

Financing for Development

Inputs to the draft outcome document by paragraph

Name of Organization: *Global Task Force of Local and Regional Governments – United Cities and Local Governments (UCLG)*

Focal Point:

Para No.	Addis Ababa Accord text	Suggested textual Changes ONLY Addition - please use red font Deletion - please use strikethrough
I. A global framework for financing sustainable development		
1	<p>We, the Heads of State and Government and High Representatives gathered in Addis Ababa, Ethiopia, from 13 to 16 July 2015, have resolved to address the challenges of financing for sustainable development in the spirit of global partnership and solidarity. Our ambition is to eradicate poverty and hunger, to achieve equitable and sustained economic growth and sustainable development, to protect the environment, and to promote peaceful and inclusive societies where no one is left behind. We commit to ensure gender equality and promote and protect all human rights, including the right to development, in a world where all people are able to raise their standards of living through decent work and productive livelihoods,</p>	<p>promise of that agenda and to achieve sustainable development. We reaffirm and build on the 2002 Monterrey Consensus and the 2008 Doha Declaration. Our task is threefold: to follow on commitments made in Monterrey and Doha; to further strengthen the framework to finance sustainable development and the means of implementation for the universal post-2015 development agenda; and to ensure that the actions we agree to are implemented and</p>
3	<p>reviewed in an appropriate, timely and transparent manner. We recognize that the world has changed significantly since the adoption of the Monterrey Consensus. Economic activity and financing flows have increased substantially. We have made great strides in mobilizing financial and technical resources for development and advances in technology and innovation provide us with ever more tools. Many countries have achieved important economic and social progress. We have strengthened our policy and regulatory frameworks. The developing countries share in world trade has increased, and the debt burden in many heavily indebted poor countries has been reduced.</p>	<p>We recognize that the world has changed significantly since the adoption of the Monterrey Consensus. Economic activity and financing flows have increased substantially. We have made great strides in mobilizing financial and technical resources for development and advances in technology and innovation provide us with ever more tools. Many countries have achieved solid important economic and social progress. We have strengthened our policy and regulatory frameworks. The developing countries share in world trade has increased, and the debt burden in many heavily indebted poor countries has been reduced. Furthermore, urbanization has continued at an rapid rate, and the concentration of economic activities in cities make them the real engines of national economies.</p>

4 Current policy, financing and investment patterns are not deliverir
the future we want. There are enormous unmet financing needs for

Mobilizing the means to implement the post-2015 development agenda

- 9 The fundamental responsibility for organizing this global partnership lies with governments. We will be held accountable by future generations for the success of commitments we make today. Our success will also depend on the resources, knowledge and ingenuity of business, civil society, the scientific community, philanthropists and foundations, and other stakeholders. We urge business to embrace our commitment to sustainable development, including by directing private sector assets, technologies and capital towards sustainable investments with a long term perspective, and away from harmful, unsustainable ones. We count on civil society around the world to mobilize public support and awareness, and for academia and other experts to bring their scientific, economic, and financial expertise to our pursuit of sustainable development. We will work with all partners to ensure a sustainable, equitable and prosperous future for all.
- The fundamental responsibility for organizing this global partnership lies with governments at all levels. We will be held accountable by future generations for the success of commitments we make today. Our success will also depend on the resources, knowledge and ingenuity of business, civil society, the scientific community, philanthropists and foundations, and other stakeholders. We urge business to embrace our commitment to sustainable development, including by directing private sector assets, technologies and capital towards sustainable investments with a long term perspective, and away from harmful, unsustainable ones. We count on civil society around the world to mobilize public support and awareness, and for academia and other experts to bring their scientific, economic, and financial expertise to our pursuit of sustainable development. We will work with all partners to ensure a sustainable, equitable and prosperous future for all.
- 10 The post2015 agenda is ambitious and demands an ambitious response. Achieving the SDGs will require a comprehensive and holistic approach, integrating the economic, social and environmental dimensions of sustainable development, and combining different modalities and instruments, as detailed in the subsequent chapters of this Accord. Our approach entails harnessing the considerable synergies across the goals, and identifying and addressing critical gaps, so that implementation of one will contribute to the progress of others. We have identified a range of areas that build on these synergies, such as essential social ~~sectors~~ infrastructure, agriculture, small and medium sized enterprises (SMEs), and investing in our ecosystems. Public, private, domestic and international investments in these cross-cutting areas are needed to unlock the potential of our people, our economies and to protect our ecosystems in-short, to achieve the SDGs.
- 11 Ensuring productive and healthy lives, delivering equitable education, reducing inequality, ensuring access to water, sanitation and sustainable energy, and finishing the unfinished business of the Millennium Development Goals (MDGs) will rely primarily on domestic public resources, supported by international cooperation and partnerships. We commit to a new basic social compact to guarantee nationally appropriate minimum levels of ~~social~~ protection

