

First draft _ 2019 ECOSOC Financing for Development (FfD) Forum (01.04.2019)

1. We, ministers and high-level representatives, have met in New York at UN Headquarters from 15 to 18 April 2019 at the fourth ECOSOC Forum on Financing for Development follow-up. We express our resolve to continue to work and to scale up our efforts towards the full and timely implementation of the Addis Ababa Action Agenda of the Third International Conference on Financing for Development, including addressing challenges in the mobilization of domestic public resources; domestic and international private business and finance; international development cooperation; international trade as an engine for development; debt and debt sustainability; systemic issues; science, technology, innovation and capacity-building; and data, monitoring and follow-up. We recall that the Addis Ababa Action Agenda of the Third International Conference on Financing for Development, which builds on the 2002 Monterrey Consensus and the 2008 Doha Declaration on Financing for Development, is an integral part of the 2030 Agenda for Sustainable Development, supports and complements it, helps to contextualize its means of implementation targets with concrete policies and actions.
2. We welcome the progress made in the implementation of the Addis Agenda. We reaffirm the intergovernmentally agreed conclusions and recommendations of the previous ECOSOC FfD Forums. We acknowledge that the Sustainable Development Goals are increasingly incorporated in public budgets and development cooperation efforts and we also recognize that private sector interest in sustainable investing is growing. At the same time, we note with concern that mobilizing sufficient financing remains a major challenge in implementing the 2030 Agenda for Sustainable Development and that progress has not been shared evenly within and among countries. Recognizing the scale and urgency of the challenge, we are determined to focus our action on concrete measures that will help in effectively tackling the implementation gaps, taking full advantage of the new opportunities to achieve sustainable development in its three dimensions.
3. We are meeting against a backdrop of an increasingly challenging global environment. World economic growth has likely peaked, at around 3 percent, with per capita GDP growth significantly below levels needed to eradicate poverty in all its forms everywhere. Investments that are critical to achieving the SDGs remain underfunded. Systemic risks are increasing, including capital flow volatility and rising risks of debt distress, and parts of the multilateral system are under strain. We recognize that in this difficult context may lie opportunity to reshape both national and international financial systems in line with sustainable development. We are determined to take advantage of these opportunities through collective action at the global level to advance financing for development.
4. We will strive to develop integrated national financing frameworks, in support of our national sustainable development strategies, in order to further implement the Addis Ababa Action Agenda, aiming at effectively mobilizing and aligning a wide range of financing sources and instruments with the 2030 Agenda and make use of the full potential of all means of implementation. We encourage the Inter-agency Task Force on Financing for Development to continue to develop its methodology and work on integrated national financing frameworks, including further elaborations of policy toolkits that are most useful, accessible and implementable for different types of countries and sectors, and report on lessons learned from early efforts to develop such frameworks. We invite the international community and all relevant stakeholders to scale up their support to these endeavours.
5. We recognize the need for a coherent, holistic, inclusive, transparent and action-oriented approach, embracing all relevant processes and initiatives aimed at the achievement of the SDGs, which includes the active engagement of all relevant stakeholders. We note the 2019 Financing for Sustainable Development Report of the Inter-agency Task Force on Financing for Development (IATF), which assesses progress and gaps and provides policy options across the seven action areas of Addis Agenda and examines the challenges in the financing all the Sustainable Development Goals, including Goals 4, 8, 10, 13, 16 and 17, to be reviewed at the 2019 HLPF under the auspices of ECOSOC.

Cross-cutting issues

6. We reaffirm our strong political commitment to end poverty and hunger everywhere; to combat inequalities within and among countries; to build peaceful, just and inclusive societies; to protect human rights and promote gender equality and empowerment of women and girls; and to ensure the lasting protection of the planet and its natural resources in the spirit of global partnership and solidarity, and ensuring no country or person is left behind. We emphasize that all of our actions need to be underpinned by our strong commitment to protect and preserve our planet and natural resources, our biodiversity and our climate. We recall the Paris Agreement, stress the importance of mobilizing further action and support for climate change mitigation and adaptation, taking into account the specific needs and special circumstances of developing countries, especially those particularly vulnerable to the adverse effects of climate change. We further recall

the Sendai Framework for Disaster Risk Reduction, the New Urban Agenda, and all other relevant major United Nations Conferences and Summits in the economic, social and related fields.

