



SUPPORTING DOCUMENT 1

Financing a Sustainable World:

An overview of selected proposals for the FfD conference

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IRF2015 is a collaboration of 11 leading research institutes from across the globe that responds to the need for independent, rigorous and timely analysis to inform the evolution of the post-2015 development agenda and the concurrent intergovernmental process on Sustainable Development Goals (SDGs) agreed to at Rio+20. IRF2015 partners envision a post-2015 development agenda that is universal in scope, takes an integrated approach to the economic, social and environmental dimensions of global development challenges, and can lead to more sustainable and equitable development outcomes for all.

The views expressed in this paper are those of the author(s) and do not necessarily reflect the views of IRF2015 partner organizations.

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Introduction

The tables below present an overview of recommendations for elements of an outcome from the Third International Conference on Financing for Development to be held in Addis Ababa in July 2015. The table was developed for the specific purpose of a group exercise during the informal IRF retreat with UN Member States on Finance for Sustainable Development (15-16 February 2015).

The proposals included below come from proposals and recommendations emerging both from intergovernmental processes, international organizations, business, and civil society. This note does not aim to be exhaustive or representative of all proposals that have been put forward. In places where multiple groups or authors have made similar recommendations these have been combined or summarized. In cases where recommendations were especially numerous (e.g. the Development Cooperation Report or the Intergovernmental Committee of Experts on Sustainable Development Financing), the paper focuses on those recommendations that are most specific and explicit. Documents reviewed include the following:

- The Outcome Document of the Open Working Group on Sustainable Development Goals (OWG)
- The Report of the Intergovernmental Committee of Experts on Sustainable Development Financing (ICESDF)
- The Road To Dignity By 2030: Ending Poverty, Transforming All Lives And Protecting The Planet. Synthesis report of the Secretary-General on the post-2015 sustainable development agenda (SG Synthesis).
- Development Cooperation Report 2014 Mobilizing Resources for Sustainable Development. Organization for Economic Cooperation and Development. (DCR 2014)
- Jeffrey Sachs and Guido Schmidt-Traub. (2014). Financing Sustainable Development: Implementing the SDGs through Effective Investment Strategies and Partnerships. Sustainable Development Solutions Network (SDSN) – *NOTE: Draft for public comment and review.*
- Homi Kharas, Annalisa Prizzon, and Andrew Rogerson (2014). Financing the Post-2015 Sustainable Development Goals: A Rough Roadmap. Overseas Development Institute. (Kharas et al.)
- Alex Evans (2014). Post-2015 Means of Implementation: What Are We Trying to Win? (Evans).
- Afrodad et al. (2014). UN Financing for Development negotiations: What outcomes should be agreed in Addis Ababa in 2015? Endorsed by 137 Civil Society Organisations. ('Afrodad et al')
- FFD Business Sector Steering Committee, Submission to the FFD Co-Facilitators for consideration in drafting the *FFD Elements Paper* ('ICC')

Where applicable, language from the Monterrey Consensus has also been included. The proposals are organized in four sections 1) international public finance; 2) domestic public finance; 3) private and blended finance; and 4) systemic issues, coherence and transparency

International Public Finance

Recommendation ¹	Aligned proposals	Relevant excerpts from Monterrey Consensus
Official Development Assistance (ODA)		
Developed countries to provide 0.7% of GNI in ODA to developing countries, with 0.15-0.20% to least-developed countries (proposals vary on inclusion of timetables and review mechanisms)	OWG, ICESDF, SG Synthesis, DCR 2014, SDSN, Alex Evans, Afrodad et al.	We urge developed countries that have not done so to make concrete efforts towards the target of 0.7 per cent of gross national product (GNP) as ODA to developing countries and 0.15 to 0.20 per cent of GNP of developed countries to least developed countries, as reconfirmed at the Third United Nations Conference on Least Developed. (para 42)
Prioritize development assistance to least developed countries and those with least access to credit. Proposals include providing 50% of ODA to LDCs and phasing out ODA to non-IDA LMICs.	OWG, ICESDF, SG Synthesis, DCR 2014, SDSN, Kharas et al.,	Improve ODA targeting to the poor, coordination of aid and measurement of results. (para 43)
International public finance should respond to need to finance global public goods, without crowding out traditional development assistance. Consider a target such as 2% of GDP for international cooperation.	ICESDF, DCR 2014, Kharas et al.	
Include new commitments from non-DAC high income countries and upper middle income countries to provide ODA (timelines vary)	SG Synthesis, SDSN	
Donor countries should improve the management and coordination of international public support to minimize fragmentation	ICESDF	Harmonize their operational procedures at the highest standard so as to reduce transaction costs and make ODA disbursement and delivery more flexible, taking into account national development needs and objectives under the ownership of the recipient country. (para 43)
Use ODA as a countercyclical ‘cushion’ to offset against volatile foreign direct investment (FDI)	DCR 2014	
Public non-concessional lending		
Levels of concessionality should account for level of development (not just income) and investment or project type	ICESDF, SG Synthesis	
DFIs and others should ensure that appropriate financing is available for countries who are no longer eligible to receive ODA but for whom tax revenues and foreign direct investment have yet to fully replace ODA.	ICESDF, Kharas et al.,	Multilateral and regional development banks continue to play a vital role in serving the development needs of developing countries and countries with economies in transition. They should contribute to providing an adequate supply of finance to countries that are challenged by poverty, follow sound economic policies and may lack adequate access to capital markets.(para 45)