II. Addis Ababa Action Agenda

23 Countries relying significantly on natural resource exports face particular challenges in optimizing national benefits from resource extraction. Countries without stabilization funds or other policies to stabilize the flow of government revenues through price cycles are

- 29 We urge all States that have not yet done so to ratify or accede to the UN Convention against Corruption and commit to making it an effective instrument to both deter corruption, prosecute corrupt officials and regain the assets they have stolen. We support the Stolen Asset Recovery Initiative of the United Nations and the World Bank, and will fully utilize the peer review process under the UN Convention to accelerate the unconditional return of stolen assets to their countries of origin.
- 30 Our financing policies, both domestic and international, will be guided by the need to achieve sustainable development, as an integral part of our national sustainable development strategies. We will spend our resources efficiently and effectively, and ensure that our national policies are in line with good governance, accountability and gender

be effective means to mobilize effective financing to deliver low-carbon infrastructures and basic services.

36 We further acknowledge that in more and more countries, responsibilities for revenues, expenditures and investments in sustainable development are being devolved to the national level and municipalities, which often lack adequate technical capacity, financing and support. We therefore commit to develop mechanisms to assist them, including to strengthen capacity, particularly in areas of infrastructure project development, local taxation, sectorial finance and debt issuance and management, including access to domestic bond markets. We will support our cities and local authorities in implementing resilient infrastructure and climate-friendly policies and investments. Reliable support for national and local capacity for prevention and mitigation of external shocks and risk management is needed. We must also ensure appropriate local community participation in decisions affecting their communities, based on country circumstances.

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Inclusion and regional organizations, which should work in close cooperation with initiatives by the World Bank, IMF, the United Nations and academia.

- 44 Remittances from overseas workers are a significant financial resource for households in many countries. To enhance their impact on development, countries should integrate remittances into their national financial inclusion strategies. No remittance providers should require charges higher than 5 per cent by 2030. In this regard, we welcome the G20 initiative to lower the cost of remittances, as well as efforts by the World Bank in measuring remittances and advising on efforts to reduce remittance transfer costs. We commit to work with relevant partners to lower the cost of remittances, including through ensuring competitive and transparent market conditions, exploiting new technologies and improving data collection, with a view to reducing the charge for remittance transfer to less than 3 per cent of the amount transferred.
- 45 We welcome the rapid growth of philanthropic giving and the significant contribution individuals have made toward achieving our common goals. We encourage others to join those who already contribute, and call on all p.1(r)-2u33 TD [(c)-butD [(c)-cnd cd cfvth o ouders. Ws c

49 Despite significant improvement in their investment climates, we note with concern that LDCs continue to be largely sidelined by foreign direct investment flows. In this regard, we agree to support LDCs through providing financial and technical support for project development and contract negotiation and to provide advisory support in investment related dispute resolution and other functions as requested by the LDCs.

50 We note with concern the large gap in financing for resilient infrastructure and energy necessary for sustainable development. We acknowledge that impediments to investment in resilient infrastructure and energy systems exist on both the supply and demand side. On the project side insufficient investment is often partly due to an insufficient enabling environment and an inadequate pipeline of well-prepared investable projects, but also due to affordability constraints. To address this, we agree to imbed resilient infrastructure and energy investment plans in our national sustainable development strategies. We commit to ensuring the technical support for countries to translate these plans into concrete project pipelines.

