<u>**Preparatory Process for the Third International Conference on Financing for Development**</u>

Second round of Substantive Informal Sessions (9 – 12 December 2014)

Informal Summary by the Secretariat

In preparation of the Third International Conference on Financing for Development (Addis Ababa, Ethiopia, 13-16 July 2015), the General Assembly held four days of substantive informal sessions, from 9 to 12 December 2014, chaired by the co-facilitators of the process, H.E. Mr. George Wilfred Talbot (Guyana) and H.E. Mr. Geir O. Pedersen (Norway). The overall theme of the sessions was “Enabling environment, systemic issues, follow-up process and learning from partnerships”.

As during the first round in November, the sessions drew significant interest of Member States, with a high level of participation from capitals of both developed and developing countries, including senior offici

However, the recent financial crisis revealed systemic flaws, regulatory gaps and misaligned incentives in the international financial and monetary systems. Despite various initiatives, much work remains to be done, particularly with regard to increasing the effectiveness of the international monetary system. The Addis Ababa Conference could lay important groundwork in this regard and help establish an enabling environment in support of the post-2015 development agenda.

Ms. Tarisa Watanagase, highlighted the need for central banks to pursue policy measures to prevent boom-bust cycles and promote sustainable growth in line with a country's economic potential. Central banks should pursue the dual mandates of price stability and financial stability. It is important to avoid accommodative monetary and fiscal policies for extended periods of time, since these could result in asset bubbles and imbalances that threaten economic stability. The central bank should also encourage the public to maintain sustainable corporate and household debt. At the same time, it was crucial to understand and mitigate systemic risks of the banking sector, including risks associated with capital flows. In her conclusion, the speaker proposed several areas where further discussion was needed, including the relationship between capital flows and price and financial stability; effective monitoring and assessment of systemic risk; greater use of Financial Sector Assessment Programmes (FSAPs) for systemically important countries; analytical capacity building; and governance structures that protect the mandate of central banks to maintain financial stability from outside interference.

Mr. Rupert Thorne recalled that the G20 Leaders in 2009 committed to a fundamental reform of the global financial system. The objectives were to fix the fault lines that led to the crisis, and to build a safer international financial system to better serve the real economy. In his view, agreement on the first phase of reforms has been substantially completed. The next phase of reforms was to address new and constantly changing risks, by making banks more resilient, ending too-big-to-fail, transforming shadow banking into resilient market-based financing and making derivatives markets safer. The FSB would launch comprehensive monitoring and peer reviews of reforms to build mutual trust through better data and information sharing. It was important to ensure consistent implementation of agreed common standards. However, each jurisdiction's circumstances needed to be fully taken into account. The Financial Stability Board had also made efforts to reach out to developing countries through strengthening the voice of the 10 Members of the Board that represent emerging market economies, as well through regular regional consultations. It was also important to understand the effects of regulatory reforms on developing countries. To date, FSB reports had shown that concerns about potential unintended consequence were limited, although the implementation process has just begun. Looking ahead, the FSB would continue its work on more inclusive policy development processes and implementation support for developing countries. Mr. Thorne also stated that stability is a prerequisite for a functioning financial sector, implying that stability and supports increased access to credit.

Mr. Athanasios Arvanitis highlighted recent efforts of the IMF to strengthen the global financial safety net. He emphasized the frequency of systemic crises over the last few decades. Capital flow volatility has continued to pose risks to emerging market economies. As a response, a multi-layered global safety net has emerged over the last decade, which includes self-insurance through reserve accumulation, bilateral swap lines, regional financial arrangements, and global initiatives. The BRICS Contingent Reserve Arrangement (CRA), with an initial size of USD 100 billion was set up to help countries forestall short-term liquidity pressures.

crises. The imperative was to increase the stability of the financial system to reduce the need for self-insurance.

- Different perspectives were expressed on potential reforms of the reserve currency regime. While some speakers considered the introduction of SDRs to be unrealistic and favored more policy coordination within the existing multicurrency regime, others insisted that SDRs could be introduced as a full reserve asset, which countries could either use or deposit in their IMF accounts.