¹ Note that the information below does not imply explicit endorsement by the authors and the lack of an author or institutional name does not imply that these actors are opposed

Examine the role, scale and functioning of multilateral and regional development finance institutions to make them more responsive to the sustainable development agenda	ICESDF, SG Synthesis	
DFIs should deploy Other official flows in order to remove barriers for private investment without distorting developing country markets or crowding out private sector finance.	ICESDF, DCR 2014	
Boost market-related lending by MDBs, including through: Independent review of demand for market-related MDB financing. Leverage receivables of concessional windows; and Improve competitiveness of MDB delivery.	Kharas et al.	
Define 'official flows' and set a target for these flows.	Kharas et al.	
South-South Cooperation		
Promote South-South technical assistance and the sharing of experiences through regional forums.	OWG, SG Synthesis	Strengthen triangular cooperation, including countries with economies in transition, and South-South cooperation, as delivery tools for assistance. (para 43)

Domestic Public Finance

Recommendation	Aligned proposals	Relevant excerpts from Monterrey Consensus
Improving tax collection and growing the tax base		
Strengthen domestic resource mobilization including through international support to improve capacity of tax and revenue authorities to improve revenue collection and reduce tax evasion.	ICESDF, DCR 2014, Evans	ODA can help a country to reach adequate levels of domestic resource mobilization over an appropriate time horizon, while human capital, productive and export capacities are enhanced. (para 39)
Implement additional mechanisms for mobilizing revenue, (such as a financial transaction tax, carbon tax, or tax on airlines).	SG Synthesis, DCR 2014, Afrodad et al.	We recognize the value of exploring innovative sources of finance provided that those sources do not unduly burden developing countries. (para 44)
Review, rationalize, or remove fossil fuel subsidies [<i>proposals vary in the level of action recommended</i>].	OWG, ICESDF, SG Synthesis	
Strive to broaden and increase the tax base	ICESDF, DCR 2014	
Accumulate and smooth out earnings from natural resource extraction with mechanisms such as commodity stabilization or sovereign wealth funds.	ICESDF, DCR 2014	
Adopt standard levels of domestic resource mobilization (e.g. at least 20% of GNI for all developing countries)	SDSN	

Support developing countries to become parties to the “Multilateral Convention on Administrative Assistance in Tax Matters” to tackle tax evasion and avoidance	DCR 2014	
Combat illicit flows		
Ratify and implement the United Nations Convention against Corruption and improve transparency of financial flows	ICESDF, SG Synthesis	Fighting corruption at all levels is a priority. Corruption is a serious barrier to effective resource mobilization and allocation, and diverts resources away from activities that are vital for poverty eradication and economic and sustainable development. (para 13)
Improve cooperation on investigating and returning stolen assets, and prosecuting offenders.	ICESDF, SG Synthesis, DCR 2014, Evans	
Establish a new intergovernmental body on international cooperation in tax matters.	Afrodad et al.	Strengthen international tax cooperation, through enhanced dialogue among national tax authorities and greater coordination of the work of the concerned multilateral bodies and relevant regional organizations, giving special attention to the needs of developing countries and countries with economies in transition. (para 64)

