

2017 ECOSOC Forum on Financing for Development follow-up**Outcome document – Revised draft**

1. We, ministers and high representatives, met in New York at United Nations Headquarters from 22 to 25 May 2017 for the second ECOSOC Forum on Financing for Development follow-up. We reaffirm our strong commitment to the full and timely implementation of the Addis Ababa Action Agenda of the Third International Conference on Financing for Development, which builds on the Monterrey Consensus and Doha Declaration. To this end, we assessed progress and identified obstacles and challenges to the implementation of Addis Agenda. We reiterate our goal to end poverty and hunger, and to achieve sustainable development in its three dimensions through promoting inclusive economic growth, protecting the environment, and promoting social inclusion. We recognize that the Addis Agenda provides a global framework for financing sustainable development and is an integral part of the 2030 Agenda for Sustainable Development (2030 Agenda), supports and complements it and helps to contextualize its means of implementation targets with concrete policies and actions. In this regard, we reaffirm the importance of policy coherence for sustainable development at all levels.

Global context

2. We express concern about the significant impacts of the challenging global environment in 2016 on national efforts to implement the Addis Agenda. Challenges include not only economic factors, such as difficult macroeconomic conditions, low commodity prices, subdued trade growth and volatile capital flows. They also include natural disasters, climate change, environmental degradation, humanitarian crises and conflicts. The current global trajectory will not deliver the goal of eradicating poverty in all its forms and dimensions by 2030. In order to reverse this trend, we will take concrete and immediate action to create the necessary enabling environment at all levels for the achievement of the 2030 Agenda and accelerate national efforts to implement the Addis Agenda. We undertake to pursue global development and a win-win cooperation, which can bring huge gains to all countries and all parts of the world. We encourage strengthening international cooperation that supports policies and programmes to increase public and private, domestic and international investment in sustainable development and generates employment. We take note with appreciation of the first substantive report of the Inter-agency Task Force (IATF) on Financing for Development and note that progress can be reported in all seven action areas of the Addis Abba Action Agenda while acknowledging that many implementation gaps remain.
3. We recommit to ensuring that no one is left behind, and to focusing our efforts where the challenges are greatest, including by ensuring the inclusion and participation of those who are furthest behind. We reaffirm the importance of addressing the diverse needs and challenges faced by countries in special situations, in particular African countries, least developed countries (LDCs), landlocked developing countries (LLDCs) and small-island developing States (SIDS), countries in conflict and post-conflict situations, as well as the specific challenges faced by middle-income countries. In this regard, we commit to supporting the implementation of the relevant plans of action.

Cross-cutting issues

4. We reaffirm that achieving gender equality, empowering all women and girls, and the full realization of their human rights are essential to achieving sustained, inclusive and equitable economic growth and sustainable development. We recognize that the economic losses due to a lack of progress in achieving gender equality and women's empowerment are significant. Globally, it is estimated that GDP could increase significantly if every country achieved true gender parity. We welcome efforts to design and implement gender-responsive budgets at the national and local level and its contribution to transparency and equal participation in revenue and expenditure decisions. We will continue to pursue policies and actions that seek to advance gender equality and women's and girl's empowerment. We encourage institutions, both domestic and international, including development banks, which influence infrastructure investment choices, to consider the impact of their investments on gender equality and the empowerment of women, in particular by closing the gender gap with increased participation of women in the labor force.
5. We reaffirm that reorienting investment in quality, reliable, sustainable and resilient economic and social infrastructure, including renewable energy sources, is a core component for achieving the Sustainable Development Goals (SDGs). As investment growth has slowed over recent years, we recognize that additional public and private investment and financing will be required to meet the large investment needs associated with the SDGs, particularly in infrastructure in developing countries, and especially in the LDCs. We recognize the important roles of national, regional and multilateral development banks in channeling long-term development finance to infrastructure in developing countries, especially in the LDCs. We welcome the holding of the second Global Infrastructure Forum on 22 April 2017. We take note of its outcome and call on the forum to give due priority to transit and transport development. We recognize the potential of modalities such as appropriately designed risk sharing instruments, including co-investments, public-private partnerships, and guarantees, as well as innovative mechanisms. We support enhanced capacity building to develop bankable and implementable infrastructure projects in developing countries. We stress the critical importance of industrial development for developing countries, as a critical source of economic growth, economic diversification, and value addition as a means to achieve structural and economic transformation in developing countries. We will increase our efforts to invest in promoting inclusive and sustainable industrial development to effectively address major challenges, such as sustainable growth and jobs creation, resources and energy efficiency, pollution and climate change, knowledge-sharing, innovation and social inclusion. In this regard, we also welcome the relevant cooperation within the UN system, including UNIDO and other ongoing initiatives.
6. We recognize that increased long-term investments need to be complemented by measures to assist the poor and vulnerable. We emphasize the importance to ensure that social protection systems and measures for all, including floors, are consistent with national development strategies, and are well designed, efficiently operated and sustainable in the long term. We encourage the IATF within its mandate, in consultation with the Social Protection Interagency Board (SPIAC-B), to prepare an inventory of domestic and international financial instruments and funding modalities, including existing quick-disbursing international