- Many delegations highlighted the need to balance regulatory reforms with the need to ensure adequate access to long-term financing and SME finance, especially for developing countries. Indeed, some expressed their concern that reforms like Basel III had already limited access to finance for developing countries.

- Some speakers noted that national development banks (NDBs) could play a pivotal role in providing finance for sustainable development. Moreover, NDBs could provide countercyclical credit in times of macroeconomic instability, which was one of the main causes of business failures, underinvestment and chronic unemployment.

Session 2: "International Tax Cooperation" (9 December 2014)

The second session featured a panel on international tax cooperation for development, focused on how international tax cooperation can best lead to more inclusive and development-oriented approaches to the setting of international tax rules. Mr. Vito Tanzi, former Director of the Fiscal Affairs Department, International Monetary Fund, delivered a scene-setting presentation of emerging international tax issues for both developing and developed countries, and outlined some possible solutions. It was followed by a panel session moderated by Mr. Alex Trepelkov, Director, Financing for Development Office, UN Department of Economic and Social Affairs. The panellists were: Mr. Eric Mensah (o5.9(i)-2.3(ble solutions. It was)]TJ-12.975 -1.15 TD.0003 Tc.0004 Tw[(followed by

Mr. Tanzi proposed a so-called “Manhattan Project” of tax, which would pull together international organizations to jointly study solutions to growing tax evasion and avoidance. At a later stage, this working group might evolve into a formal organization (such as the sometimes-suggested World Tax Organization). Such an organization could be responsible for promotion of tax principles and of surveillance over countries’ tax policies, but not actual collection of taxes. The speaker proposed that global tax rules should be seen as a global public good needed to reduce tax avoidance and abuses and to provide fair access to the global tax base by each country.

In his opening remarks, Mr. Trepelkov, outlined the recent intergovernmental developments at the United Nations in the area of international tax cooperation. He stressed that fair and effective tax systems are central for financing sustainable development and that the Third International Conference on Financing for Development has the potential to recognize and analyse the current landscape of international tax cooperation and help to identify priorities for reform and make concrete provisions to meet the needs, and support the efforts of both developing and developed countries for financing sustainable development. In preparation of the Conference, he called on international tax organizations to explore how they can work together to facilitate a more development-oriented approach to setting and updating international tax norms, enhancing transparency and exchange of information mechanisms and strengthening national tax administrations.

Mr. Mensah introduced the role of the UN Model Tax Convention in avoiding double taxation of profits (thus promoting investment) while preserving tax revenues in the host country of investment. He pointed out that the UN Model also responded to developing countries’ concerns in being less dependent than other Models on a “bricks and mortar” presence before a country could, under tax treaties, begin to tax profits made there. This is especially important in the services economy, which is less reliant on such physical presence for economic engagement with a country. The next version of the UN Model will provide source state taxation of profits on certain types of services (such as consultancy services) provided to that country, without any need for physical presence in that country at all.

Other areas of the UN Tax Committee’s responsiveness to developing country priorities and needs included guidance in addressing international profit shifting and tax issues relating to extractive industries. Mr Mensah noted the lack of funding for Subcommittees’ work between the annual Committee meetings, and the consequent difficulty in ensuring appropriate developing country representation and Secretariat participation. He expressed the view that developing countries were too often involved only after the real decisions in international tax issues had been decided, and the UN and its Committee had an important role in rebalancing that situation.

Mr. de Mooij presented the IMF Staff Report on Spillovers of 9 May 2014. He indicated that spillovers affecting developing countries included ‘base spillovers’, by which one country's actions directly affect others’ tax bases (such as policies on whether foreign-sourced profits are taxed); and ‘strategic spillovers,’ by which such policies induce changes in other countries' tax policies (such as increasing tax incentives or decreasing rates).

Mr de Mooij noted that some issues were different or of special concern of developing countries. One was the potential for tax treaties to reduce the taxation rights under domestic law of "source countries". Another was how to effectively tax extractive industries, including if a capital gain on, for example, a mining license is realized offshore. A further issue was how to deal with pervasive tax incentives and the "race to the bottom" in granting them. He noted relevant lessons from the IMF Technical Assistance Program. He also stressed that countries should not sacrifice their domestic law taxing rights too readily. In addition, regional coordination between countries can help address some of the challenges for individual countries.