Private and Blended Finance

Recommendation	Aligned proposals	Relevant excerpts from Monterrey Consensus
Facilitating Foreign Direct Investment for Sustainable Development		
Develop a strategy and improve the project pipeline for infrastructure projects (including a bankable project database) and increase international assistance to improve capacity to manage these projects (e.g. National Public Investment Systems and Infrastructure Project Preparation Facilities)	ICESDF, DCR 2014, SDSN, ICC, Evans	To complement national efforts, there is the need for the relevant international and regional institutions as well as appropriate institutions in source countries to increase their support for private foreign investment in infrastructure development and other priority areas, including projects to bridge the digital divide, in developing countries and countries with economies in transition. (para 22)
Ensure that FDI supports development objectives through, for example, ensuring that companies: <ul style="list-style-type: none"> - Abide by appropriate standards such as ILO standards, - Are connected to local enterprises and employ local populations - Abide by OECD Guidelines for Multinational Enterprises - Apply United Nations Guiding Principles on Business and Human Rights 	ICESDF, SG Synthesis, DCR2014,	
Review financial and insurance standards (e.g. Basel III and Solvency II) to promote long-term investments.	ICESDF, DCR 2014, SDSN	

Improve the clarity and consistency of regulations in order to attract foreign investment (including investment restrictions, access to land, core standards of investor protection and the administration of tax incentives for investment).	DCR 2014, ICC	Countries need to continue their efforts to achieve a transparent, stable and predictable investment climate, with proper contract enforcement and respect for property rights, embedded in sound macroeconomic policies and institutions that allow businesses, both domestic and international, to operate efficiently and profitably and with maximum development impact. (para 21)
Help investors with long-term horizons to invest in sustainable development including, for example, helping investors to identify opportunities and providing information on risk transfer mechanisms	ICESDF, ICC	
Provide assistance to LDCs to enhance their ability to attract foreign capital	OWG	Promote the use of ODA to leverage additional financing for development, such as foreign investment, trade and domestic resources. (para 43)
Identify problems with using public institutions and resources to leverage international private finance (e.g. additionality, purpose and development impact, lack of country ownership, stakeholder involvement, and transparency and accountability.)	Afrodad et al.	
Public/private funding mechanisms		
Create platforms for blended finance (which may be country funds or within development finance institutions) that better pool and distribute investment risks to finance investments in sustainable development that would not otherwise be undertaken	ICESDF, Synthesis, ICC	We welcome all efforts to encourage good corporate citizenship and note the initiative undertaken in the United Nations to promote global partnerships. (para 23)
Governments can facilitate the establishment of joint ventures between public and private pension funds to pool their resources and facilitate investments in infrastructure and green projects.	ICESDF, DCR 2014	
Enhance capacity to receive blended finance and promote knowledge sharing.	ICESDF, ICC	
Build goal-based public-private investment partnerships, each with at least one established pooled funding mechanism	SDSN	
Domestic Private Finance		
Take steps to improve financial inclusion and access to financial services for the poor (and with a particular focus on women).	OWG, ICESDF, SG Synthesis	Microfinance and credit for micro-, small and medium-sized enterprises, including in rural areas, particularly for women, as well as national savings schemes, are important for enhancing the social and economic impact of the financial sector. (para 18)
Improve small and medium-enterprise access to finance (options include use of credit information, credit registries/bureaux, and collateral and insolvency regimes).	ICESDF, SG Synthesis	Guarantee schemes and business development services should be developed for easing the access of small and medium-sized enterprises to local financing. (para 17)
Enhance local savings pools to allow domestic infrastructure investment	SDSN	

Enhance consumer protection in developing and emerging economies through, e.g. clear disclosure practices and recourse and dispute resolution mechanisms.	ICESDF	
Develop an institutional, legal and regulatory framework for institutional investors, addressing potential volatility and other risks	ICESDF	We recognize the need to strengthen and develop the domestic financial sector, by encouraging the orderly development of capital markets through sound banking systems and other institutional arrangements aimed at addressing development financing needs. (para 17)
Establish national-level sustainability networks	ICC	
Remittances		
Reduce cost of migrant remittances [to less than 3% and less than 5% along corridors].	ICESDF, SG Synthesis	Reduce the transfer costs of migrant workers' remittances and create opportunities for development-oriented investments, including housing. (para 18)
Financial institutions should explore innovative approaches to incentivize investment of remittances in productive activities, including through issuance of diaspora bonds.	ICESDF	

Systemic issues and coherence with other financing flows

Recommendation	Aligned proposals	Relevant excerpts from Monterrey Consensus
Coherence with climate finance and other processes		
Establish a coherent framework to account for climate finance and ODA	Synthesis, DCR 2014	
Mobilize jointly \$100 billion annually by 2020 in climate finance from all sources and capitalize the Green Climate Fund	OWG, ICESDF, Evans	
Countries should establish national strategies for financing sustainable development.	ICESDF, SG Synthesis	
Help to improve partner capacities to receive funding from multiple sources	ICESDF	Enhance the absorptive capacity and financial management of the recipient countries to utilize aid in order to promote the use of the most suitable aid delivery instruments (para 43).
Establish assessed contributions for climate finance based on GHG emissions level and country income.	SDSN	
Finance mitigation mainly on market-related loan terms, with grants for demonstration programmes in less creditworthy countries.	Kharas et al.	
Establish a new floor of 50% for the share of concessional assistance for adaptation going to LDCs and SIDS.	Kharas et al.	

