OVERVIEW

The Conference on Financing for Development in Addis Ababa (13 – 16 July, Addis Ababa) will launch a renewed and strengthened global partnership for financing people-centred sustainable development. The Addis Ababa Conference presents a unique opportunity to secure the resources we need for the well-being of all people and the health of our planet. With the right financing and the right policies, we can achieve our aspirations to end extreme poverty by 2030. The Conference is all about mobilizing the means to make the difference in people’s lives.

In Addis, governments, civil society and businesses will forge partnerships to align people-centred public and private investments for greatest impact. We expect concrete commitments on finance, trade, debt, governance, technology and innovation for the next fifteen years. To promote prosperity and well-being, we need to invest ahead for people and planet.

BACKGROUND

The Third International Conference on Financing for Development will gather high-level political representatives, including Heads of States and Government, Ministers of Finance, Foreign Affairs and Development Cooperation, as well as all relevant institutional stakeholders, non-governmental organizations and business sector entities.

The Conference should result in an ambitious outcome to support the implementation of the post-2015 development agenda, including the Sustainable Development Goals (SDGs). It will seek the adoption of a comprehensive financing framework with policy commitments on the mobilization and effective use of resources for sustainable development.

While Financing for Development is a process on its own, a successful outcome of the Addis Ababa Conference must fully take into account the comprehensive vision of sustainable development articulated in the outcome document of Rio+20.

Its outcome will be an important milestone toward the Sustainable Development Summit (25-27 September, New York) and the COP21 (30 Nov – 11 Dec, Paris).
KEY MEDIA INFORMATION

Location: The Conference will be held in the UN Conference Centre in Addis Ababa (UNCC-AA), at the headquarters of the UN Economic Commission for Africa (UNECA).

Press conferences: An updated schedule of press events and briefings at the UN Conference Centre in Addis Ababa will be available at www.un.org/ffd3. There will be a press conference room, media centre and small interview room available at the conference facility. A press conference schedule will be shared at the media desk at the Conference Centre and will be sent to registered media in advance. Use of the interview room can be scheduled through Claire Anholt at anholt@un.org.

Press releases: Press releases will be issued daily from the conference and shared via email.

Website: The latest Conference programme, speakers and supporting documents will be posted and updated at www.un.org/ffd3. Other resources and the latest Conference news will be also available at www.un.org/action2015.


Broadcast: UNTV will cover the Conference live between 13-16 July. TV packages will be available to broadcasters through Unifeed at www.unmultimedia.org/tv/unifeed/. These packages are also distributed twice daily through APTN. Broadcast quality video files can be requested from video-library@un.org. UN Radio will also cover the conference and will be filing daily news stories in a number of UN languages. These can be accessed at www.unmultimedia.org/radio/.

Multimedia: Selected photographs of the Forum will be available from UN Photo online, along with other multimedia materials, at www.unmultimedia.org. Key photos from the conference will be shared through UN social media accounts in real-time. Additional photos and high-resolution files can be obtained by contacting the UN Photo Library at photolibr@un.org.

Social media hashtags: #FFD3 and #action2015.

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Q. Why is this Conference important?

- This September, the United Nations will host a Summit to adopt an ambitious and transformative sustainable development agenda, including the Sustainable Development Goals (SDGs). The new goals are expected to build on the eight Millennium Development Goals (MDGs).
- The ambitious goal ahead for the world is to eradicate poverty and hunger in this generation, and to achieve sustainable development through promoting inclusive economic growth, protecting the environment, and promoting peaceful and inclusive societies.
- The new sustainable development agenda will require a new approach to finance mobilization. Significant changes in current policy, financing and investment patterns will be required to deliver the future we want.
- The Conference presents a unique opportunity to define an ambitious financing plan for sustainable development. The Conference will seek solutions to strengthen public finance and unlock the transformative potential of people and the private sector, while ensuring that investment and consumption and production patterns support sustainable development, strengthening national and international policy environments, closing technology gaps and scaling up capacity building at all levels.