Ms. de Ruiter noted that international overlaps leading to double taxation have been the historical focus of the OECD work, but there was now greater recognition that economic growth was also hampered by double non-taxation as multinational enterprises often shifted their profits to where the tax gaps were. She noted that the OECD/G20 base erosion and profit shifting (BEPS) project is intended to contribute to: (1) improving coherence of tax systems by coordinating countries' domestic legislation; (2) resetting the international tax norms to realign taxation with economic activity and value; and (3) improving transparency, certainty and predictability of international taxation.

Ms. de Ruiter said that the OECD recognised that priorities between BEPS issues often varied as between developed and developing countries, and some issues not addressed in the BEPS Action Plan were of critical importance to developing countries, such as for instance wasteful tax incentives and indirect transfer of assets. She indicated that the OECD is moving from consultation with developing countries to participation of developing countries in its BEPS project. The OECD and other international organizations will also develop toolkits to assist developing countries in implementation of the results of the BEPS project.

Points made in the subsequent interactive discussion included the following:

- Some delegations underscored that more needed to be done to ensure that the voices of developing countries were taken into account in international tax policy setting. It was also highlighted that smaller States should be involved as co-drafters of global standards, with realistic time tables for, and means of, implementation of these standards, taking into account fiscal and human capacities of smaller states.

- Several speakers emphasized the need for stronger data on the deficiencies of the international tax architecture, as well as better information flows to developing countries in order to combat tax abuses. There were calls to map and address the challenges faced by developing countries to fully participate in, and benefit from, country-by-country reporting and automatic exchange of information

- Some speakers underscored that insufficient ODA was directed to strengthening and administering tax systems in developing countries. The Addis Ababa Conference could be instrumental to improve the situation ;

- It was highlighted that more consideration had to be given to the issue of gender budgeting due to the disadvantageous impact taxes might have on women.

- Participants discussed the risks to investment and development caused by double taxation as well as unilateral and inconsistent BEPS measures taken by individual States. With regards to BEPS, issues related to customs, value added and income taxation should be addressed.

- Some speakers underlined the continuing l

- Problems of creditor litigation
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memory of debt restructurings and to consolidate processes and resources. From his perspective, another benefit would be to avoid wasting too much time on deciding who sets the agenda in restructuring negotiations.

Points made in the subsequent interactive discussion included the following:

- It was recognized that debt is an important tool of development finance if used in a responsible way. Many participants highlighted the need for better debt sustainability and called for stronger focus on prevention rather than resolution and restructuring. In that respect, there were diverging perspectives on the progress made by the IMF in anticipating and identifying debt crises, as well as the results achieved by the IMF in debt restructuring.

- Several speakers expressed support for the establishment of an international debt forum to deal with sovereign debt restructuring. Some participants insisted on some key principles, such as neutrality, accountability, inclusiveness and transparency, It was noted that many proposals had put more emphasis on creditors than on people suffering from debt distress.

Session 4: "Fostering science, technology and innovation" (10 December 2014)

The panel was moderated by Mr. David O'Connor, Chief, Policy and Analysis Branch, Division for Sustainable Development, UN Department of Economic and Social Affairs. The panelists were Prof. Xiaolan Fu, Professor of Technology and International Development at Oxford University; Prof. William Lazonick, Professor and Director of the University of Massachusetts Center for Industrial Competitiveness; and Mr. Khalilur Rahman, Secretary of the UN Secretary-General's High-level Panel on Technology Bank for the Least Developed Countries.

Mr. O'Connor opened the session by noting the critical role that science, technology and innovation would play in meeting the goals to be contained in the post-2015 development agenda. Progress was needed in two dimensions – in accelerating technological progress, and in scaling up the diffusion of knowledge and technology. These urgent challenges would need policy action and could not be left to markets alone. This recognition is reflected in the proposal of the Open Working Group on Sustainable Development Goals, which contains target 9b, to 'support domestic technology development, research and innovation in developing countries'.

