



Progressive Regional Proposals on Financing for Development

In July 2015 in Addis Ababa, Ethiopia, the **Third Conference on Financing for Development**, or **FfD3**, will be convened to promote global attention and action to address and overcome systemic inequalities and garner the resources required to achieve development. In acknowledgement of the prominence of the issues and the need for regional specificity in determining the agreement, the Regional Commissions of the United Nations have organized preparatory meetings in early 2015, to raise awareness and gather perspectives in the regions and to build solidarities towards regional negotiating positions ahead of the Addis Ababa conference in July.

Regions Refocus 2015 has identified “progressive regional proposals,” or PRPs, culled from the outcomes of these regional preparatory meetings. [See also our reference document *Progressive Regional Proposals on Financing for Development: Compendium of Outcomes and Analysis of FfD3 Regional Consultations*, available at <http://bit.ly/PRPscompendium>. Below, the PRPs are grouped according to the sections of the draft outcome document, with additional attention to gender equality, climate finance, and regional integration.

Try the “Traffic Light” exercise: Mark the positions and agreed language below with a green, yellow, or red light according to how progressive the proposal:

- + for progressive recommendations
- for recommendations that could be amended for greater clarity or specificity
- x for recommendations that are regressive i.e. favor corporate influence or disregard human rights and environmental agreements

Below is our assessment, as a contribution to stimulate debate.

Domestic Public Resources	Proposal	Region
-	We call also for the support to strengthen institutional capacities to deal decisively and effectively with private sector practices aimed at tax evasion, in particular transfer pricing and trade mispricing, including by reinforcing the capacities of customs authorities, national judicial systems and law enforcement agencies to pursue and punish transgressors.	Africa
+	We highlight that the excessive granting of tax exemptions, particularly to Multinational corporations engaged in extractive activities, must be revised both to increase available tax revenues and to improve transparency of tax systems.	Africa
+	We are of the view that beneficiation, valorization and value addition of African natural resources will translate into substantially improved fiscal positions for governments. In this regards, we call for the International community to support African countries efforts to Develop human resource capacities for better contract negotiation, elaborate standard contract arrangements, and facilitate increased participation by local communities, as well as new revenue (derived from royalties, income tax, land tax and lease rents, etc.) distribution mechanisms for sharing and retention within local communities, portions of centrally collected rents.	Africa
-	Several delegations referred to the need for a common agenda on fiscal cooperation, with particular consideration for developing countries, especially in relation to illicit flows. They also mentioned the need to seek a type of public-private partnership under which large international corporations would pay their taxes and adopt criteria of transparency and good conduct in developing countries.	LAC

+	A number of representatives of country delegations and of civil society supported the proposal made by the representative of LATINDADD to establish a new intergovernmental body within the United Nations to deal with international cooperation on tax affairs.	LAC
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International Public Finance		
	Proposal	Region
+	We urge developed countries to substantially increase their ODA with a view to implementing by 2020 their commitment to allocate 1 per cent of GNI as ODA to developing countries. We urge developed countries to allocate 50 per cent of the ODA to the least developed countries with a focus on agriculture and rural development as this presents the aspects that will deliver impact onto major part of the most vulnerable and poor populations.	Africa
-	Ensure that unmet official development assistance (ODA) commitments are fulfilled and that ODA is deployed more strategically, prioritizing countries that need it the most, while ensuring its alignment with national development plans.	Asia Pacific
+	Also discussed was the need to integrate middle-income countries into the international cooperation system, both as recipients and providers of South-South cooperation. A number of representatives pointed out that South-South cooperation could complement other forms of financing, such as triangular cooperation, but in no case was to be regarded as a substitute for ODA.	LAC

Private Finance		
	Proposal	Region
+	We support measures to enhance corporate transparency and accountability of all companies, taking into account the fundamental principles of domestic law. In particular, International companies should report to tax authorities where they make their profits and pay their tax, to help address base erosion and profit shifting. We call also for countries to join on voluntary basis, initiatives, including, inter alia, the Extractive Industries Transparency Initiative.	Africa
+	We recognize the central role of SMEs for jobs creation, industrial transformation and sustainable development for Africa. As such, we call upon the international community to support entrepreneurship and SME development, namely through finance funds (both debt and equity), guarantee and risk-sharing and technical assistance funds.	Africa
+	We call on Private investors to ensure that their investment decision making is not based on profit only, but must take into account the developmental, social, gender and environmental implications of their investments, while protecting labor rights.	Africa
+	To allow micro, small and medium enterprises (MSMEs) and small entrepreneurs to gain better access to finance, develop innovative instruments, such as hometown investment funds and diaspora bonds, promote financial education, and set up credit bureaux.	Asia Pacific
-	The priority given to private investment over public investment was not necessarily a good thing, especially for SIDS, and added that these countries should be guaranteed access to financing under favourable conditions. The delegations agreed that, regardless of the type of investment, the important point was that it should aid development.	LAC
+	The question to be addressed in Addis Ababa should not only be how more private investment could be channelled to advancing sustainable development but how all investments could become fully aligned with the SDGs. Some examples of policies mentioned to ensure that all investments are sustainable, incorporating fully in particular environmental and climate considerations, included carbon pricing and removal of fossil fuel subsidies.	Europe
-	Strengthened governance, regulations and partnerships are required for sustainability to be at the core of the financial system and of corporate behaviour, including through transparent reporting and regulatory requirements that are in line with the sustainable development goals. Corporate social and environmental responsibility should be pursued inter alia through the implementation of internationally recognized guidelines and principles, including the UN Guiding Principles on Business and Human Rights.	Europe

