the Rights of the Child provide the framework for all actions concerning children.
11	Ensuring equal opportunities to attain productive and healthy lives, including by 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 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, delivering education and essential health services to all our children, and protecting them from all forms of violence, exploitation and abuse, including ~~those~~ in fragile and conflict affected states. We agree to explore the most effective, efficient and coherent funding modalities to do this, including 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
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. In this regard, we agree to strengthen our domestic governance and institutions, to improve reporting on budgets and results, and to further combat corruption at all levels. We also agree to incorporate sustainable development, and promote equity, including 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.
30	Our financing policies, both domestic and international, will be guided by the need to achieve sustainable and equitable 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, especially for our children. 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 access to essential health services ~~care~~ and early childhood, primary and lower secondary education of good quality 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 of children and youths and in the untapped potential of women's human capital through inclusive social policies, including on health and education, in accordance with national strategies.
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 universal health coverage and education. Available data indicates that in general, the minimum required to provide essential public services is ~~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 agree to complement national efforts with international support, particularly to LDCs, countries with limited resources 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. We encourage countries with spending levels above the minimum benchmark, but significantly below the average spending levels of advanced economies, to progressively increase per capita spending on services for the most vulnerable populations as their economies grow. We also commit to not allowing – to the extent possible- that expenditures on public services that are critical for the provision of basic services and safety nets are reduced in times of economic hardship.
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 and to respect the rights of the most vulnerable populations, including children.
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. 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~~ 0.25-0.35 percent 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.
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, including in middle income 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 countries, and welcome the agreement of members of the OECD Development Assistance Committee to reverse the declining trend of aid to LDCs.
60	We reaffirm the importance of meeting in full existing commitments under international conventions, including on climate finance and other key global challenges, including humanitarian emergencies.[3] We recognize that funding from all sources will need to be stepped up for investments in many areas, including for low-carbon and climate resilient development, conservation of biodiversity and combatting land degradation and desertification, science, innovation and new technologies. We welcome pledges made to the initial capitalization of the Green Climate Fund, 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.
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 and responses to climate shocks and humanitarian emergencies into the international development finance architecture to ensure the sustainability of development results. We

[3] Acknowledging that the United Nations Framework Convention on Climate Change and the World Humanitarian Summit are the primary international, intergovernmental fora for negotiating the global response to climate change and humanitarian emergencies respectively.

	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.
62	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 by the Leading Group on Innovative Financing for Development. We encourage additional countries to voluntarily join in implementing the agreed mechanisms and to 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 additional tobacco taxes. These sources should be additional, and disbursed in a manner that respects the priorities of developing countries, and does not unduly burden them. They should also address financing needs arising from the increased frequency and severity of climate-related shocks and humanitarian crises.
64	We note with concern that when countries graduate to middle income status, they often lose access to sufficient finance to meet their needs. We encourage MDB shareholders to apply criteria flexibly and give favourable 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, including poverty and basic needs deprivation, vulnerability, debt level, ability to mobilize domestic resources, access to other sources of finance and the type and expected poverty impact 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).
69	Global partnerships have been particularly effective 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 countries, especially in LDCs and SIDS. We also recognise the impact of global programme partnerships in areas related to health, including the Sanitation and Water for All and the SUN Scaling-up Nutrition Partnerships.
70	It will be impossible to deliver education to all children without successfully reaching the most vulnerable children, including those 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 support developing countries, including fragile and conflict affected states and states where the need for education provision outstrips the capacity of national governments, to ensure that all girls and boys complete free,

	equitable and quality early childhood, primary and lower secondary education leading to relevant and effective learning outcomes.
70a	We also welcome the decision to launch a new global partnership, and associated fund, to protect children from all forms of violence, exploitation and abuse, and urge all countries to play a full role in ensuring that children no longer live in fear.
95	We invite the IMF to consider regular periodic allocations of special drawing rights (SDR) to supplement IMF member countries' foreign reserves and to better support developing countries, including LDCs. 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. We also encourage the IMF and Member States to continue to make every possible effort to protect spending on basic social services and safety nets for the most vulnerable in times of economic adjustment.
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. We will also scale up investments in science, technology, engineering and mathematics (STEM) education at all levels, and, working with the private sector, 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.
115	We welcome the progress achieved by many countries towards improved public financial management and performance-oriented budgeting. We will seek to improve the availability of sufficiently disaggregated ~~financing~~ data on financing and results, including disaggregation by gender and age, as well as data on other means of implementation, and to strengthen the capacity of our national statistical offices, sector ministries and systems. We call on relevant international financial institutions to strengthen and standardize data on domestic resource mobilization, spending, 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.