The first panelist, Ms. Xiaolan Fu, provided an overview of the state of science, technology and innovation in developing countries. Despite significant catching up with developed countries, progress has mostly been concentrated in middle-income countries. Gaps remain significant, as evidenced for example in very uneven distributions of patent applications, journal papers, and investments in research and development. One notable exception to these continued gaps are information and communication technologies, where there has been significant catch-up of developing countries. Nonetheless, she noted that most of the innovations carried out in developing countries, for example in firms in

Africa, were low cost innovations, with the lack of finance as a critical constraint, particularly for larger scale innovations. In terms of policy actions, Ms. Fu suggested that both public and private financing would be needed at the national level to provide different types of finance for different stages of the technology cycle. Education, training and stronger linkages and collaboration among firms and universities are also key. At the international level, ODA could focus more on science and innovation. Lastly, technology transfer – both North-South and South-South collaboration – could make a critical contribution.

Mr. William Lazonick highlighted that innovation ultimately derives from enterprises, which are the foundation of economic growth. Yet, innovation is an uncertain, collective and cumulative process, which implies that enterprises rely on societal relations, collaboration with other stakeholders, such as universities, and on a developmental state. For this reason, countries should have a strategic approach to implement national innovation strategies. Organizational integration and long-term financial commitments were particularly needed.. He further noted that in developing countries, innovative enterprises played a key role in adapting knowledge to achieve indigenous innovation.

The final panelist, Mr. Khalilur Rahman, reminded the audience that the least developed countries (LDCs) were facing the greatest challenges in achieving technological progress, and did not have access to traditional mechanisms of technology transfer such as foreign direct investment. To address this gap, the Istanbul Programme of Action aimed to

- In terms of national policies, speakers called for a focus on skills development and education, as well as a financial sector that is geared toward financing of investments in innovation and productive capacities. Finally, the importance of non-traditional knowledge was highlighted.

Session 5: "Investment regimes for sustainable development" (10 December 2014)

The panel on investment regimes for sustainable development was moderated by Mr. Richard Kozul-Wright, Director for the Division on Globalization and Development, UNCTAD. The panelists were: Ms. Elisabeth Tuerk, Chief, International Investment Agreements Section, UNCTAD; Ms. Sarah Anderson, Fellow at the Institute for Policy Studies; and Mr. Jeswald Salacuse, Professor of Law, Tufts University, and President of the International Arbitration Tribunal.

Mr. Richard Kozul-Wright emphasized that the Monterrey Consensus had called for a transparent, stable and predictable investment climate. Since then, numerous bilateral investment agreements have been signed, and developing countries have found it difficult to navigate a very fragmented landscape. In this context, the Intergovernmental Committee of Experts on Sustainable Development Financing called on the international community to explore steps toward a multilateral approach to investment regimes that more adequately balances the interests of all stakeholders and takes sustainable development considerations fully into account.

Ms. Elisabeth Tuerk noted that after a rapid increase of bilateral investment treaties in the 1990s, fewer such treaties were signed in recent years. There is an upscaling, with larger groups of countries involved in treaties which cover a greater number of issues, while at the same time there is a trend for "disengagement" by some countries who have cancelled or modified treaties recently. She indicated that the system was designed for flexible resolution of investment disputes; but that increasingly investor-state disputes have not looked at expropriation of investment, but instead focused on public policy issues such as health or environmental regulations. More than fifty investor-state dispute settlement cases were filed in 2013, which has led to public debate on the impact of investment agreements on national policy space. Ms. Tuerk outlined five possible paths for reform of dispute settlement (including the introduction of an appeals facility, improved transparency, or the creation of a standing international investment court) and four paths of reform for the overall system of international investment agreements. Finally, she briefly introduced UNCTAD's Investment Policy Framework for Sustainable Development, which provided policy options and guidelines for policy makers.