7. We reaffirm the need to mainstream gender equality, the empowerment of all women and girls and the full realization of their human rights throughout policymaking, legal systems, budgeting and programming, including in fiscal policies, finance, development cooperation, education, labour market and other areas. We recognize that gender equality, women's empowerment and women's full and equal leadership in the economy are vital to achieve sustainable development and significantly enhance economic growth and productivity.
8. We recognize 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) and countries in conflict and post-conflict situations, as well as the specific challenges faced by middle-income countries.
9. We recognize that investments in the social sector, in particular education and health, contribute to the alleviation of poverty and reduction of inequalities, as well as enhance human resource development, and we acknowledge member states' efforts to scale up investments in these areas, through inclusive and equitable quality education and universal health coverage, among others. We emphasize the importance of ensuring that social protection systems and measures for all, including floors, are consistent with national development strategies, and are well designed, efficiently operated, responsive to shocks, and sustainable in the long term.
10. We stress that investing in quality, accessible, affordable, reliable, sustainable and resilient infrastructure, including transport, energy, water and sanitation for all, is vital for achieving many of our goals. We further emphasize that infrastructure must be gender-responsive and accessible for persons with disabilities. We acknowledge that closing the global infrastructure gap is a priority for the international community.

Domestic public resources

11. We acknowledge upward trends in tax revenue in developed and some developing countries. At the same time, we note the large gap between public resources and financing needs in many countries, especially in LDCs. We recognize the importance of transparent fiscal systems in combatting inequality, and re-commit to enhancing revenue administration through modernized, progressive tax systems, in line with the Addis Agenda. We acknowledge the progress made on international tax cooperation, including by the Platform for Collaboration on Tax, but note the continued challenges of base erosion and profit shifting, which are facilitated in part by the digitalization of the economy. We note with deep concern the negative impact of illicit financial flows on the economic, social and political stability and development of societies, and especially on developing countries. We re-commit to addressing the challenges of combating illicit financial flows. We note the work of the United Nations System and others on estimating the volume of illicit financial flows and the need of differentiation of various types of illicit financial flows, efforts on anti-money laundering and combating the financing of terrorism and the country and regional level work on asset recovery and return. We further note that any consideration on taxation of cross-border digital transactions should include a thorough analysis of the implications for developing countries, with a special focus on their unique needs and capacities.
12. We will continue to explore medium-term revenue strategies as a tool to preserve policy coherence on the achievement of sustainable development. We also encourage countries to share best practices and support capacity building initiatives aimed at better aligning public expenditures with national sustainable development strategies to stimulate inclusive growth, and promote a more equitable society. We reaffirm that efforts in international tax cooperation should be universal in approach and scope and fully take into account the needs and capacities of all countries, in particular LDCs, LLDCs, SIDS and African countries. In this regard, we look forward to reviewing the work of the United Nations Committee of Experts on International Cooperation in Tax Matters. We encourage donors to enhance their contributions, including through official development assistance (ODA), toward technical assistance and capacity building in resource mobilization and in preventing and fighting illicit financial flows. We request the IATF to present data on international cooperation on asset return and to devote a specific section of its 2020 report to the use of technological advances in strengthening tax administration, as well as to combat IFFs.

Domestic and international private business and finance

13. Creating a better enabling environment for the private sector to mobilize businesses and facilitate their involvement in the SDG achievement is necessary. The private sector can contribute to the SDGs in many ways, including through aligning their business models with SDGs, impact investment, skills development and innovative solutions to economic, social and environmental challenges. We recognize the potential of impact investment for financing sustainable development. We welcome the growing interest among investors in taking sustainability issues into account in their investment decisions, but acknowledge that further work is needed to analyse, monitor and measure its contribution to the SDGs and maximize its positive developmental impact. We note with concern that FDI has been on a weak trajectory since 2015 and, although FDI flows to developing countries increased slightly in 2018, they remain unequally distributed among regions and groups of countries, and African countries, LDCs, LLDCs and SIDS continue to receive a small share of global FDI flows. We further note that the global average cost of remittance transfer remained high at around 7 per cent in 2018, and recommit to working towards reducing the average transaction cost of migrant remittances by 2030 to less than 3 percent of the amount transferred.
14. We will aim to create incentives for long-term sustainable investing, which could include requiring more meaningful disclosure on sustainability issues, clarifying fiduciary duties and asset owner preference, and pricing externalities. We encourage initiatives that aim at creating global consensus on the definition of sustainable investment and the measurement of investment impacts, building on both public and private efforts. We request the IATF to assist in sharing lessons learned at the global level regarding impact and metrics for measurement of the contribution of private sector investments and instruments to SDGs. We will promote sustainable corporate practices, including the integration of environmental, social and governance factors into company reporting as appropriate. We encourage the alignment of foreign direct investment with national sustainable development strategies. We will strengthen our policy frameworks to incentivize finance for productive investment, and call on donors to support these efforts, including building capacity to access available financing, particularly in LDCs and SIDS. We will endeavour to develop sustainable and inclusive financial sectors, with appropriate risk management and consumer protection. We note with concern the gap in access to capital for small to medium enterprises, particularly women-led businesses, and recognize that financial markets can be a powerful vehicle for economic growth and poverty alleviation when they support businesses that have sustainable development impact, and when access to credit is inclusive across all segments of an economy. We will promote financial inclusion, including through fintech, along with financial and digital literacy. We will work to improve access to, usage and quality of financial services to lower the cost of remittances and enable services that unlock new local sources of capital, complemented by international efforts. We call on all stakeholders, including the United Nations to support countries in their efforts to close the SDG investment gaps.

