

Some reflections on the Third FFD Conference Follow-up – A Thinkpiece CIDSE Briefing Note - May 2015

As governments negotiate the Third Financing for Development Conference (FFD 3) to be held in Addis Ababa (13-16 July 2015), an important decision that they will have to make refers to the follow-up process. This brief piece offers some thoughts on the international dimensions of such follow-up, without denying the importance of the need to plan for national and regional follow-up dimensions too.

It is no secret that Financing for Development commitments have been poorly implemented, and while the Third FFD Conference itself definitely offers an opportunity for follow-up, a lesson to learn is that it would be better not to have to wait seven years in between moments when governments get together to focus attention on how implementation is going. The Conference offers an opportunity to strengthen a follow-up that has so far fallen short of what is required for a sustained dialogue within the UN on the holistic picture of financing for development flows.

One issue that obscures consideration of this point, however, is that FFD 3 only coincidentally takes place in the same year that the Post-2015 agenda and Sustainable Development Goals (SDGs) are to be adopted. It is clear that the ambition of the agreement on the Post-2015 agenda will depend on an ambitious outcome of the Third FFD Conference, and that these processes need to be coherent with each other. FFD 3 is expected to support and synergise with the SDGs. But it is equally clear that FFD and the Post-2015 agenda (or international sustainable development goals, for that matter) are processes with a separate history and purposes that only partially overlap.

The Financing for Development process which led to the first FFD Conference in Monterrey in 2002 emerged in the late 1990s, meant primarily to provide a platform at the UN for coordination across all sources of finance in a holistic and comprehensive way, and with all relevant development actors. This was long before the idea of international development goals – as formulated in the Millennium Development Goals – sunk in. In the face of the agreement on the Millennium Development Goals (MDGs) in 2000, the Monterrey Consensus was seen, in part, as a response to the need to support them. At the same time, one of these MDGs was about means of implementation and included a few targets. Because targets were supposed to be limited in number, simple, easily-communicable, etc. they could hardly reflect the depth and length of the programme of action reflected in the Monterrey Consensus. But they were certainly coherent with it and one can find the targets reflected in pertinent parts of the Monterrey Consensus.

At the same time, supporting internationally agreed goals was only one of the functions of the FFD Conference. While FFD supported MDGs, and should arguably support the SDGs, it transcends both sets of goals. The Post-2015 negotiations have identified a number of means of implementation that are non-financial in nature – technology, capacity-building, data, and so on. While these were not absent in the Monterrey Consensus, their treatment had a distinct tilt towards their financing implications.

Thus, the relationship between FFD and the SDGs Means of Implementation can be best characterised as one of partial overlap. On the one hand, FFD is a process in its own right, meant to offer a forum for a holistic and coherent way of tracking progress in the development finance arena. It predates and transcends the MDGs and had its own separate rationale. On the other hand, the SDGs will require

means of implementation that are non-financial, in addition to the financial ones that the original FFD agenda included.

In the course of negotiations so far, the structure of the Monterrey Outcome has already been changed to address means of implementation not of a purely financial character. As pointed out in a document produced in January 2015, the expansion of the FFD agenda can be expected to lead to the undesirable consequence of overloading the FFD agenda while not providing a proper venue for in-depth discussion on the newly-added means of implementation.¹ The Post-2015 Outcome Document would have been the proper place to address such means of implementation. This would have guaranteed complementarities between the Post-2015 framework and FFD agenda while not crowding the space for financial commitments to be adequately tracked and reviewed within the FFD process. At the point this briefing is being drafted, however, without a dramatic shift in the negotiations, we presume an expansion of the FFD agenda and that all means of implementation for the agenda, including financial, will be addressed twice in some form, once in Addis Ababa in July and once at the Post-2015 Summit in New York in September.

Our proposal for FFD follow-up

As Member States discuss FFD follow-up, it will be important to reflect on the features of the current follow-up process that have hindered its potential. Such a review is essential to improve the follow-up in a way that serves both roles: fulfilling its traditional role as a coordination forum for normative developments, tracking progress on all sources of finance for development addressed in a coherent and holistic way; and secondly, and the newly-assigned one of supporting the SDGs.

But discussions on follow up in the Post-2015 negotiations and on FFD are interlinked and have taken a worrisome turn in both processes. Discussions on the Post-2015 parallel process of negotiations increasingly converge around a monitoring, accountability and review mechanism that at the global level would be designed around the High Level Political Forum (HLPF). The HLPF is a relatively recent creation mandated by the UN Rio + 20 Conference and set as a subsidiary body to both the Economic and Social Council and the General Assembly.

