Financing for Development - stocktaking at the UN

Part 1: Preparing UN Forum on Financing for Development and the 2030 Agenda (Part 1 of 2)

The ECOSOC Forum on Financing for Development (FfD Forum) is dedicated to reviewing not only the fulfillment of the Addis Ababa Action Agenda and its predecessors (the 2002 Monterrey Consensus and the 2008 Doha Declaration on Financing for Development), but also the means of implementation of the 2030 Agenda for Sustainable Development and feeding its results into the annual High-level Political Forum on Sustainable Development (HLPF).

During negotiation of the 2030 Agenda for Sustainable Development, as well as the various follow-up processes, it has been emphasized that without the allocation of additional resources, new sources of funding, changes in international collaboration and systemic reforms, the attainment of the SDGs will remain wishful thinking.

In preparation for the 2017 FfD Forum, the Inter-Agency Task Force on Financing for Development (IATF) has produced a draft report to the Forum entitled "Progress and prospects", covering two cross-cutting issues: a) the global economic situation and b) financing investments, and social protection, as well as the seven issue areas of the Addis Agenda.[1] The IATF was established by the Addis Agenda and is comprised of over 50 United Nations agencies, programmes and funds and other relevant international institutions and entities, including the major institutional stakeholders of the Financing for Development process, the World Bank Group, the International Monetary Fund, the World Trade Organization, the UN Conference on Trade and Development and the UN Development Programme. It is coordinated by the Financing for Development Office of the UN Department of Economic and Social Affairs.

The process of negotiating the outcome document of the 2017 FfD Forum commenced with the appointments of Ambassadors Jerry Matthews Matjila of South Africa and Marc Pecsteen de Buytswerve of Belgium as co-facilitators to prepare draft conclusions and recommendations to be completed for the opening of the FfD Forum.

These processes have been complemented by events and consultations that – while officially outside the formal FfD process – are dealing with similar or in some cases accompanying issues of the agenda.

On April 18, as part of his SDG Action Events initiative to push for momentum on SDG

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[1] The AAAA includes agreements and policy recommendations in seven main chapters: i) domestic public resources; ii) domestic and international private business and finance; iii) international development cooperation; iv) international trade as an engine for development; v) debt sustainability; vi) addressing systemic issues; vii) science, technology, innovation and capacity building; as well as in a concluding section on data, monitoring and follow-up. http://www.un.org/esa/ffd/ffd3/wp-content/uploads/sites/2/2015/07/DESA-Briefing-Note-Addis-Action-Agenda.pdf

implementation across all 17 Sustainable Development Goals, the President of the General Assembly (PGA) convened a high-level "SDG Financing Lab". The event highlighted the critical importance of sustainable finance for the achievement of the SDGs. It focused on how to drive the transformation needed to align financial markets with sustainable development as laid out in the UNEP's Inquiry into Sustainable Finance initiative and related reports.[2]

At the outset of the meeting, PGA Peter Thomson said estimates put the cost of achieving all 17 Sustainable Development Goals at US$ 6 trillion annually until 2030. "While these sums may seem enormous, and the complexity of reforms needed to mobilize these funds may seem prohibitive, the fact is that the cost of our inaction will ultimately be far greater." Concerning innovative financing for the SDGs he noted: "As the private sector is the custodian of the world's largest pool of resources, the main challenge is to create the right incentives and enabling environments to help businesses reorient investments towards sustainable development."

On 7 April 2017, ECOSOC held its special meeting on international cooperation in tax matters, accompanying the 14th session of the UN Committee of Experts on International Cooperation in Tax Matters. At the ECOSOC meeting, Panama, under fire in 2016 for the leaks from a local law firm of documents evidencing their country as a tax haven, said "we must fight against tax evasion and avoidance, because it makes it difficult to implement Agenda 2030". Panama's Vice President Isabel Saint Malo pointed out that "least industrialized nations have used tax incentives to attract Foreign Direct Investment, create jobs, foster technology transfer and garner other benefits for their countries, which ultimately facilitates the achievement of the SDGs". She concluded: "We should draw clear distinction between tax incentives as a tool to attract foreign investment [….] - necessary for every country to finance their own needs - and mechanisms that facilitate tax evasion."[3]

With regard to the 2017 FfD Forum outcome document, Brazil is similarly calling for clarity on international tax architecture, re-emphasizing the G77 and China's position. "The outcome document must stress the importance of intergovernmental consideration of the issues raised in the IATF with regard to defining illicit financial flows (IFFs)."[4]

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[2] As defined by the United Nations Environmental Programme initiative "The Inquiry into the Design of a Sustainable Financial System" 2016 report "Financing Sustainable Development: Moving from Momentum to Transformation in a Time of Turmoil" Nairobi, 2016.
http://www.un.org/pga/71/wp-content/uploads/sites/40/2017/02/Financing-Sustainable-Development-in-a-time-of-turmoil.pdf

[3] Statement by Vice President of Panama, Isabel Saint Malo, ECOSOC special meeting on international cooperation in tax matter 7 April 2017. minute 1:18:40
http://webtv.un.org/watch/17th-meeting-special-meeting-on-international-cooperation-in-tax-matters-economic-and-social-council-2017-session/5390214837001

[4] Statement on behalf of the Group of 77 and China by the Permanent Mission of Ecuador to the United Nations, at the Second Informal Consultation for the preparation of the draft outcome of the Forum on Financing for Development Follow-up (New York, 21 April 2017)
http://www.un.org/esa/ffd/ffdforum/wp-content/uploads/sites/3/2017/04/2ndInformal_Statement-by-G7

The IATF 2017 report states that "measuring and tracking IFFs is extremely challenging, in part because of a lack of an intergovernmental agreement on the conceptual framework defining IFFs." Through their mandate, to "advise the intergovernmental follow-up in recommended corrective actions," the Task Force has "provided a mapping of some of the components of IFFs and recommends component-by-component and channel-by-channel analysis and estimation, allowing further methodological work and proposals for relevant policy tools and options."[5]

Additional information can be found on the Financing for Development Office webpage (http://www.un.org/esa/ffd/index.html).

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[5] Progress and prospects: Key messages and recommendations of the 2017 Report New York, April 2017. http://www.un.org/esa/ffd/wp-content/uploads/2017/03/2017-IATF-Report_Key-messages-and-recommendations.pdf