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UN 2030 Agenda for Sustainable Development - Public Consultation on revising the European Consensus on Development

Fields marked with * are mandatory.

(1) Introduction

The year 2015 was a strategic milestone for global governance, poverty eradication and sustainable development. It marked the target date of the UN Millennium Development Goals and a point to reflect on the progress made to date and the challenges ahead in addressing their unfinished business. 2015 also saw a series of landmark international summits and conferences over the course of the year (the Sendai Framework for Disaster Risk Reduction 2015-2030, the Addis Ababa Action Agenda, the 2030 Agenda for Sustainable Development and the COP 21 Paris Agreement under the UN Framework Convention on Climate Change) which have collectively re-cast the way the international community, including the EU, will work to achieve sustainable development and poverty eradication for many years.

Importantly, and in contrast to the Millennium Development Goals, the 2030 Agenda, including its seventeen Sustainable Development Goals, is a universal Agenda which applies to all countries. It reflects many core European values and interests and provides an international framework for tackling global challenges such as climate change. The EU response to the 2030 Agenda is moving ahead in a range of ways:

- Firstly, as part of EU efforts to implement the 2030 Agenda, the Commission Work Programme for 2016 announces an initiative on the next steps for a sustainable European future which will explain how the EU contributes to reaching the Sustainable Development Goals and map out the internal and external aspects of EU policies contributing to the implementation of the Sustainable Development Goals.
- Secondly, the High Representative will present the EU Global Strategy on Foreign and Security Policy that is expected to steer the different EU external policies contributing to the global vision of a more stable, prosperous and secure world. It should set out the strategic direction for the full range of EU external action, and as such will help guide EU implementation of the 2030 Agenda in external action.
- Thirdly, the EU will review its development cooperation policy. Existing leading policy documents (including the 2005 European Consensus on Development and the 2011 Agenda for Change) are currently framed around the Millennium Development Goals and need to adapt to incorporate the 2030 Agenda. Given its direct relevance to the EU's overall relations with developing countries, this review will be carried out in full consistency with the ongoing work on the future of the partnership between the EU and the members of the African, Caribbean and Pacific Group of States, under a post-Cotonou framework.

Views from this consultation will be used to inform the way forward on the initiatives above and in particular the revision of the European Consensus on Development and other external aspects of 2030 Agenda implementation. The consultation seeks your views on **how development policy, in the context of EU external action as foreseen by the Lisbon Treaty**, should respond to the range of landmark 2015 summits and conferences, and also to the rapid changes happening in the world.

Replies can include views which could apply only to the EU institutions and also to both the EU and its Member States – it would be helpful to clarify this in your response. This open public consultation will run for 12 weeks from 30 May 2016 to 21 August 2016. A brief summary and analysis of all consultation contributions will be published by November 2016 and all individual contributions will also be made available on the consultation website (unless respondents ask for their contributions not to be published).

(2) Information on respondents

* 2.1 Received contributions may be published on the Commission's website, with the identity of the contributor. Please state your preference with regard to the publication of your contribution.

Please note that regardless of the option chosen, your contribution may be subject to a request for access to documents under Regulation 1049/2001 on public access to European Parliament, Council and Commission documents. In such cases, the request will be assessed against the conditions set out in the Regulation and in accordance with applicable data protection rules.

- ○ I do not agree that my contribution will be published at all
- ○ My contribution may be published but should be kept anonymous; I declare that none of it is subject to copyright restrictions that prevent publication
- ● My contribution may be published under the name indicated; I declare that none of it is subject to copyright restrictions that prevent publication

* 2.2 Are you registered in the EU's Transparency Register?

Please note: Organisations, networks, platforms or self-employed individuals engaged in activities aimed at influencing the EU decision making process are expected to register in the transparency Register. During the analysis of replies to a consultation, contributions from respondents who choose not to register will be treated as individual contributions (unless the contributors are recognised as representative stakeholders through Treaty provisions, European Social Dialogue, Art. 154-155 TFEU).

- ● Yes
- ○ No

* 2.2.1 If yes, what is your registration number?