Ms. Sarah Anderson stressed that the creation of the main forum of investor-state dispute settlement was rejected by twenty-one countries in 1964 at the World Bank annual meetings in Tokyo. She said the opponents were vindicated and that the system of investment treaties was now in a deep crisis of legitimacy, and thus needed a broad overhaul. She noted investor-state cases against the promotion of green energy, capital account regulations, and laws to combat the negative effects of smoking, all potentially

International Trade Law, which aim at improving transparency in the investment arbitration regime.

Session 6: "Trade regimes for sustainable development" (10 December 2014)

The panel was moderated by Mr. William Milberg, Dean, New School for Social Research. The speakers included: Mr. Guillermo Valles, Director, Division on International trade and commodities, UNCTAD; Ms. Jennifer Bair, Assistant Professor, University of Colorado; Mr. Joaquim Tres, Regional Instruments Coordinator, Integration and Trade Sector, Inter-American Development Bank; Mr. Paulo Correa, Lead Economist and Acting Practice Manager for the Innovation Technology and Entrepreneurship (ITE) Unit in the Trade and Competitiveness Global Practice of the World Bank Group; and Ms. Deborah James, Director of International Programs, Center

Mr. Paulo Correa put trade in the context of poverty reduction. He emphasised two contradictory effects: trade increases growth and thus reduces poverty in the long-run, but it may increase poverty and inequality in the short-term. He emphasised the importance of complimentary policies, such as education and labour market policies, which can enhance the benefits from trade. Labour mobility and competition policy were considered particularly important.

Ms Deborah James focused on trade agreements. She argued that trade agreements have harmed developing countries because they had been written to benefit rich countries. She particularly stressed that trade agreements have entered into areas of domestic policy making which she said had nothing to do with trade, and stressed that countries needed policy space to advance their own development strategies. She focussed on three areas: intellectual property rights, agriculture, and public services. She argued against the creation of monopolies based on patents, especially health care and climate-friendly technologies. In agriculture she suggested putting the goals of food security policies and support to farmers ahead of trade policies, and finally that rules on trade in services should not forcibly liberalise the delivery of public services, which are crucial for delivery on the MDGs and SDGs.

Points made in the subsequent interactive discussion included the following:

- A key theme was how trade has changed since Monterrey – including the development of global value chains, and the increase of overlapping preferential trade agreements and mega-regional trade agreements. There was a debate about the proliferation of regional agreements, which was described as a spaghetti bowl of rules, with complicated mismatches in rules of origin that create high transaction costs. There was a suggestion that countries could try to align regional agreements with the existing trade patterns in value chains, to ensure more value is added regionally. It was also suggested to design regional agreements that are not based on country groupings where there is a large power imbalance between the members. It was suggested that this could help convergence towards multilateral agreements. One intervention suggested building regional industrial policies to complement regional trade integration. Another suggestion was that the WTO should act as a clearinghouse for best practices in regional agreements.

- A debate proceeded on whether the impact of trade should be measured in terms of trade volumes or other outcomes. Several panellists argued that more trade is better than less trade and cited the empirical literature. Others insisted that this has not been borne out by the evidence on growth in al specialised in exporting high-value agriculture goods, but that the increase in supply, along with the lack of demand growth in developed countries, has impacted the value. Other interventions focused on similar issues with commodity and mineral exports. With regard to the second challenge on innovation (the Schumpeter challenge), the issue of asymmetries in value-added capture were discussed, including opportunities for rent capture within value chains. The importance of regulation was stressed, including financial regulation, as well as competition policy and other regulations. The final challenge set out by the moderator was the impact of changes in trade regimes on inequality in incomes and the distribution of wealth (the Piketty challenge). Some delegations stressed that trade policy needed to have more egalitarian outcomes. A recurrent point was the impact of agricultural subsidies in developed countries and how this hurts the poorest farmers in LDCs. One suggestion was to ensure that trade-facilitating transport infrastructure was also designed to ensure that people in poorer regions get access to quality public services as well access to markets. The importance of investing in education was also stressed.

- Several other topics were mentioned in the discussion, including the incorporation of environmental and social standards in trade agreements and policies, the importance of trade finance, and how trade mispricing is key component of illicit financial flows. The discussion concluded with the observation that policy space can be relevant for developing and developed countries alike.