A number of countries propose that the global follow-up of the Financing for Development should also take place in the HLPF, arguing that a separate track for FFD would create duplication and risk, thereby risking incoherence. They have argued that the objective of FFD 3 is to reach the global agreement on the means of implementation for the Post-2015 agenda and the SDGs, therefore it would not make sense to have a separate FFD follow-up process. According to this line of argument, maintaining a separate track for FFD would additionally be too costly and would not guarantee improved performance (for instance, if the new body does not operate effectively).

Such proposals raise a number of concerns:

First, they appeared to be based on a faulty premise that FFD is somehow ancillary to the Post-2015 agenda and the SDGs. As said above, this would ignore the first, and actually more traditional, role of FFD.

Second, it would dramatically weaken the space and resources allocated to the normative development of FFD matters at the United Nations. It is hard to see how a body that meets scarcely nine days per year and has to focus on the whole Post-2015 agenda, including 17 SDGs, will ever have the chance to do justice to follow-up on the Financing for Development agenda and unfinished business, let alone the additional means of implementation that have been recently added to it. Furthermore, there is growing convergence around seeing the HLPF as an apex-type body (*“the crown of the system”* as some have called it) entrusted to a very high level political review of the agenda. Its nature would render it unable to enter into technical and detailed discussions, precisely the nature of the subject-matter typical of FFD.

¹ CIDSE Briefing Note. Some reflections on the structure of the Third FFD Conference Outcome Document. January 2015.

Third, the High Level Political Forum is unlikely to provide the kind of space provided by the FFD process as a multi-stakeholder forum appropriate for financing policy discussions at the UN. FFD was and is an effort to bring together all relevant actors, including global economic institutions (at the international level) and Finance Ministries (at the national one). The High Level Political Forum as a successor of the Commission on Sustainable Development is still composed of Member States represented by their Ministries of Environment. Being a forum and given the breadth of its coverage, it cannot respond to the specific needs the FFD process has been set up to fulfill, flaws in the current follow-up notwithstanding, to effectively serve as the only venue for the international community to come together to address financing and economic policy.

For these reasons, CIDSE is proposing an alternative course of action to strengthen the Financing for Development follow-up by creating an autonomous – though not independent – intergovernmental body that could provide an appropriate intergovernmental counterpart that the Secretariat’s Financing for Development Office has lacked since Monterrey. While all international conferences have had dedicated bodies to ensure an effective follow-up, for example the Commission on the Status of Women and the Commission on Social Development, FFD has not.

Rather than debating on the name of this body it would be important to lay out characteristics that, in our view, would make it meaningful for both purposes of the FFD follow-up. These are:

- 1) It could be either a subsidiary body of ECOSOC or the General Assembly, or have a hybrid nature (reporting to both) such as the HLPF,
- 2) It should meet periodically (possibly biennially),
- 3) It should involve a Ministerial level meeting producing a negotiated outcome, and
- 4) It should maintain the *sui generis* rules of participation in the FFD process.

We recognise the validity of calls for coherence and avoiding duplication with the Post-2015 Agenda/SDGs. This could be perfectly addressed through allocating an appropriate space in the HLPF for a meaningful dialogue on the Outcomes of the FFD follow-up. All relevant actors of the FFD process should be invited to participate in such a space. The HLPF Outcomes could be, in turn, fed back to the FFD follow-up so that the input is not in one direction only, but in both directions, and SDG priorities can periodically inform the deliberations of the FFD follow-up.

The issue of cost is not a minor one. Yet it would be myopic to overly focus on the cost of the follow-up mechanism without considering that the cost of not meeting several or all the SDGs because of a weak or ineffective FFD follow-up will be significantly higher. Without a strong FFD follow-up mechanism tracking the critical means of implementation of the agenda, we can expect the poor performance of the past to continue and, with it, that there will be no successful achievement of the goals. Placed in this light, creating a new body in the UN for FFD matters could be seen as a modest investment with a big payoff to all Member States.

Calling for an intergovernmental body does not preclude the involvement of all traditional FFD stakeholders as in point 4 of our proposal. Modalities for including intervention by civil society and the private sector, just as is the case with the preparatory process for the FFD conference, would be clearly possible. Experience of other functional commissions of ECOSOC and even recent General Assembly processes such as the Open Working Group on Sustainable Development Goals have shown this. At the same time, we recognize the prerogative of Member States as ultimate duty bearers, to reserve the right to exclusively intervene beyond a particular point in the process of preparation of every outcome document.

It is true that a new body, per se, does not guarantee success. However, we already know what does not work. Not having an intergovernmental focus for FFD has been tried for thirteen years. It is time to try something new and innovative.

For the next fifteen years, the international community is embarking on the most ambitious agenda ever in the form of the SDGs. Ensuring a strong mechanism for follow-up of critical means that will allow implementation of such agenda will be the most eminent of litmus tests on how serious they are. We urge governments in Addis Ababa to step up to the challenge.



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