00353757573-57

* 2.3 Name (entity or individual in their personal capacity)

Citi

2.5 What type of stakeholder are you?

- ○ Government institution / Public administration
- ○ University / Academic organisation
- ○ Civil society (including Non-Governmental Organisation, specialised policy organisation, think tank)
- ○ International organisation
- ● Private sector or private company
- ○ Citizen/private individual
- ○ Other

2.6 Please specify

> Citi is a leading global financial services company with approximately 200 million customer accounts, doing business in more than 100 countries and jurisdictions. With operations in 21 of the 28 EU Member States, as well as customers throughout the region, the European Union is of immense importance to the firm.
>
> Citi provides consumers, corporations, governments and institutions with a broad range of financial products and services, including consumer banking and credit, corporate and investment banking, securities brokerage, transaction and treasury services, and wealth management. Citi's Public Sector Group provides trusted advice and innovative financial solutions to governments and public sector institutions, harnessing the full breadth of Citi's global network and world-class products. Citi serves 700 Public Sector clients globally across supranational, national and local government levels such as Development Banks, Central Government entities, Local, National and Regional Governments, Central Banks, Sovereign Wealth Funds and Pension Funds. We work closely with all our Public Sector clients to ensure they have efficient and effective financing and access to markets to achieve their sustainable development goals.

* 2.7 What is your place of residence (if you are answering as a private individual) or where are the headquarters of your organisation situated (if you are answering on behalf of an organisation)?

- ● In one of the 28 EU Member States
- ○ Other

2.8 Please specify

> Citi's headquarters for Europe, the Middle East and Africa is located in London, UK.

(3) Context: why a change is needed

The EU and its Member States are determined to implement the 2030 Agenda through internal and external actions as well as contribute to the successful implementation of the Paris Agreement on Climate Change, given the strong interlinkages. In this context, our policies, should take into account changing global conditions and trends, to ensure that they remain fit-for-purpose across the time-horizon to 2030.

The global landscape has changed significantly compared to the time of adoption of the Millennium Development Goals. While much has been achieved, with more than one billion people having been lifted out of extreme poverty since 1990, great challenges remain and new ones are emerging. At global level, more than 800 million people still live on less than USD 1.25 a day. The world is witnessing multiple conflicts and security tensions, complex humanitarian and global health crises, deteriorations of human rights, environmental degradation, resource scarcity, urbanisation and migration. Migration flows across the world will continue to have important impacts, and present both a risk and an opportunity. The EU needs to address global security challenges, including tackling the root causes of conflict and instability and countering violent extremism. Climate change can continue to amplify problems and can severely undermine progress. Important changes include demographic trends, a new distribution of wealth and power between and within countries, the continuing globalisation of economies and value chains, an evolving geography of poverty and a proliferation of actors working on development. Projections also suggest important challenges are ahead (for example, continuing unprecedented urbanisation, and other demographic challenges including ageing societies for some and the potential for a demographic dividend for others). Continued attention will be given to a democratic, stable and prosperous neighbourhood. A revision to EU development policy should take into account these trends (including anticipating those that will remain central in future) whilst retaining a core focus on eradicating poverty and finishing the job started by the Millennium Development Goals.

Finally, the EU Consensus needs also to adapt to the Lisbon Treaty, which provides for all external action policies to work within the frameworks and pursue the principles of objectives of Article 21 of the Treaty on European Union. In particular, coherence between the different parts of EU external action and between external and internal policies is crucial.

The EU will need to address these new global challenges, many of which require coordinated policy action at the national, regional and global levels. The 2030 Agenda provides a framework which can guide us in doing so.

3.1 There is a range of key global trends (e.g. changing geography and depth of poverty; challenges related to climate change, political, economic, social, demographic, security, environmental or technological) which will influence the future of development and the implementation of the 2030 Agenda. Which of these do you think is the most important?

Climate change has no political or geographical border. It plays a significant role in sustainable development, regional security, migration and politics. Directly and indirectly, the challenges that must be addressed are the need for sustainable energy, an increased propensity of flooding, rising sea levels, deforestation, soil acidification, weather-related crop failure and poor air quality. The human cost of climate change is vast; a few examples include the direct impacts on the food security and livelihoods of those who depend on agriculture and livestock, with wider implications for health, infrastructure and transportation systems, and property ownership and insurance. The systemic risks posed by climate change will also challenge the stability of the financial system and business supply chains.