facilities and the requirements for accessing them, to be discussed in the 2018 session of the ECOSOC Forum on Financing for Development follow-up. We commit to greater support for capacity-building to help countries, according to their needs, to design and implement nationally-appropriate social protection systems and measures, consistent with national development strategies. We will expand peer learning and experience-sharing among countries and regions in finding the right financing mix that matches our respective needs, capacities and national circumstances. We recognize that substantial and efficiently spent investment is needed to improve the quality of education and to enable millions of people to acquire skills for decent work.

7. We reaffirm the importance of meeting existing commitments under the UN Convention on Climate Change, the Paris Agreement and the 2030 Agenda. We call for further action and support for climate mitigation and adaptation, taking into account the specific needs and special circumstances of developing countries, LDCs and those particularly vulnerable to the adverse impacts of climate change, as provided for in the Paris Agreement under the UNFCCC. Therefore, we call for an increase in the volume, flow, and access to climate finance from all sources, including public and private, bilateral and multilateral, as well as alternate sources of finance, alongside endogenous improved capacities, and for technology transfer on voluntary and mutually agreed terms and development, including from domestic and international sources. We stress the relationship between climate change and marine environments and in this regard, we look forward to the United Nations conference to support the implementation of SDG 14 to be held on 5-9 June in New York, in order to sustainably use oceans, seas, and marine resources for sustainable development.

Domestic public resources

8. We recognize that domestic resources are first and foremost generated by economic growth, supported by an enabling environment at all levels. We also recognize the challenges associated with a narrow tax base and low tax-to-GDP ratio experienced by some developing countries due to a small and underdeveloped private sector. We note that tax administration and public financial management capacities have improved in many countries, and that there is strengthened awareness of the link between taxation, expenditure, good governance, accountability, and anti-corruption efforts. We will pursue whole-of-government approaches that emphasize the development of medium-term revenue strategies and stronger enforcement. We encourage strengthened efforts to promote the transition from informal to formal employment in line with country circumstances, as a means to generate domestic resources, promote decent work for all, particularly youth, and create a virtuous cycle of sustainable and inclusive productive growth. We will also make greater use of tools to assess tax policy and administration capacity in our efforts to develop appropriate strategies to strengthen our tax systems. We encourage national governments to develop integrated national financing frameworks that take into consideration all financing sources, especially those identified in the seven action areas of the Addis Agenda, to support cohesive nationally-owned sustainable development strategies. We recognize the importance of better disaggregation of budget and expenditure data at the national and subnational levels, including by sex, to improve tracking of spending related to the SDGs and efforts to improve gender equality, accountability and transparency, with increased capacity building for

countries that need assistance, particularly the LDCs. We encourage donor countries to increase external support to build capacity in the area of tax matters, including through enhanced ODA. We welcome the important contribution that peer learning and regional cooperation continues to make in building capacity in tax matters. We welcome the establishment of the joint IMF/OECD/UN/WBG inter-agency Platform for Collaboration on Tax and look forward to the first global conference on the Platform on “Taxation and the SDGs”, to be held at United Nations Headquarters on 14-16 February 2018, within existing resources. In this regard, we also welcome the Addis Tax Initiative, the joint OECD-UNDP Initiative, “Tax Inspectors Without Borders”, and the OECD Forum on Tax Administration Capacity Building Network. We encourage countries to increase external support to build capacity in the area of tax matters, as called for in the Addis Agenda.

9. We emphasize the need for international cooperation in tax matters. We welcome the work of the United Nations Committee of Experts on International Cooperation in Tax Matters. We invite Member States to continue to support the Committee and its subsidiary bodies through the voluntary trust fund, to enable the Committee to fulfil its mandate, including supporting the increased participation of developing country experts at subcommittee meetings. We encourage the Secretary-General to conduct timely and transparent consultations with Member States on the appointment of the new membership of the Committee, as called for in the Addis Agenda. We also call for greater international cooperation to combat illicit financial flows to foster sustainable development and pledge to deter, detect, prevent and counter corruption, and increase transparency and governance for our citizens. We welcome in this respect the progress made in the inclusive framework on BEPS implementation and in the Global Forum on Transparency and Exchange of Information for Tax Purposes in addressing tax avoidance and evasion and encourage countries to join these initiatives. We encourage countries to work on the strengthening of existing institutions and enforcement of law in both source and destination countries. We recognize that data and estimation can be helpful in designing policies and interventions to tackle this issue. We encourage States to strengthen international cooperation on the return of stolen assets to the maximum extent allowable by domestic and international law and recognize that asset return is unconditional. We will continue exchanges on the development of good practices on asset return. We strongly encourage states to make use of agreements or arrangements under Article 57/5 of the United Nations Convention Against Corruption.

