

French Non Paper on financing for development – January 2015

Following the three thematic sessions, the co-facilitators of the Financing for development process and the Secretariat will find hereafter a summary of the main points raised by France during these sessions, which are based on EU positions and which France would like to see reflected in the elements paper to be distributed by the co facilitators.

Overarching objective

The Addis Ababa conference must aim at identifying the available financing for sustainable development as well as adequate means of implementation (i.e. domestic and international actions and policies) to mobilize and use this financing in the most effective way.

Considering investment needs required to finance the future agenda implies defining the means to mobilize all sources of finance, whether domestic and international, public and private. While building on the Monterrey Consensus, it must update it, taking into account the achievements of the Rio+20 Outcome Document, and the results achieved in the Open Working Group on Sustainable Development Goals, the report of the Intergovernmental Committee of Experts on Sustainable Development Financing (ICESDF), as well as the UNSG synthesis report, in order to address emerging challenges and the evolving development landscape. During the Addis conference, countries must strive to reach a common understanding not only on the resources, but also on the purpose of development financing, which is the eradication of poverty and the achievement of sustainable development.

1. One of the key elements in implementing the sustainable development goals is policy coherence for development. Enhanced coherence and synergies between policies across sectors and at different levels is critical to ensure economic, social and environmental transformation. Therefore PCD needs to be applied universally by all the actors. **Domestic resource mobilization**

Each country has primary responsibility for its own development, hence, domestic resources are and will remain the main source of development financing.

An increase in domestic resource mobilization provides resources to finance sustainable development but it also strengthens public accountability and efficiency of public spending. Even though the share of tax revenue as percentage of GDP has substantially increased in developing countries since Monterrey, significant differences exist between countries. Effective mobilization of resources by

huge since financial systems promote capital accumulation, innovation, employment and finally growth and development.

2. International Public Financing

ODA's role remains crucial even though its relative importance tends to diminish with growing domestic fiscal resources mobilization and the weight of private flows received by developing countries.

However, ODA should be used in a differentiated way, adapting the instrument (grant vs. loan) and the level of concessionality of the resource with respect to the level of development of the beneficiary country and the type of project founded. This prin

The landscape of external debt of low income and developing countries has changed over the past few years and a lot of progresses have been made in this field since the Monterrey conference in 2002. Such evolutions have been facilitated by debt relief initiatives under the HIPC, the MDRI and the Evian treatment in the Paris Club, together with other debtor countries' efforts. As the HIPC initiative is drawing to a close, the international community should preserve and build upon these achievements to avoid a recurrence of unsustainable levels of debt. In this regard, the 2015 Declaration should stress new challenges for these countries and recall that we remain committed to ensure that financing decisions remain consistent with long-term debt sustainability.

The drastic rise in creditor litigations during and after sovereign debt restructurings has also become an important challenge for the orderly resolution of debt crises. Against this background, coordination between stakeholders is more than ever necessary within the international financial community, so that sovereign debtors can ensure fair, orderly and good-faith debt restructuring negotiations. In particular, it is important to strengthen the existing contractual approach to sovereign debt restructuring, building upon the work of the IMF on tackling collective action issues in sovereign debt restructuring. Specific attention should be given to the cases of more vulnerable countries with lower legal capacities, such as low-income countries, and non-cooperative strategies in debt restructuring crises should be monitored closely, especially during the transition period as the current stock of foreign law sovereign bonds does not include these strengthened contractual features.