Climate change directly and indirectly underpins all of the UN's Sustainable Development Goals (SDGs). To tackle this and promote sustainable development, innovative forms of financing are required, especially in the capital markets. Given constrained public sector budgets and the regulatory limitations placed on traditional bank financing for long-dated infrastructure projects, private sector capital needs to be 'crowded-in' through new financing structures such as Blended Finance structures, green bonds and other capital markets instruments including project bonds, covered bonds and Yieldcos.

Green bonds are an instrument of increasing familiarity; 2015 saw approx. USD 42 billion of green bond issuance volumes, up 16.67% from 2014. Citi believes that the experience of investors in the green bond markets can be utilised to inform the development of Socially Responsible Investments and Social Impact Bonds. Understanding can also be drawn from climate-related funds, such as Climate Investor One, which blends three funds into one facility (Development, Equity and Refinancing) to mobilise long-term financing for the life of a project. Citi strongly supports the EU's plans to promote green financing to develop a green bond market in Europe. We believe that exploring a 'green securitisation'market could contribute part of the solution to financing the economy, as well as deepen the Commission's proposal for a diverse, innovative, well-regulated and integrated Capital Markets Union.

We feel these concepts can be adapted to other UN Sustainable Development Goals such as the ocean economy, sustainable cities, consumption and education. Thematic financing mechanisms are vital to enable long-term funding to be raised and tied to sustainable development goals that fall outside of traditional infrastructure financing, for example the Asian Development Bank's water bonds, the IFC's 'Banking on Women' strategy and the InterAmerican Development Banks' EYE bond dedicated to Education, Youth and Employment.

3.2 How should EU policies, and development policy in particular, better harness the opportunities and minimise the negative aspects of the trend you identified in the previous question?

We believe EU policies and development policy proposals should be assessed against a jobs, growth and competitiveness objective. To attract financing and ensure a bankable line of projects, Citi encourages the EU to be a leader and further define the metrics and principles around socially responsible investing and sustainable financing to ensure projects achieve their aims.

Long-term sustainable financing needs a more diversified financial system in Europe with much more direct capital market and alternative financing, and significantly increased involvement of institutional investors.

Public and private sector collaboration is needed to attain the opportunities presented by the 2030 Agenda. The EU's development policies and Policy Coherence for Development Agenda creates an important opportunity to:

• focus new legislative initiatives on growth enabling opportunities e.g. Blended Finance, developing green and other thematic bond markets, and securitization;
• explore and promote risk-transfer solutions, including promoting the use securitization of existing assets to reduce risk, to find ways to better utilize, and do more, with existing capital;
• truly follow the principles of better regulation; and
• recognize the links between sustainable development and climate change and the economic/financial stability agenda.

EU policies could facilitate and encourage Multilateral Development Banks (MDBs) to leverage their concessional financing windows and engage in financing partnerships via co-financing arrangements, syndication or project bonds with private investors, bilateral and Export Agencies, other MDBs or Sovereign Wealth Funds.

To effectively build on the synergies between the various 2030 Agenda goals, a public-private sector platform for sustained and regular high-level and open policy dialogues would better harness the opportunities and minimise the negative aspects. Citi believes the EU is well-placed to drive such an initiative and to shape a coherent and coordinated policy approach at both the international and national levels.

(4) Priorities for our future action: what we need to do

Implementation of the 2030 Agenda will require sustained EU efforts to promote a more just world, including a strong focus on the need to address gender equality and women's empowerment. Peace, inclusiveness, equality and good governance including democracy, accountability, rule of law, human rights and non-discrimination will need particular emphasis. The 2030 Agenda also requires recognition of the close interconnectedness between poverty, social issues, economic transformation, climate change and environmental issues.