International development cooperation

15. International public finance plays an important role in complementing the efforts of countries to mobilize public resources domestically, especially in the poorest and most vulnerable countries with limited domestic resources. We are encouraged by countries that have met or surpassed their commitment to 0.7 per cent of ODA/GNI and the target of 0.15 to 0.20 per cent of ODA/gross national income to LDCs. We note with concern that ODA in 2017 fell by 0.1 per cent in real terms and ODA to LDCs accounted for 0.9 per cent of DAC member's GNI. We will continue to hold open, inclusive and transparent discussions on the modernization of ODA measurement and on the proposed measure of "total official support for sustainable development" and we affirm that any such measure will not dilute commitments already made. We welcome continued efforts to improve the quality, effectiveness and impact of development cooperation and other international efforts in public finance, including adherence to agreed development cooperation effectiveness principles. We welcome the 2018 Development Cooperation Forum outcome. We invite the DCF to report its findings on how development cooperation provides capacity-support for effective policy and institutional reforms as part of designing and operationalizing integrated national financing frameworks, to the 2021 ECOSOC Forum on Financing for Development follow-up. We note the potential of blended finance, including its ability to crowd-in, leverage or catalyse additional financing, and stress that projects should be aligned with national priorities, have long-lasting development impact and be in the public interest, while recognizing that for different Sustainable Development Goal investment areas, different types of finance may represent the most effective financing modalities. We recognize the South-South cooperation is an important element of international cooperation for development as a complement to, 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. In this regard, we note the outcome of the second United Nations High-level Conference on South-South cooperation. We note the upcoming Senior Level meeting of the Global Partnership for Effective Development Cooperation, to be held in New York on 13-14 July, 2019.

16. We call on donors that have not done so to intensify their efforts to fulfil their respective ODA commitments. We further encourage donors to align their support with country priorities identified in national sustainable development strategies. We encourage multilateral development banks to continue strengthening their cooperation, as well as efforts to mainstream SDG considerations in all operations. We call on providers of blended finance to engage strategically with host countries at the planning, design and implementation phases, to ensure that priorities in their project portfolios align with national priorities. We invite the IATF, as part of the 2020 Financing for Sustainable Development Report, to assess risks, opportunities and best practices in relation to different financing instruments, such as blended finance, and how different innovative instruments can be best tailored to the specific situations in developing countries, with special regard to African countries, LDCs, LLDCs, SIDS, and countries in conflict and post-conflict situations, as well as middle-income countries. We invite climate finance providers to improve access for the poorest and most vulnerable countries and we encourage the allocation of more resources to ex-ante instruments for building resilience, including new financing approaches which incentivize disaster risk reduction. We call for increased financial support and technical assistance by the international community, including multilateral financing institutions, to countries, especially the most vulnerable, in developing and financing disaster risk reduction initiatives and resilience. We take note of a willingness to develop a wider analysis of new measures, building on existing experiences with eligibility exceptions, for concessional finance and multidimensional assessments to address limitations of an income-only assessment of development and graduation readiness. In this regard, we encourage relevant institutions to learn from each other's efforts to address the diverse circumstances of countries, to better manage transitions and graduation. In this regard, we invite the IATF in its 2020 report to examine the impact of losing access to development assistance and concessional finance on development gains as countries transition through different income levels; and how the international system and national governments can ensure development gains are sustained as economies transition.