Trade		Region
	Proposal	
+	We call for the need to address issues of particular concern to African countries in international trade to enhance their capacity and finance their development, including trade barriers, trade-distorting subsidies and other trade-distorting measures, sanitary and phytosanitary measures; the lack of recognition of intellectual property rights for the protection of traditional knowledge and folklore; the transfer of knowledge and technology.	Africa
+	We underline the imperative for a universal, rules-based, open, non-discriminatory and equitable multilateral trading system that can serve as an engine of economic growth and promote sustainable development. Therefore we call for the conclusion of the Doha Development Round of Negotiations, and emphasize on the need to take into account the implementation of the principle of special and differential treatment for developing countries, in particular LDC, LLDCs and SIDs.	Africa
+	We call for the commitment of developed countries to support the increase of exports of developing countries, in particular to double the least developed countries share of global exports by 2020.	Africa
+	Emphasizing the need to enhance Arab economic integration and adopt an approach that integrates development and trade policies, backed by effective institutions that incorporate coordination mechanisms and participatory processes; as well as underscoring the need for ensuring that free-trade agreements, including the Arab Customs Union, impact positively on the three dimensions of sustainable development; and underlining the importance of reforming the global trading system and ensuring effective participation by all Arab countries, particularly the least developed.	Arab States
-	The importance of addressing “behind the border” issues was recognized. This includes in particular the integration of trade facilitation into sustainable trade policy, thus leading to lower trade costs. Some participants urged the implementation of the WTO Trade Facilitation Agreement and the conclusion of the Doha Round. Aid for Trade provides a valuable mechanism of support in these efforts, which should prioritize LDCs.	Europe

Debt		Region
	Proposal	
+	We should put in place mechanisms to resolve the current debt problems of developing countries, particularly for Africa countries, the least developed countries, SIDs, including through cancellation of bilateral and multilateral debt in accordance with UN General Assembly resolution 68/224.	Africa
+	We demand flexibility with regards to the eligibility criteria of debt relief under the Heavily Indebted Poor Countries Initiative (HIPC) and the Multilateral Debt Relief Initiative (MDRI).	Africa
+	We also stress that the resources provided by developed countries for debt relief should not be detracted from ODA.	Africa
-	We stress that the resolution of sovereign debt crisis is currently governed by a loose set of mechanisms. In this regard, we welcome the fact that the Ad Hoc Committee on Debt Restructuring Mechanism started its work on establishing a multilateral legal framework.	Africa
+	Public debt is not only a sovereign matter; the debt of the Caribbean SIDS is multilateral and a similar mechanism to that used to cancel the debt of heavily indebted poor countries (HIPC) could be explored.	LAC

Systemic Issues		Region
	Proposal	
+	We call upon the international financial and monetary system to decisively counter the trends of increased levels of exchange rate volatility that have a strong impact on trade performance by constricting levels of domestic investment, destabilizing relative prices of export products, increasing the cost of access to finance for production and shifting the value of market access concessions. In this regards, we underline the need develop a new mechanism for loans in domestic currencies.	Africa
+	We call for a Strengthened role of the UN in promoting international cooperation on tax matters, including setting up an intergovernmental tax body, and for international tax treaties to be revised to give preference to paying taxes in source countries.	Africa

+	<p>We call for greater and equitable representation of African Countries and LDCs on IMF and World Bank Global standards and monitoring bodies. In particular we highlight the need to:</p> <ul style="list-style-type: none"> • Make the double majority voting process at the IMF – which requires relevant majorities of both votes and countries for all decisions – should be the standard to ensure that developing countries have a fair voice; • The World Bank should implement equality in voting shares between borrowing and non-borrowing countries, as a first step towards more significant reform; • All international financial institutions should abide by basic transparency standards, as set out in the Transparency Charter for International Financial Institutions. 	Africa
-	The Executive Secretary highlighted the theme of governance of the international monetary system and the need to achieve greater consistency between multilateral governance and the participation, voice and vote of the emerging economies, and to afford greater importance to special drawing rights.	LAC
+	There was also a consensus that a renewal of the international financial architecture was urgently needed in order to give greater say in multilateral institutions to countries with emerging and developing economies and to national financial institutions.	LAC