Domestic and international private business and finance

10. We recognize that socially responsible and accountable private business activity, investment, entrepreneurship and innovation are major drivers of productivity, inclusive economic growth and job creation. We welcome the progress made in strengthening the enabling environment for private sector business and investment. We recognize that more can be done to create competitive business and investment climates in support of sustainable development that are well-placed to attract private sector investment and participation. We encourage multilateral development banks and development finance institutions to link their enabling environment work with public sector investment to ensure reforms addressed investor needs. We acknowledge increasing efforts of policymakers and stakeholders to develop financial markets that are inclusive long-term oriented, and supportive of sustainable development. We

will support efforts by the private sector to better align their internal incentives with long-term investment and with sustainable development indicators including through United Nations system initiatives. We take note of voluntary initiatives to develop corporate sustainability benchmarks and invite the IATF, in consultation with all relevant stakeholders, to analyze and report on these efforts. We recognize that implementing the SDGs can open new business and market opportunities. We note with concern that FDI flows to developing countries have registered lower levels in recent years. We encourage an increase in the volume and quality, in particular its alignment with the SDGs, diversification and long-term nature of FDI to all developing countries, including African countries, LDCs, SIDs, LLDCs and middle income countries, including through strengthening investment promotion regimes, strategies and agencies. We reaffirm the need to improve the overall investment climate in these countries, as well as addressing the problem of the scale of the market and the size of projects as obstacles to FDI. In this regard, we encourage efforts to map priority investment areas at the national and regional level as a way to guide private investors, both foreign and domestic, for SDG and Nationally Determined Contribution (NDC)-linked investment opportunities and to support the development of pipelines of investible projects.

11. We also welcome the progress on financial inclusion across all income groups and all regions in recent years. We are concerned that two billion people, primarily in rural areas in developing countries, still do not have access to formal financial services and remain concerned about the gender gap in financial inclusion. We will work towards full and equal access to formal financial services for all. We call on more countries to adopt national financial inclusion and gender sensitive strategies. In this regard, we call for scaled-up action to improve financial literacy and consumer protection. Working with private actors, development banks, cooperatives and savings banks, we recommit to promoting appropriate, affordable and stable access to credit and other financial services to micro, small and medium-sized enterprises (SMEs), as well as adequate skills development training for all, particularly for youth, women and entrepreneurs. We also recommend encouraging corporate social responsibility policies. We recognize that policies aimed at strengthening financial inclusion and nourishing entrepreneurship could also help develop domestic SMEs. We recognize the positive contributions of migrants to sustainable development in countries of origin transit and destinations. We will work to ensure that adequate and affordable financial services are available to migrants and families in both host and home countries. We support national authorities to address the most significant obstacles to the continued flow of remittances. We call on countries to further reduce remittance costs to less than 3 per cent of the amount transferred.

International development cooperation

12. We welcome the increase of Official Development Assistance (ODA) in real terms in 2016 but note with concern that bilateral net ODA to LDCs fell slightly in real terms in 2016, after increases in 2015, and that many countries still fall short of their ODA commitments. We call on ODA providers to fulfill their respective commitments. We encourage ODA providers to consider setting a target to provide at least 0.2 per cent ODA/GNI to LDCs. We recognize the urgent needs associated with a number of large-scale humanitarian crises. We will strive to

provide adequate ODA to address both complex emergencies and the need for long-term investments in sustainable development.

13. We recognize that, as more developing countries pass per capita income thresholds, efforts should be made to broaden eligibility criteria for concessional financing that more accurately reflect continued vulnerabilities, and to assist countries to access other sources of finance. In this regard, we reiterate the call on the United Nations system in consultation with the international financial institutions, to develop transparent measurements of progress on sustainable development that go beyond per capita income, building on existing initiatives, as appropriate. We welcome the progress made in enhancing the quality and effectiveness of international development cooperation and aligning it with sustainable development. We encourage all countries to give careful consideration to the principles of development effectiveness, such as strong country ownership, aligning programmes and projects with country priorities, focus on results, regional orientation and inclusive development partnerships, transparency and accountability. We reaffirm that ODA catalyzes additional finance through appropriately designed risk-sharing instruments, including co-investments, public-private partnerships, and guarantees, notably for infrastructure and other investments that support private sector development. We welcome the contributions of South-South cooperation to poverty eradication and sustainable development. We reaffirm that South-South cooperation is an important element of international cooperation for development as a complement, not a substitute, to North-South cooperation. We also commit to strengthening triangular cooperation as a means of bringing relevant experience and expertise to bear in development cooperation.