Session 7: "Closing data gaps and strengthening statistical capabilities" (11 December 2014)

The session was moderated by Dr. James Manyika, Director, McKinsey Global Institute. He opened the session by describing the data revolution that is currently unfolding, and the accompanying phenomenon of big data. The panellists included Ms. Haishan Fu, Director, Development Data Group, World Bank; Dr. Ranjit Tinaikar, Managing Director, Thomson Reuters; Ms. Yesim Sisik, Director, Central Bank of Turkey; Mr. Ronald Jansen, Chief, Trade Statistics Branch, UN Statistics Department; Mr. Ethan Weisman, Deputy Chief, Balance of Payments Division, International Monetary Fund; Mr. Juan Manuel Valle Pereña, Director, Mexican Agency for International Development

- Privacy and confidentiality was also discussed. Robust legal protections for data security and privacy were mentioned as enabling citizens and businesses to trust data gathering initiatives. The independence of national statistical offices was also highlighted. At the same time, it was mentioned that being unable to share individual and firm level data might prevent important activities such as checking bilateral discrepancies between the home and host country of foreign direct investors, or verifying trade statistics.

- Some participants suggested a 'New Data Deal' which would clarify data ownership, especially for data generated by people's daily activity.

- It was also extensively discussed that many countries still needed to get the basic data and information flowing and that investments, including from ODA, in national statistical capacities and offices would be critical. New technology could help.

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context, Mr. Frank pointed out that skepticism on foreign aid was on the rise in the United States. He also argued th the third largest shareholder at the World Bank, while Africa has gained an additional seat on the Board of Executive Directors. Another important change was that emerging economies like China, Indonesia, and India were contributing funds to concessional windows, thereby shaping the policy arena. The G20 would be a critical place to discuss global economic issues, but challenges of small countries should be considered as well. She highlighted potential trade-offs between representation and effectiveness. She also pointed to issues related to common values and norms, e.g. in the field of human rights, environment and procurement.

Mr. Roberto Bissio focused on the governance requirements for public-private partnerships (PPPs). He described studies from OECD countries, where PPPs are often more expensive than standard public projects. He urged Member States to consider alternatives to channel resources for infrastructure financing and pointed out the need for more transparency and oversight over blended finance, as well as stronger due diligence before PPPs were established. He further explained that when governments need to cut budgets they could not phase out PPPs because they would become subjects to Investor-State Dispute Settlements. The panelist cautioned against using PPPs in developing countries, given that they often failed in OECD countries and suggested adding another "P" to PPPs, which would stand for "people".

Points made during the subsequent interactive discussion included the following:

- It was stated that it would be important for the post-2015 development agenda to place a strong emphasis on the role of governance, and the importance of both domestic and international governance.

- Several Member States emphasized the need for better representation of developing countries in global economic governance. They called for a reform of the international financial institutions and highlighted the need for policy space for developing countries. In addition to representation, the role of transparency and accountability for governance was pointed out.

- The importance of the rule of law was stressed and calls were made for stronger cooperation to prevent tax evasion and illicit flows. Member states asked about practical steps that the Addis Ababa Conference could promote to address corruption and stability for entrepreneurship, innovation and investment.

- The importance of capacity building to strengthen data collection and statistical analysis, as well as the potential for technology transfer, were emphasized by several Member States.

- Some Member States highlighted the need for the G20 and G7 to consider the interests of smaller economies. Civil society representatives proposed that instead of governments waiting for the G20 or the FSB to reach out to them, the multi-stakeholder dialogue in the FFD process should be further developed by having regular meetings that would bring together all relevant stakeholders.