Q. Who will attend?

- The Conference will be held at the highest possible political level, including Heads of State or Government, will be the last high-level UN event before the Summit in September. It is well placed to influence the world leaders on a wide range of discussions on the sustainable development goals.

Q. What will the Conference focus on?

- The Conference will focus on mobilizing the resources to achieve the sustainable development. It will develops action agendas that will include domestic public resources, domestic and international private business and finance, international public finance, international trade as an engine for development, debt and debt sustainability, systemic issues and science, technology, innovation and capacity building.
- The Conference will focus on:
  1. assessing the progress made in the implementation of the Monterrey Consensus and the Doha Declaration on Financing for Development;
  2. addressing new and emerging issues
  3. reinvigorating and strengthening the financing for development follow-up process.
Q. What has been achieved in the previous Financing for Development Conferences?

- In 2002, the first Conference was held in Monterrey, Mexico and signalled a turning point in the approach to development cooperation by the international community. It was the first UN-sponsored summit-level meeting to address key financial and related issues pertaining to global development. More than 50 Heads of State and Government and over 200 ministers of foreign affairs, trade, development and finance gathered. Adopting the “Monterrey Consensus,” the Conference succeeded in placing financing for development firmly on the global agenda.

- In 2008, the second Conference in Doha, Qatar adopted the Doha Declaration on Financing for Development to Review the Implementation of the Monterrey Consensus.

Q. What will the Conference achieve?

- The Conference will adopt an intergovernmentally negotiated and agreed outcome document for the Conference “Addis Ababa Action Agenda” for the implementation of the new sustainable development agenda.

Q. What will be the format of the Conference?

- The Conference will consist of plenary meetings, main committees and multi-stakeholder roundtables. During the Conference, a series of special events, including briefings, seminars, workshops and panel discussions on issues related to financing for sustainable development will be organized by participating States, agencies of the UN system and accredited institutional and non-institutional stakeholders. The calendar of those special events will be made available on the Conference website and will also be posted at www.un.org/esa/ffd.
KEY FACTS

1. Financing needs
   • In a report of the Intergovernmental Committee of Experts on Sustainable Development Financing, estimates of annual investment requirements in infrastructure — water, agriculture, telecoms, power, transport, buildings, industrial and forestry sectors — amount to $5 trillion to $7 trillion globally.
   • While global savings — at around US$22 trillion a year — would be sufficient to meet these needs, resources are currently not allocated adequately. The stock of global financial assets — a placement for only a small portion of annual global savings — is estimated to be about $218 trillion. Even a small shift in the way resources are allocated would have an enormous impact.
   • According to an IFC back-up report, the unmet need for credit for small and medium enterprises has been estimated to be up to $2.5 trillion in developing countries and about $3.5 trillion globally.

2. Domestic public resource mobilization
   • The Intergovernmental Committee of Experts on Sustainable Development Financing also reports that domestic finance has grown rapidly in recent years, representing by far the greatest share of financing sources for most countries. Since 2002, public domestic finance in developing countries more than doubled, increasing from US$ 838 billion to US$ 1.86 trillion.
   • Although financial resources exist, they have not been invested to meet sustainable development needs. Gaps persist between developed and developing countries’ capacity to raise public revenues, particularly for the least developed countries.
   • In a World Bank report, tax revenues account for about 10 – 14 per cent of GDP in low income countries – significantly less than in high income countries which achieve tax to GDP ratios of 20 - 30 per cent.
   • Little foreign assistance has been directed to strengthen the revenue and customs sectors in developing countries. Organization for Economic Co-operation and Development (OECD) estimates that only $120 million of official development assistance (ODA) from OECD Development Assistance Committee (DAC) donors is targeted at tax-related activities, less than 0.07% of the total in 2012.