International trade as an engine for development

14. We reaffirm that international trade is an engine for inclusive economic growth and poverty reduction and can contribute to the promotion of sustainable development. We note that trade growth was subdued over the last year. We will work harder to build an open world economy, improve the multilateral trading system, avoid inward-looking policies, and increase the contribution of trade to our economies. We will work with international institutions to address any distributional effects of international trade and trade agreements to ensure that the benefits of trade are spread more widely and equitably within and among countries and that world trade growth effectively contributes to the fulfilment of the SDGs. We call on developed country WTO members and developing country WTO members declaring themselves in a position to do so to realize timely implementation of duty-free and quota-free market access on a lasting basis for all products originating from all LDCs, consistent with WTO decisions. We call on them to also take steps to facilitate market access for LDC products including by developing simple and transparent rules of origin applicable to imports from LDCs in accordance with the guidelines adopted by WTO members at the Bali ministerial conference in 2013. We note that many micro, small and medium enterprises (MSMEs) are not benefiting sufficiently from the international trading system, and have difficulties integrating into global value chains. We will promote policies to ensure that SMEs have access to adequate and affordable trade finance at all levels.

15. We welcome the entry into force of the WTO Trade Facilitation Agreement and call for its full and timely implementation, and stress the need for enhancing technical assistance and capacity building to facilitate its implementation. We welcome increasing Aid-for-Trade aimed at value addition and economic diversification and note the importance of regional Aid-for-Trade in supporting faster transit of goods at border crossings and integration into value chains. We look forward to the eleventh WTO ministerial conference, to be held in Buenos Aires, Argentina, in December 2017 and its outcome.

Debt and debt sustainability

16. We note that global gross public and private debt of the non-financial sector reached a record high in 2015. We recognize that changes in the composition of debt – including elevated levels of corporate debt in a number of developing countries – pose additional risks to an already fragile global economy. In addition to a challenging external environment, commodity price shocks and increases in bond issuances in frontier markets have contributed to renewed increases in aggregate debt ratios and risks to debt sustainability in a number of countries, including some African countries, LDCs, LLDCs, SIDS and middle income countries, while others have profited from low commodity prices. We recognize that assisting developing countries through coordinated policies aimed at fostering financing, debt relief and debt restructuring and sound debt management, as appropriate is thus as urgent as ever. We also recognize that rising levels of domestic debt call for effective public debt sustainability assessments, which require improved comprehensiveness, reliability, and timeliness of external debt data, as well as data on government assets and contingent liabilities. We urge countries to manage public budgets in a way that is transparent and sustainable and include the risk of unforeseen expenditures or natural disasters in budgetary planning. We encourage consideration of further debt relief steps, where appropriate, and/or other measures for countries affected by severe natural disasters and social or economic shocks, as feasible. In that respect, we welcome the ongoing review of the IMF/World Bank debt sustainability framework for low-income countries.
17. We are encouraged to see the progress in some areas related to debt management, in particular on sovereign debt management, debt crisis prevention and on market-based solutions for sovereign debt restructuring, including the incorporation of enhanced collective action and pari passu clauses in sovereign bond contracts. We will seek to address the concerns that surround the operation of creditors buying distressed debt on secondary markets, and whether their activity may go beyond the desirable function of providing market liquidity and international financial stability. We will consider the role that state-contingent debt financing instruments can play. We will consider further actions to deal with hold-out creditors in a debt restructuring. We will continue our work toward a global consensus on guidelines for debtor and creditor responsibilities, building on existing initiatives such as the UNCTAD principles on responsible borrowing and lending and other relevant work in the IMF and Paris Club and the G20, including the G20 guidelines on sustainable borrowing and lending.