Science, Technology, Innovation and Capacity Building Proposal		Region
-	We highlight the need to foster linkages between multinational companies and the domestic private sector, specifically facilitating the transfer of knowledge and skills to the region.	Africa
+	We underline the need for the enhancement, development, transfer and diffusion of technology and innovation in line with each country's development needs; for strengthening the science and technology component of education curricula; and call for the Establishment of an innovation funds to support innovative enterprises in the early stages and during commercialization stage of the technology.	Africa
+	We underline the critical importance for the establishment of a facilitation mechanism to promote the development, transfer and dissemination of clean and environmentally sound technologies to developing countries on concessional and preferential terms.	Africa
+	Recalling the Istanbul Program of Action, on an international level, we call for the expeditious and full operationalization of the technology bank and the science, technology and innovation supporting mechanism dedicated to LDCs by 2017.	Africa
-	We call for a flexible intellectual property rights (IPR) regimes to facilitate the dissemination and transfer of technology to African countries.	Africa

Data, Monitoring, and Follow Up Proposal		Region
+	We need to strengthen the Statistical Commission of the United Nations and open it for the participation of all member states.	Africa
+	We need to establish under the auspices of the Statistical Commission of the United Nations, a comprehensive program of action on data, building of a global consensus, applicable principles and standards for data.	Africa
-	We support creating adequate follow-up mechanisms for monitoring progress and holding stakeholders accountable in the implementation of commitments including the private sector.	Africa
+	Emphasizing the importance of formulating evidence-based sustainable development policies, which in turn, requires strengthening national statistical systems and their data collection capabilities, improving quality and transparency of information, and issuing recurrent reports on sustainable development indicators at both the international and the regional levels.	Arab States
+	Calls were made for the establishment of a stronger follow-up system more specific to the field of financing for development, and for the setting of binding schedules for fulfilling outstanding commitments.	LAC
-	A universal monitoring and review framework will be critical to evaluate progress and ensure accountability of commitments. Some participants expressed support for the establishment of a Financing for Development Commission, which would allow for appropriate discussion among relevant representatives of Governments, key multilateral institutions and initiatives, civil society and the business sector.	Europe

Gender Equality		Region
	Proposal	
–	Maintaining efforts aimed at formulating and adopting macroeconomic policies designed for reducing unemployment, creating decent jobs for all, including young people, women, and immigrants, by enhancing efforts in matching educational skills to the requirements of labour markets, in addition to enhancing the flexibility of these markets, reforming employment services in the public sector, and encouraging the participation of women.	Arab States
+	Enhance and use domestic resource mobilization to invest in the social sectors in order to address social disparities and income inequalities, including those between the genders.	Asia Pacific
+	Ensure that the new financing for development framework contributes to raising living standards, creating decent jobs, and empowering women and girls of Asia and the Pacific.	Asia Pacific
+	Budgeting needs to be made gender sensitive and implemented to mainstream gender considerations into the budgeting process.	Asia Pacific
+	The promotion of gender equality and the empowerment of women and girls is a necessary condition to achieve sustainable development... The Addis Ababa outcome document should give high attention to financing for gender equality, which constitutes an important goal of the Post-2015 Development Agenda. Proposals included gender sensitive budgeting and tax policies; ensuring equal access to financial resources, land and other productive assets, and integrating gender considerations in ODA investment decisions.	Europe

Climate Finance		Region
	Proposal	
+	We acknowledge the importance of climate change in the context of FFD and recognize the UNFCCC as the main multilateral platform for discussions on climate finance and looks forward for a new universal binding agreement on climate change at the Conference of Parties in 2015. Nevertheless the FfD process must acknowledge the urgency of expediting the process of operationalizing the Green Climate Finance Fund under UNFCCC and for its early capitalization, and must call upon developed countries to meet the goal of mobilizing \$100 billion each year by 2020 to address the needs of developing countries.	Africa
+	We underline that Climate finance must not be double counted as ODA and therefore must be considered as separate from and additional to ODA.	Africa
+	Scale up climate finance at both at the global and regional levels, taking into account that the mobilization of resources for this purpose is new and Strengthen domestic regulatory policies and institutions and address systemic global issues to support a predictable, stable and resilient platform for finance.	Asia Pacific
+	A meaningful global climate deal in 2015 must entail credible public and private capital availability for the developing countries of Asia and the Pacific to help decarbonize their economies and build resilience in their communities. Delivering the existing target of \$100 billion in capitalization for the Green Climate Fund will be essential in these efforts.	Asia Pacific
+	National frameworks for climate finance need to include financial support mechanisms to reduce risk and create acceptable investment returns on projects for the adoption of green technologies and the development of eco- friendly products. Mainstreaming climate considerations into national budgets and development plans is an important component of such frameworks, recognizing that the UNFCCC is the main channel for addressing climate change.	Asia Pacific

Regional Integration		Region
	Proposal	
–	We underline the importance of regional integration as a fundamental tool for realizing development effectiveness for inclusive growth and development in Africa. Development cooperation should therefore fully recognize the role of regional integration for national development. This should also take into account investment financing needs for trans-boundary and multi-national infrastructural systems.	Africa
+	We also highlight the need to strengthen the regional components of the follow-up process, through continental organizations.	Africa

- It was suggested that regional agreements should be sought with a view to attracting foreign direct investment without resorting to tax competition.
- Participants also affirmed the importance of the regional level in the overall architecture for effective monitoring and accountability. The regional level, in particular, can make a critical contribution to capacity-building, experience sharing and peer-learning, which are essential components of an effective monitoring and accountability framework.

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