We note with concern the large gap in financing for resilient infrastructure, energy and basic services necessary for sustainable development. We acknowledge that impediments to investment in resilient infrastructure and energy systems exist on both the supply and demand side. On the project side insufficient investment is often partly due to an insufficient enabling environment and an inadequate pipeline of well-prepared investable projects, but also due to affordability constraints. To address this, we agree to imbed resilient infrastructure and energy investment plans in our national sustainable development strategies. We commit to ensuring the technical support for countries to translate these plans into concrete project pipelines and to localize investments in infrastructures to unlock local development and reach the sectors where needs are greatest

51 On the finance side, private sector incentive structures and new regulations designed to reduce risk by banks tend to encourage short-term investment behaviours, which are inappropriate for many long-term projects, as in the area of infrastructure. We recognize that long-term institutional investors manage large pools of capital, but are currently only investing less than 3 per cent of assets in infrastructure in both developed and developing countries. Nonetheless

investment in productive capacities. With appropriate supporting policies, trade can also promote development, combat inequality and contribute to the realization of the SDGs.

74 We recognize that multilateral trade negotiations in the World Trade Organization (WTO) have progressed unevenly and slowly, although we regard the approval of the Bali Package in 2013 as an important sign that we can reach significant agreements at global level. We reaffirm our commitment to strengthening the multilateral system, and we commit to work towards reducing fragmentation caused by international trade and investment agreements. We call on members of the WTO to ratify the Trade Facilitation Agreement and implement the Bali Package, including the implementation of the decisions taken in favour of LDCs.

75 Since the adoption of the Monterrey Consensus, developing countries have dramatically increased their share in world exports. South-South trade in particular has increased, partly due to the development of global value chains, in which the stages of production from design to the various steps in manufacturing to marketing and sales may take place in different locations around the world. At the same time, LDC participation in world trade in goods and commercial services remains low and world trade seems unable to return to the buoyant growth rates seen before the global financial

development. We call for an increase in Aid for Trade to develop countries, in particular to LDCs, and we welcome additional cooperation among developing countries to this end.

E. Debt and debt sustainability

- 81 We will carry out negotiation and implementation of trade and investment agreements in a transparent manner to ensure that trade and investment treaties do not constrain domestic policies to reduce inequality, protect the environment or ensure adequate tax revenues. We will strengthen safeguards in investment treaties, especially by proper revs,y propsteend

public debt sustainability and to help the government and people reap the benefits of higher growth. In addition, the ability of countries to achieve sustainable development should be taken into account in debt restructurings.

stronger national financial regulation in a reform agenda whose completion remains a high policy priority. Nonetheless, regulatory gaps and misaligned incentives continue to pose risks to financial stability, and suggest a need to consider further reforms to the global monetary system.

93 The major economy countries among us commit to continue to strengthen international coordination of macroeconomic policies for greater global financial stability and sustainable development, acknowledging that national policy decisions can have systemic and far-ranging effects well beyond national borders. In this regard, we welcome frameworks for swap lines among central bank-qualified countries supported by multilateral institutions.

94 At the same time, we recognize the importance of strengthening the permanent international financial safety net. The implementation of the 2010 reforms remains the highest priority for the IMF and we strongly urge the earliest ratification of these reforms. We remain committed to maintaining a strong and quota-based IMF, with adequate resources to fulfill its systemic responsibilities.

95 We invite the IMF to consider regular periodic allocations of special

and facilitate sustainable production and consumption patterns, resilience against natural disasters, climate change and other shocks, and support the protection of the environment, including preventing deforestation and desertification. However, we note with concern the uneven innovative capacity and access to technology both within and between countries, as shown for example by a persistent “digital divide”, particularly for LDCs.

104 We agree to craft policies that support innovation in areas that can spur sustainable and inclusive growth and increase access to basic services at reduced costs. We recognize the importance of an

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development (transport, buildings, food and service provision) a vaccines and medicines. We commit to allocate ODA for technical support to national science, technology and innovative applications, such as hydrometeorological information and early warning systems, including through human capacity development in developing countries, in particular LDCs.

109 We highly value the research and development of vaccines and medicines for the communicable and noncommunicable diseases that primarily affect developing countries and will increase our support of the work of Gavi, The Vaccine Alliance, in incentivizing such innovation and improving equal access to new and underused vaccines. We also commit to further increase investment in agricultural research and development, and call on the Consultative Group on International Agricultural Research (CGIAR) to strengthen long-term partnerships with the private sector, academia, and civil society to accelerate the development, demonstration and diffusion of sustainable agricultural technologies. We agree to continue efforts to upgrade technology for modern and sustainable energy services for all, particularly LDCs and SIDS, and welcome the Secretary

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