Addressing systemic issues

18. We reaffirm that the 2008 world financial and economic crisis underscored the need for sound regulation of financial markets to strengthen financial and economic stability, as well as the imperative of a global financial safety net. We acknowledge the seriousness of the systemic challenges facing the international community in its efforts to achieve the 2030 Agenda. Member States should work to identify and address gaps in the global financial safety net, such as ensuring adequate levels of financing, with fast-tracked access increasing its flexibility, concessionality and strengthening its counter-cyclical nature while preserving fiscal space. We acknowledge that the world continues to face large and volatile capital flows. We call upon countries to strengthen their investment climate to attract long-term flows and work to address excessive volatility through necessary macroeconomic policy adjustments, supported by macroprudential policies, and effective financial sector supervision. We encourage the flow of finance into productive sectors by creating the right incentives. We stress the importance of addressing the volatility of commodity prices. We emphasize that greater international macroeconomic coordination, including cooperation between capital flow source and destination countries, can further help reduce the impact of spillovers and financial flow volatility.
19. We note progress on the implementation of regulatory reforms of the international financial system. We underscore the importance of monitoring the impact of financial regulation on incentives for financial inclusion and investment in sustainable development, including the monitoring of any possible unintended consequences. We call on all regional and global organisations and institutions to consider the SDGs as they develop their strategies, policies and practices. We recommit to ensuring that developing countries have adequate voice and participation in international economic-decision making and norm-setting processes, including at the Basel Committee on Banking Supervision and other main international regulatory standard-setting bodies. We also invite them to consider contributing to and participating in the work of the IATF. We take note of the existing regular shareholding reviews at the World Bank and reviews of governance at the IMF. We also urge the IMF to continue its efforts to provide more comprehensive and flexible financial responses to the needs of developing countries. We encourage other relevant international financial institutions to continue periodic processes to examine their governance structures with the goal of strengthening the voice and participation of developing countries.

Science, technology, innovation and capacity-building

20. We note the important progress that has been made in facilitating access to many technologies, particularly in information and communication technology. We express concern, however, that there are significant digital divides such as between and within countries, and between women and men, which need to be addressed through, among other actions, strengthened enabling policy environments and international cooperation. We recognize the importance of reducing and eliminating the substantial divide in access rates to technologies at affordable prices, such as the internet and artificial intelligence, between men and women as well as between urban and rural areas. We will continue to discuss these issues at the Technology Facilitation Mechanism. We recognize both the transformative and disruptive potential of new technologies on our labor markets and on the jobs of the future, particularly advances in automation, and in this regard invite the IATF to further examine

these issues in future reports. We will encourage the development, dissemination, diffusion and transfer of environmentally sound technologies to developing countries on favorable terms, as mutually agreed.

21. We will continue to implement national strategies for science, technology and innovation (STI) that comprise policy, regulatory, and institutional frameworks that strengthen the enabling environment and enhance interactive learning, along with the strategic allocation of resources and adequate infrastructure. We welcome the international support and establishment of multi-stakeholder partnership for implementing effective and targeting capacity building. We will encourage that spending on R&D remains stable and long-term oriented. At the same time, we will use a variety of tools to incentivize greater private investment and innovation and welcome the collaboration between Member States and all other stakeholders. We encourage capacity building for developing countries to strengthen their national science, technology and innovation ecosystems. We note with appreciation the progress made towards the establishment of the Technology Facilitation Mechanism and in this regard welcome the holding of the Multi-stakeholder Forum on Science, Technology and Innovation for the SDGs on 15-16 May 2017 and also call for the timely establishment of its online platform. We welcome the establishment of the Technology Bank for LDCs and look forward to its operationalization as soon as possible to ensure that all LDCs can benefit from the new institution. We encourage developed and developing country partners as well as international organizations, foundations and private sector to provide financial and technical assistance to the Technology Bank to ensure its effective operation.

Data, monitoring and follow-up

22. We reaffirm the importance of high quality disaggregated data, including on the value of unpaid care and domestic work, in order to determine its contribution to the national economy for evidence-based policy-making and for monitoring progress of implementation of the Addis Agenda and the 2030 Agenda. We will enhance capacity building support to developing countries including for African countries, LDCs, LLDCs, and SIDS for this purpose and provide international cooperation including through technical and financial support to further strengthen the capacity of national statistical authorities and bureaus. We welcome the online annex to the report of the IATF. We encourage continued support to its work, including through voluntary contributions.
23. We invite international, bilateral and other potential donors to consider contributing generously to the Trust Fund for the Follow-up to the International Conference on Financing for Development, in particular to support the travel to and participation of representatives from developing countries, in particular LDCs, in the annual ECOSOC Forum on Financing for Development follow-up.
24. We decide that the third Economic and Social Council Forum on Financing for Development follow-up will convene from to 2018, and will include the special high-level meeting with the Bretton Woods institutions, WTO and the United Nations Conference on Trade and Development. The Forum's modalities will be the modalities that applied to the 2017 Forum.