3. International private business and finance
   • According to a UN report, from 2000 to 2013, the ratio of private credit to GDP increased from an average of 19 per cent to 33 per cent in low-income countries, and from 52 per cent to 82 per cent in middle-income countries. Nonetheless, in many developing countries, especially low-income countries, financial markets remain underdeveloped, and financing has been insufficient to meet sustainable development needs.
• Foreign direct investment (FDI) to developing and transition economies rose from $373 billion in 2005 to $750 billion in 2014. FDI is the most stable and long-term source of private sector foreign investment. However, least developed countries receive only a small fraction (less than 2 per cent) of these flows.

• The Intergovernmental Committee of Experts on Sustainable Development Financing reports that the share of investment subject to environmental, social and governance considerations remains small relative to global capital markets, at 7 per cent or $611 trillion of investments in the $12,143 trillion global capital market in 2010.

• In most countries, small and medium enterprises are main drivers of innovation, employment and growth, yet approximately 200 million enterprises in emerging markets lack adequate financing and financial services.

4. Remittances
• Private cross-border transfers from individuals and households have also grown substantially. An estimated $404 billion was remitted to developing countries from migrants in 2013, representing a more than tenfold increase in recorded remittances from 1990, when they were estimated at less than $40 billion.

• In the report of the Intergovernmental Committee of Experts on Sustainable Development Financing, it is estimated that the cost of remittances, however, remains extremely high, at 8.4% of the amount transferred.

5. International public finance
• According to OECD, since the 2000 Millennium Summit and the 2002 International Conference on Financing for Development, net ODA flows from all OECD DAC donors increased significantly, from $84 billion in 2000 to 134.8 billion in 2013, although ODA fell in 2011 and 2012.

• The UN report shows that, overall, the share of ODA allocated to least developed countries fell in recent years, from 34% in 2010 to 32% in 2012. ODA to sub-Saharan Africa decreased by 4% in real terms in 2013, to $26.2 billion. This worrying trend is projected to continue.

• Despite the increase in aid flows, many donors still fall significantly short of commitments. Five donors (Denmark, Luxemburg, Norway, Sweden and the United Kingdom) exceed the target of disbursing 0.7% of their gross national income (GNI) as aid, but the combined DAC donor’s ODA was equivalent to only 0.29% of their collective GNI.
6. International trade as an engine for development
• The UN report also says that since the Monterrey Conference in 2002, the share of developing countries’ exports in the value of total world exports has increased, from about 32% in 2000 to about 45% in 2013.
• Developing countries in Asia alone have come to represent 36 per cent of the world’s merchandise exports in 2013.
• South-South trade has also expanded, rising from one fifth to approximately one fourth of world trade in the past decade, accounting for roughly the same share of trade as North-North trade in 2012.
• Nonetheless, progress in the area of international trade has been uneven. Least developed countries trade was strongly impacted by the global economic slowdown and their share in world trade in goods and commercial services remains low at 1.14% of world trade.

7. Science, technology, innovation and capacity building
• Innovation and diffusion of new technologies is a powerful driver of economic growth and employment creation. Science, technology, innovation and capacity building also support social inclusion, gender equality and sustainable production and consumption patterns, resilience against natural disasters, climate change and other shocks, and support the protection of the environment.
• However, there is a concern that the uneven innovative capacity and access to technology, including ICT, within and between countries, and the persistent ‘digital divide,’ particularly in least developed countries, landlocked least developed countries, Small Island Developing States, and African countries.
• According to ITU, currently, 82.2 per cent of populations in developed countries use the internet, compared to only 35.3 per cent in developing countries.

8. External Debt and Debt Sustainability
• According to the UN report, on an aggregate level, the debt ratios for developing countries look benign at 22.6% of external debt-to-GDP in 2013.
• Low-income countries register higher external debt-to-GDP ratios than middle-income countries at an average of 31.5% in 2013, although a large portion of this is long-term debt at concessional interest rates.
• However, some developing countries remain critically indebted.
• Debt sustainability is particularly problematic in some small States. In 2013, the average ratio of public debt to GDP of small developing countries amounted to 107.7 per cent, compared to 26.4 per cent for developing countries as a whole.