



WORKSHOP
SDGs, AAAA and the AFT Initiative

How to Bridge the Financing Gap?

**Financing for Development – The role of trade and
investment in the Addis Agenda**

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International Conferences on Financing for Development

- Millennium Summit in 2000 - MDGs
- 2002 - Monterrey Consensus
- 2008 - Doha Declaration
- 2015 - Addis Ababa Action Agenda
- 2015 - Launch of 2030 Agenda for SD
- 2019 - Possible follow-up Conference

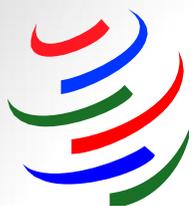


The Enablers:

Finance, technology, capacity building, trade and systemic issues

Goal 17 of the SDGs -

Enablers to "strengthen the means of implementation and revitalize the global partnership for sustainable development".



Finance - SDG targets

- 17.1 Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection
- 17.2 Developed countries to implement fully their official development assistance commitments, including to provide **0.7 per cent of gross national income in ODA to developing countries**, of which **0.15 to 0.20 per cent** should be provided to least-developed countries



Finance – SDG targets

- 17.3 Mobilize additional financial resources for developing countries from multiple sources
- 17.4 Assist developing countries in attaining long-term debt sustainability through coordinated policies aimed at fostering debt financing, debt relief and debt restructuring, as appropriate, and address the external debt of highly indebted poor countries to reduce debt distress
- 17.5 Adopt and implement investment promotion regimes for least-developed countries



Trade – SDG targets

17.10 - Promote a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the World Trade Organization, including through the conclusion of negotiations under its Doha Development Agenda (similar to MDG 8)

17.11 - Significantly increase the exports of developing countries, in particular with a view to doubling the least-developed countries' share of global exports by 2020



Trade – SDG targets

17.12 - Realize timely implementation of duty-free and quota-free market access on a lasting basis for all least-developed countries, consistent with World Trade Organization decisions, including by ensuring that preferential rules of origin applicable to imports from least-developed countries are transparent and simple, and contribute to facilitating market access



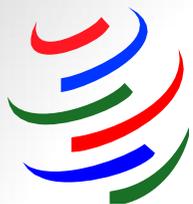
AAAA Resolution: General Assembly – 27 July 2015

- Goal is to **end poverty and hunger and achieve sustainable development** in its three dimensions through promoting inclusive economic growth, protecting the environment and promoting social inclusion - \$3.3 to 4.5 trillion/year next 15 yrs
- **Seven Action Areas**
 - A. Domestic public resources
 - B. Domestic and international private business and finance
 - C. International development cooperation
 - D. International trade as an engine for development
 - E. Debt and debt sustainability
 - F. Addressing Systemic Issues
 - G. Science, technology, innovation and capacity-building



A: Domestic Public Resources

- **Domestic Public Resources** – “are first and foremost generated by economic growth, supported by an enabling environment at all levels. Sound social, environmental and economic policies, including counter cyclical fiscal policies, adequate fiscal space, good governance at all levels and democratic and responsive institutions responsive to the needs of the people, are necessary to achieve our goals.”



A: Domestic Public Resources

- Enhance revenue administration through modern progressive tax systems
- Integrate the informal sector
- Reduce illicit financial flows by 2030 (combatting tax evasion and corruption) **\$1 trillion/year lost**
- Action on money-laundering risks, including through the implementation of Financial Action Task Force
- Scaling up international tax cooperation – IMF capacity building and OECD’s “Tax Inspectors Without Borders”



B: Domestic and international private business and finance

- Private business activity, investment and innovation are major drivers of productivity, inclusive economic growth and job creation.
- Businesses engaged as business partners in the development process to invest in areas critical to SD and to shift to more sustainable consumption and production patterns
- Investment gaps in key sectors for SD
- FDI is concentrated in a few sectors in many developing countries (often short-term oriented) and often bypasses countries most in need
- Many people still lack access to financial services
- Positive contribution which migrants make through remittances.