International trade as an engine for development

17. We note that global trade growth is again moderating in 2018, after solid growth in 2017. Strengthening trade's contribution as an engine for inclusive economic growth and poverty reduction is particularly important to LDCs, which remain far below the target of doubling their share of global exports by 2020. In this regard, we underscore the importance of open and inclusive processes. We note that the gap in trade finance has increased since the global financial crisis. We reaffirm that international trade is an engine for inclusive economic growth and poverty reduction, and contributes to the promotion of sustainable development. We recognize the contribution that the multilateral trading system has made to that end. We recognize the importance of a universal, rules-based, open, transparent, predictable, inclusive, non-discriminatory and equitable multilateral trading system. We acknowledge that the multilateral trading system is currently falling short of its objectives and there is room for improvement. We therefore support the necessary reform of the WTO to improve its functioning.
18. We encourage further progress, including through Aid for Trade, in improving efficiency and transparency in customs revenue collection and sustainable and sustainable infrastructure, as a powerful instrument in reducing trade cost and increasing public revenues. We stress that Aid for Trade, implementation of the World Trade Organization (WTO) Agreement on Trade Facilitation, targeted trade -related capacity-building and continued preferential market access for the exports of LDCs are essential to integrate developing countries, in particular LDCs, into the multilateral trading system. We welcome the increase in the share of least developed country exports admitted duty free and encourage further market access initiatives for the LDCs. We also encourage capacity building initiatives and actions aimed at allowing micro, small and medium-sized enterprises (MSMEs) to better tap into trade opportunities, including e-commerce, and at broadening the opportunities for women and youth entrepreneurs to access the international market. We encourage financial institutions to adopt, where applicable, trade finance techniques that are less document intensive to help strengthen trade financing for MSMEs. We invite the IATF to continue to monitor development with respect to trade financing gaps, particularly for MSMEs, as part of its 2020 report. We encourage new and existing trade and investment agreements to address linkages between trade, investment and socio-economic and environmental policy.

Debt and debt sustainability

19. Borrowing is an important tool for financing investment critical to achieving sustainable development. We note with concern that public debt levels have continued to rise in a growing number of developing countries, including LDCs as well as middle-income countries, LLDCs and SIDS. In this context, while debt levels in the majority of countries remain sustainable, risks of a potential renewed cycle of debt crises and economic disruption pose severe challenge to the achievement of the Sustainable Development Goals. We recommit to exploring how official creditor cooperation mechanisms can address the potentially more complicated future insolvencies more effectively. We reaffirm the importance of debt restructurings being timely, orderly, effective, fair and negotiated in good faith.

20. We recognize the need to assist developing countries in attaining long-term debt sustainability through coordinated policies aimed at fostering debt financing, debt relief, debt restructuring and sound debt management, as appropriate. We welcome measures to improve debt management and debt transparency, and related technical assistance and training provided by the international community, and also call on creditors to simplify the terms and conditions of lending and make them public, and easy to track. We call for greater transparency, on the side of both debtors and creditors. We reiterate our call to work towards a global consensus on guidelines for debtor and creditor responsibilities in borrowing by and lending to sovereigns. In this regard, we note the United Nations Conference on Trade and Development principles on responsible borrowing and lending as well as other relevant work in the International Monetary Fund, the World Bank Group, the Paris Club and the Group of 20, including the G-20 Operational Guidelines for Sustainable Financing. We stress the need to improve the arrangements for coordination between public and private sectors and between debtors and creditors and encourage exploring ways to strengthen creditor coordination and creditor and debtor dialogue. We encourage differentiating how debt financing is used, and prioritizing borrowing for productive investments that can promote economic growth and create fiscal space. We encourage all official creditors to consider increasing the use of state-contingent instruments in their lending.