- Business sector representatives suggested that more countries should adapt IFC standards. It was also recommended to take a balanced approach to PPPs and consider options to strengthen implementation, including the use of ODA to leverage private exemplified by GAVI and the Global Fund to Fight HIV/AIDS, Tuberculosis and Malaria, where private companies provide technologies, diagnostics and medicines, often on an open license basis, and worked closely with the public sector and public financing, supplanting numerous bilateral projects with much higher transaction costs. He suggested the implementation of such partnerships in other sectors, particularly in education. In the area of research, development and diffusion, public involvement would be critical to achieve technological breakthroughs, e.g. in the area of low carbon energy. Finally, public private partnerships would play a key role in infrastructure, where private investment needs public sector guidance. He highlighted that the Addis Ababa Conference would be a unique opportunity to frame such partnerships and to unlock savings for sustainable development investments.

Dr. Naoko Ishii recalled the Global Environment Facility’s history in servicing several multilateral environmental agreements, and noted its experiences with partnerships between public and private agents. Based on these experiences, she suggested that public-private partnerships could play a key role in three critical areas going forward: energy systems, cities, and land use. Specifically, such partnerships would allow to reduce private sector risks and thus facilitate innovation and investment; could help to break down silos within national governments and contribute to mainstreaming environment sustainability into national policies; and could contribute to providing global public goods, such as in the areas of climate and oceans.

Dr. Mercy Ahun presented the GAVI achievements as an example of a successful and unique model of international public-private partnerships, there are concerns over weak monitoring structures, with clear goals and indicators and data lacking. In view of these experiences, he suggested that more discipline was needed in setting up new structures, and that these should perhaps contain sunset clauses. He also called for common standards for transparency and accountability.

Points made in the subsequent interactive discussion included the following:

- Participants differed in their views over the potential contribution of domestic public-private partnerships, as often employed in infrastructure, to financing the post-2015 development agenda. Both successful examples – where national public actors had

universal membership, the UN would be in the best position to allow for a legitimate participatory approach. For the follow-up process, one example to tackle systemic issues would be international cooperation on tax matters as an essential component to tackle inequality within and between countries. The success of the FfD process in addressing systemic issues would lay the ground for a successful post-2015 development agenda.

Points made during the interactive discussion included the following:

- Many delegations emphasised the need to view the Third International Conference on Financing for Development as part of the post-2015 development agenda and to ensure that the FfD follow-up process would feed into the monitoring and accountability framework.

- Several speakers referred to the difficulties in obtaining data to monitor the implementation of agreed measures. It was pointed out that in the current framework the UN cannot monitor progress at the country level. Strengthening capacity in data collection and processing would be an important component of an effective follow-up mechanism. A global fund to support domestic capacities for data collection and processing was proposed.

- Some speakers stated that the Addis Ababa Conference would be the third and probably last chance for the implementation of an FfD commission. Calls were made for leadership on this matter.

- Civil society representatives called for the implementation of a robust accountability framework that would hold governments accountable both to other governments and civil society. It was pointed out that developing countries should not be overburdened and that the framework should be built on six principles: participation, human rights, equity, transparency, access to justice and law, and accountability.
- Business sector representatives highlighted the importance of the link between national and local governments for accountability. They further stressed the role of technology for the dissemination of data on successful projects and for monitoring purposes.

Conclusion

The two co-facilitators of the preparatory process for the Third International Conference on Financing for Development thanked all participants for their contributions to the deliberations. They reiterated the importance of the Addis Ababa Conference as a major stepping stone toward a successful Summit on the post-2015 development to be held in September 2015.

In their closing remarks, they outlined some of the key points made during the eight days of substantive informal sessions held from October to December 2014:

- The Addis Ababa Conference should address both the unfinished business of the Monterrey Consensus and Doha Declaration on Financing for Development, as well as new and emerging challenges.

- The mobilization and effective use of all financing sources in support of sustainable development will be crucial, including national and international, public, private and blended financing flows. All sources will have to complement each other. ODA will remain critical and relevant, but will not be sufficient given the magnitude of the agenda.

- The comprehensive vision of sustainable development articulated in the outcome document of Rio+20, focusing on the eradication of poverty and integration of the economic, social, and environmental dimensions of sustainable development, and the proposal for Sustainable Development Goals, will all be taken into account in the preparations for the Addis Ababa Conference.

- The Addis Ababa Conference should be a "Monterrey plus". It would feature new elements, including sustainability and universality. In this regard, financing gaps in