B: Domestic and international private business and finance

- MSMEs have difficulty in obtaining financing – gender based
- Meeting longer-term financing needs – develop domestic capital markets as well as bond and insurance markets
- Encourage investment promotion in developing countries
- LDCs side-lined.
- Acknowledgement of risk perceptions by investors due to lack of well-prepared investment projects
- Make use of PPPs and infrastructure financing through development banks and institutions.



C: International Development Cooperation

- International public finance as a complement to the efforts of developing countries to mobilize public resources domestically, especially in poorest and most vulnerable. In Addis, WB, AfDB, AsDB and IMF announced spending on SDGs of \$400 billion next 3 years
- Welcome increase in ODA although many countries still falling short of their ODA commitments.
- Welcome increased contributions by South-South cooperation and resource mobilization in regard to the Green Climate Fund, largest dedicated fund for UN FW Convention on Climate Change
- SD, health and delivering quality education - other areas cited of international development cooperation



D: International trade as an engine for development

- International trade: **engine for inclusive economic growth, poverty reduction**
- **Contributes to the promotion of sustainable development.**
- Promote a universal, rules-based, open, transparent, predictable, inclusive, non-discriminatory and equitable multilateral trading system under the **World Trade Organization (WTO)**, as well as meaningful trade liberalization.
- Trading system encourages long-term investment in productive capacities.
- Trade can also help promote productive employment and decent work, women's empowerment and food security
- Reduce inequality and contribute to achieving the SDGs.



D: International trade as an engine for development

- Approval of Bali Package in 2013 was an important achievement
- Call on WTO Members to fully and expeditiously implement all the decisions of the Bali Package, including the **decisions taken in favour of LDCs**, the decision on public stockholding for food security purposes, and the Work Programme on Small Economies
- Expeditiously **ratify the Agreement on Trade Facilitation**.
- Notify commercially meaningful preferences for LDC services and service suppliers in accordance with the 2011 and 2013 Bali decision on the operationalization of the LDCs services waiver



D: International trade as an engine for development

- **Lack of access to trade finance** can limit a country's trading potential, and result in missed opportunities to use trade as an engine for development.
- Welcomed the work carried out by the WTO Expert Group on Trade Financing (2014)
- Explore ways to use market-oriented incentives to expand WTO-compatible trade finance, trade credit, guarantees, insurance, factoring, letters of credit and innovative financial instruments, including for SMEs in developing countries



D: International trade as an engine for development

- LDCs, SVEs, LLDCs, - endeavour to significantly increase world trade
- Promptly conclude DDA
- Strengthening disciplines on subsidies in the fisheries sector
- Accession of developing countries and LDCs
- S&D treatment, in particular for LDCs
- DFQF
- RTAs and MSMEs
- AFT



Other concerns ...

- E: Debt and Debt Sustainability (LDCs and several SVEs remain particularly vulnerable to debt)
- F: Addressing Systemic Issues - 2008 financial crises underscored need for sound regulation to strength economic stability; regulatory gaps continue to pose risks; need for more global economic governance.
- G: Science, technology and capacity-building persistent digital divide, uneven innovative capacity, connectivity, and access to technology within and between countries



Way forward ...

- Dedicated and strengthened follow-up process to include an annual Economic and Social Council forum on financing for development
- Meeting to include high-level meeting with Bretton Woods institutions WTO and UNCTAD
- Secretary-General encouraged to convene inter-agency task force with major institutional stakeholders to report on progress in implementing FfD outcomes and the means of implementation.
- Follow-up Conference by 2019?



Key messages on role of trade and investment

- WTO and role of trade prominently addressed in AAAA
- Particular emphasis on trade finance and trade facilitation
- WTO as stakeholder in follow-up process
- Strong acknowledgement that domestic public resources – “are first and foremost generated by economic growth, supported by an enabling environment at all levels”
- Private business activity, investment and innovation are major drivers of productivity, inclusive economic growth and job creation.
- Businesses to invest in areas critical to SD and to shift to more sustainable consumption and production patterns
- Investment gaps in key sectors for SD