

Canada's Written Submission on Suggested Content of the Zero Draft of the Agreed Conclusions and Recommendations of the ECOSOC Forum on Financing for Development Follow-up (FfD Forum)

Main Priorities

With respect to this year's outcome document, Canada has two main priorities:

- 1) Gender Equality and Women's Empowerment
- 2) Increasing the Flow of Long-term Oriented Private Capital towards Investments for the Sustainable Development Goals (SDGs)

Gender Equality and Women's Empowerment

- As reported in the Advanced Unedited Draft of the 2017 Report of the Inter-agency Task Force on Financing for Development (IATF Report), losses to GDP per capita of a wide range of countries due to persistent gender gaps are huge, ranging from 5 to 30 percent.
- Other reports, such as a 2015 report prepared by McKinsey & Co (available at: <http://www.mckinsey.com/global-themes/employment-and-growth/how-advancing-womens-equality-can-add-12-trillion-to-global-growth>), show that global GDP could increase by 11% or \$12 trillion USD if every country achieved the fastest rate of progress in its region on three key gender gaps and by \$28 trillion USD if all countries achieved true gender parity.
- We also note that SDG 5, *Achieve gender equality and empower all women and girls*, is one of the SDGs being reviewed at this year's High Level Political Forum (HLPF).
- For these reasons, Canada calls for the inclusion of strong language in the zero draft on gender equality and women's empowerment.
- Specifically, we would recommend that it be the first substantive paragraph in the zero draft, immediately following the summary paragraph on the current global situation.
- In terms of content, we would urge it to contain two components: i) a quantification of the economic costs associated with the persistent gender gap, and ii) a strong call for action to take measures to improve this situation.
- Aspects from the IATF report that could be included in the call for action include elements of the fifth paragraph of the Executive Summary as well as Box 2 on page 32 that underline how policies and actions on investment and vulnerabilities need not just be gender-sensitive but should actively advance the goal of gender equality and women's empowerment. Box 32 also discusses the potential of gender-responsive budgeting, another element we would consider worthwhile including in the zero draft.

- Finally, we believe that it will be important to include references to gender equality and women's empowerment in several of the paragraphs based on the individual chapters of the Addis Ababa Action Agenda. For example, page 97 of the IATF report in the chapter on International Trade describes how increasing export participation by women-owned businesses can help address gender-based wage gaps and reduce inequalities. We would welcome inclusion of language drawing attention to these findings and urging Member States to take action in this regard.

Increasing the Flow of Long-term Oriented Private Capital towards Investments for the SDGs

- We believe that this topic should serve as one if not the primary area of focus of this year's outcome document and as such should be afforded particular attention in your preparation of the zero draft.
- This belief is motivated by the following observation:
 - The financing gap for achieving the SDGs is estimated at between \$5 and \$7 trillion per year, with \$3 to \$5 trillion of the gap accounted for by infrastructure alone. Total global official development assistance (ODA), while important, currently stands at approximately \$131.6 billion or \$0.13 trillion. Total domestic resource mobilization in developing countries currently stands at approximately \$7.7 trillion per year. Institutional investors with long-term liabilities, such as pension funds, life insurance companies and sovereign wealth funds hold approximately \$78 trillion in assets under management. It thus boils down to a matter of simple arithmetic; finding ways of increasing the flow of such private capital towards investments for the SDGs is the only way to meaningfully make progress on the SDG financing gap in the necessary timeframe for the achieving the SDGs by 2030.
- We also recognize, however, the inherent complexity of this issue. Fortunately, for the purposes of this outcome document, the discussions recently held in Mexico City during the retreat of the Group of Friends of Monterrey point to four specific elements that should be included in the outcome document to enable us to make progress on the issue. They are:
 1. Strong language on the need to promote an increase in the flow of long-term oriented private capital towards investments for the SDGs, particularly in infrastructure, and to address the rising prevalence of short-termism – this could either stand as one of the introductory cross-cutting paragraphs, reflective of the topic's appearance in the thematic section of the IATF report (Chapter II) or as one of the main paragraphs on domestic and international private business and finance (Chapter III.B).
 2. Strong language underscoring the importance of an enabling domestic environment in both capital source and destination countries conducive for the promotion of long-term

oriented private capital flow towards investments for the SDGs – this could follow immediately after the paragraph of element 1.