Addressing systemic issues

21. We recognize the need for strengthened international coordination and policy coherence to enhance global financial and macroeconomic stability. We note that while implementation of financial sector reforms in the aftermath of the 2008 global financial and economic crisis has reduced risks in the regulated financial system, there are growing risks outside the regulatory framework, including through non-bank financial institutions and fintech. We express our concern at the continued decline in correspondent banking relationships, impacting the ability to send and receive international payments, with potential consequences on the cost of remittances, financial inclusion and international trade, among other areas, and thus on achievement of the Sustainable Development Goals.
22. We will work to ensure adequate resources and comprehensive coverage in the global financial safety net. In this regard, we note that the IMF is working towards concluding the 15th General Review of Quotas. We will be mindful of spillovers from domestic policy choices including on the volatility of capital flows to developing countries. We encourage the international community to strengthen mechanisms to help address currency risk in developing countries, including through a greater use of currency risk diversification. We encourage the development of risk management practices and regulation for national development banks to be financially sustainable while fulfilling their developmental mandate. We call on financial regulators to increasingly shift to looking at underlying risks associated with financial activity rather than the type of financial institution. To help address the costs and risks of operating correspondent banking relationships, we will work to encourage financial institutions to make greater use of technology, know-your-customer utilities and the Legal Entity Identifier. We will also encourage national and international efforts to integrate sustainability into the financial system and thus to further re-orient capital flows towards investments that are sustainable from an economic, social and environmental perspective.

Science, technology, innovation and capacity-building

23. We reaffirm that the creation, development and diffusion of new innovations and technologies and associated know-how, including the transfer of technology on mutually agreed terms, are powerful drivers of economic growth and sustainable development. Rapid changes in new and emerging technologies have great potential to support achievement of the SDGs and financial innovations have fostered financial inclusion. We note that automation, artificial intelligence and other emerging technologies may have a transformative, and in some cases, disruptive, effect on labour markets in both developed and developing countries. We further recognize that women, girls, persons with disabilities, and indigenous peoples are already significantly under-represented in science, technology, engineering and maths (STEM) education and jobs. We welcome fintech innovations that have fostered financial inclusion, but also note that they create new challenges and risks. We recognize the potential of information and communications technologies as critical enablers of sustainable development and we remain committed to closing the digital divide in access, infrastructure, and capacity within and between countries. In this regard, we welcome increased ODA for scientific, technological and innovative capacity in developing countries.
24. We encourage innovation and tech-related jobs to be sensitive to the differential impact on different groups, to ensure social protection and extend social security mechanisms to compensate for loss of jobs, and to invest in people's capabilities to enable them to benefit from new technologies. We underscore the need to address the risks from fintech without stifling financial innovation and will aim for improved dialogues between policymakers, regulators and new service providers to find the right balance, and stress the need for peer learning and exchange in this fast-evolving space. We encourage international cooperation to support developing countries in addressing their constraints in access to

technology, including through strengthening STI infrastructure, domestic innovation capabilities, absorptive capacities and policy and legal frameworks. We welcome the operationalization of the Technology Bank for the Least Developed Countries in Turkey and invite Member States, as well as international organizations, foundations and the private sector, to provide voluntary financial contributions and technical assistance to the Technology Bank to ensure its effective operation. We look forward to the thematic chapter of the IATF's 2020 report on financing sustainable development in an era of disruptive technologies and rapid innovation.

Data, monitoring and follow-up

25. We note the multilateral initiatives launched in supporting countries in the use of other data sources such as big data for measuring progress in sustainable development. We will further strengthen traditional data sources, such as surveys and administrative records, while also embracing new sources, and continuing to strengthen our efforts to collect, analyse and disseminate data, disaggregated by sex, age, disability and other characteristics relevant in national contexts. We encourage increased support of all types and from all sources, including international cooperation, capacity building and technical support for developing countries, to strengthen their national statistical systems.
26. We look forward to the High-level Political Forum (HLPF) under the auspices of the ECOSOC and the General Assembly, the Climate Action Summit, the High-Level Meeting on Universal Health Coverage, the High-level Dialogue on Financing for Development and the High-Level Review of the SAMOA Pathway, and the high-level mid-term review of the Vienna Programme of Action. We decide that the intergovernmentally agreed conclusions and recommendations of the four ECOSOC Forums on Financing for Development held since 2016 will be fed into the High-level Dialogue on Financing for Development of the General Assembly and into the HLPF.
27. We further decide that the 5th ECOSOC Forum on Financing for Development follow-up will convene from 20 to 23 April 2020 and will include the special high-level meeting with the Bretton Woods institutions, the World Trade Organization and the UNCTAD. We also decide that the forum's modalities will be the modalities that applied to the 2019 Forum.
28. We request the IATF to issue an advance unedited version of its 2020 report, no later than the end of February 2020, to be updated with the latest data upon its release, in order to facilitate the timely preparation of the draft conclusions and recommendations.
29. As decided in the intergovernmentally agreed conclusions and recommendations of the 2018 Financing for Development Forum, we considered the need to hold a follow-up conference and decide to reconsider the need to hold such conference in the outcome document of the 2020 Forum.