Trade and Technology		
Complete negotiations under the WTO Doha Round, with a focus on agricultural issues	OWG, ICESDF, DCR 2014,	We will implement the commitments made in Doha to address the marginalization of the least developed countries in international trade as well as the work program adopted to examine issues related to the trade of small economies. (para 29)
Aid for Trade to be maintained or increased, with a focus on least developed countries	OWG, ICESDF, DCR 2014, Evans	We further invite bilateral donors and the international and regional financial institutions, together with the relevant United Nations agencies, funds and programmes, to reinforce the support for trade-related training, capacity and institution building and trade-supporting services. (para 36)
Establish duty free and quota free access for least developed countries [and reduce non-tariff barriers]	OWG, Evans	Work towards the objective of duty-free and quota-free access for all least developed countries' exports. (para 34)
Launch Public-Private Partnerships for key sustainable development technologies to prepare technology roadmaps and promote technology development.	SDSN	
Review trade agreements for where they may limit developing countries' ability to prevent and manage crises, regulate capital flows, protect the right to livelihoods and decent jobs, enforce fair taxation, deliver public services	Afrodad et al.	
Governments should ensure coordination between their policies on development and on intellectual property, as well as on trade.	ICC	
International Financial System		
Enact regulations designed to prevent a future global financial crisis	ICESDF, SG Synthesis, Afrodad et al.	
Increase the voice and access of LDCS and marginalized groups in the international financial institutions	ICESDF, DCR 2014	Immediate attention should go to strengthening and ensuring the meaningful and full participation of developing countries, especially the least developed countries, in multilateral trade negotiations. (para 38)
Strengthen international coordination around macroeconomic policies and the management of global liquidity	ICESDF, SG Synthesis	Measures that mitigate the impact of excessive volatility of short-term capital flows are important and must be considered. (para 25)
Recognise capital account regulation as a fundamental policy tool... remove any constraints to these policies from all trade and investment agreements, including at the WTO	ICESDF, Afrodad et al.	

Consider more systematic issuance of [\$250 billion annually of] special drawing rights for continued assistance and counter-cyclical macroeconomic management.	SG Synthesis, Afrodad et al.	The need for special drawing rights allocations should be kept under review. (para 59)
Establish a Global Economic Coordination Council at the UN to assess developments and provide leadership on economic issues while taking into account social, human rights and ecological factors.	Afrodad et al.	We underline the importance of continuing to improve global economic governance and to strengthen the United Nations leadership role in promoting development. (para 52)
Reporting and Transparency		
Improve (automatic) exchange of tax information between jurisdictions and relevant institutions, and support developing countries to do so.	SG Synthesis, ICESDF, DCR 2014, SDSN, Evans	It is important to promote measures in source and destination countries to improve transparency and the information about financial flows.(para 25)
Make integrated or economic, environmental, social and governance reporting, from companies and asset managers a standard practice.	ICESDF, SG Synthesis, SDSN	We urge businesses to take into account not only the economic and financial but also the developmental, social, gender and environmental implications of their undertakings. (para 23)
Establish transparent and consistent statistics for each type of financial flow	ICESDF, Evans, ICC	
Enhance availability publish what you pay and open government data to aid in understanding of base erosion, transfer pricing, and company ownership	DCR 2014, SDSN	
Improve information systems and transparency on the volume and effectiveness of ODA.	DCR 2014, SDSN,	
Ensure transparency for any blended finance platforms and investments	ICESDF, ICC	
Adopt estimates of needs for sustainable development finance.	SDSN	
Provide assistance to enhance national statistical capabilities as relates to all forms of financial flows and their effectiveness.	ICESDF	
Establish a definition for private financial flows for development	Kharas et al.	
Measure progress through metrics that go beyond GDP	Afrodad et al.	
Establish investment performance metrics to track impact	ICC	