3. Building on the recommendation on page 56 of the IATF report, a recognition of the importance of appropriately-designed risk-sharing instruments, including co-investments, public-private partnerships and guarantees to encourage the flow of long-term oriented private capital towards investments for the SDGs. We believe that such risk-sharing instruments constitute an important use of public funds and that language on this subject should be included as part of a larger paragraph on Chapter III.C (International Development Cooperation) that speaks to the importance of blended financing and leveraging multiple dollars from the private sector for each dollar of public funds spent.
 4. Building on paragraph 107 of the Addis Ababa Action Agenda which stressed the importance of international agreements, rules and standards being consistent with progress towards the SDGs as well as the recommendations on page 115 of the IATF report, language inviting standard-setting bodies, such as those listed on page 122 of the IATF report, to consider the possible unintended consequences of their frameworks and regulations on achieving the SDGs and inviting them to participate in and contribute to the future work of the IATF.
- A brief note of caution – it is important for this year’s outcome document to not seek to bring forward overly prescriptive remedies, particularly as it relates to the financial system. This is due in part to the FfD Forum’s relative “newness” as well as its failure last year to demonstrate itself as a credible body in which to discuss pressing global financial issues.
 - It must therefore be realistic in what it can accomplish in what would be its first substantive outcome document.
 - In this light, the four elements we have proposed under this heading we believe strike the correct balance. Incorporating these would help enhance the forum’s credibility by demonstrating its ability to make a correct diagnosis of the issues that require pressing attention for the achievement of the SDGs while sending a strong political signal on the need for action in these areas.
 - In future years, the forum through the evidence presented in the IATF report could then determine whether sufficient progress is being made, and if not, ratchet up its recommendations accordingly.

Other Observations

- We recommend the outcome document be concise; no more than 20 to 25 paragraphs in length. This would enable it to include a traditional preambular paragraph and then, following

the structure of the IATF report, one or two paragraphs on the current global context, two to three paragraphs on cross-cutting issues, such as gender equality and women's empowerment, and then one or two paragraphs each on the eight principal chapters of the Addis Ababa Action Agenda.

- We would also recall that the outcome of the forum is to feed into the HLPF, and that at this year's HLPF SDGs 1, 2, 3, 5, 9 and 14 will be reviewed. In that light, we would be supportive of a paragraph each focussed on these six SDGs.
- By reading the outcome document, one should be able to through its content recognize the six SDGs the HLPF is reviewing. This helps ensure coherence with the broader effort to achieve sustainable development and avoids treating the subject matter of the Addis Ababa Action Agenda in an isolated, silo-approach.

Issues of Concern

- Give the importance of the subject at hand as well as the FfD Forum's failure to achieve a substantial outcome document last year, it is especially imperative that this year's agreed conclusions and recommendations be substantive and of a consensual nature.
- In that regard, we offer the following observations:
 1. Efforts to re-negotiate the most difficult elements of the Addis Ababa Action Agenda, which have been subject to many lengthy and often acrimonious discussions, would surely not lead us down the road to consensus. Examples of such issues include the status of the UN Committee of Experts on International Cooperation on Tax Matters or ODA targets.
 2. The issue of illicit financial flows (IFFs) is clearly a top priority for many delegations and will thus undoubtedly need to be treated accordingly. In this regard, we would urge avoiding the temptation of becoming hung up on efforts to achieve official definitions for as the IATF report notes on page 49, such efforts may be very difficult due to differences in legal standards across countries. Rather, we welcome the approach of the IATF report which looks at the individual components of IFFs and related flows and to find practical, solution-oriented ways of addressing them.
 3. One must always be aware of the prevailing political environment in which one operates. In today's environment, the likelihood of making progress and reaching consensus in a substantive discussion on international trade, particularly as it relates to the rules of the international trade system, are in our view very low and could derail the entire negotiation process. We would therefore urge you as co-facilitators to be mindful of this reality and adopt a "light touch" approach to the issue, perhaps one focussed on some of the developmental aspects of the trade discussion such as the importance of increasing the export-participation of women-owned enterprises as discussed earlier.

** All references to the 2017 IATF report, including page numbers, are to the Advanced Unedited Draft.