To achieve poverty eradication, EU development policy will need to take into account key demographic and environmental trends, including challenges related to climate change, and concentrate effort on least developed countries and fragile states. The EU will also need to strengthen our approach to fragility and conflict, fostering resilience and security (as an increasing proportion of the world's poor are expected to live in fragile and conflict affected states) and to protect global public goods and to maintain our resource base as the prerequisite for sustainable growth. Peace and security, including security sector reform, will have to be addressed also through our development policy, as will the risks and opportunities related to migration flows. Tackling social and economic inequalities (both within and between countries) is a crucial element of the 2030 Agenda as is addressing environmental degradation and climate change. Job creation will be an important challenge in which the private sector has to play an active role. Finishing the job of the Millennium Development Goals requires identifying and reaching those people throughout the world who are still not benefitting from progress to ensure that no one is left behind.

To achieve lasting results, EU development policy will need to foster transformation and promote inclusive and sustainable growth. Drivers of inclusive sustainable growth, such as human development, renewable energy, sustainable agriculture and fisheries, and healthy and resilient oceans should be an important part of our efforts to implement the new Agenda as will efforts aimed at tackling hunger and under-nutrition. Implementation of the 2030 Agenda will require a multi-dimensional, integrated approach to human development. Implementation will also require us to address vectors of change, such as sustainable urban development and relevant use of information and communication technology. Our development policy will have to engage and identify new ways of partnering with the business in order to achieve sustainable and inclusive growth, industrialisation and innovation. Implementation of the 2030 Agenda will also require cooperation with partner countries and regions on science, technology and innovation. In all aspects of our external action, the EU will need to ensure that our approaches, including development cooperation, are conducive to achieving the 2030 Agenda's Sustainable Development Goals and that the EU intensifies efforts to promote pursue coherence between our policies and our internal and external action.

4.1 How can the EU better address the links between achieving the Sustainable Development Goals, the Paris Agreement on climate change and addressing other global sustainable development challenges?

The Sustainable Development Goals, the Paris Agreement on climate change and addressing other global sustainable development challenges are all linked by the need for huge public and private sector commitment, creativity and innovation.

Capital markets are one of the most powerful mechanisms for the provision of effective and substantial developmental funding. They also act as focal points, bringing together sovereigns, development organisations, donors, investors and financial institutions such as Citi.

The public sector is vital in leading the way to crowd-in private sector capital. With the EU promoting higher levels of investment in climate action and encouraging others on the international stage to do so too there will likely be a significant change in behaviour within the private sector with a fundamental shift in global investment patterns towards energy and climate sustainability.

Citi welcomes the EU’s progress on climate and energy policies which are already having a positive impact; increased energy efficiency and higher shares of renewables have already noticeably lowered carbon emissions per unit of energy and per unit of GDP. Citi is further encouraged by the binding annual greenhouse gas emissions targets for Member States for 2021-2030, as presented in the package of measures announced on 20 July 2016. Initiatives such as DG Budget’s active alignment of EU Budget spending with climate objectives, not only ensure climate-friendly projects are supported but tangibly changes the lens through which investors view projects.

4.2 How should the EU strengthen the balanced integration of the economic, social and environmental dimensions of sustainable development in its internal and external policies, and in particular in its development policy?

4.3 What are the main changes you would like to see in the EU's development policy framework?

4.4 In which areas highlighted above would you expect to see greater consistency between development policy and other areas of the EU external action in the implementation of the 2030 Agenda?

4.5 In which areas does the EU have greatest value-added as a development partner (e.g. which aspects of its development policy, dialogue or implementation arrangements or in which category of countries)?

Given the importance of a coherent approach to multi-jurisdictional regulatory and policy cooperation, the 2030 Agenda is an opportunity to further promote collaboration and coherence around sustainable development. This enables better coordination of development policy design and implementation between multilateral development organisations, donors, governments and regional entities such as the EU.

Citi believes that the EU, providing a strong voice on the need to unify the international, regional and national policy responses to the 2030 Agenda, can create a strong foundation and framework for mobilising private sector capital, increasing development finance institution (DFI) inflows and maximising the impact of sustainable development finance.

4.6 How can the EU refine its development policy to better address inequalities – including gender inequality – in the context of the implementation of the 2030 Agenda?

4.7 How can the EU development policy make a stronger contribution to the security of people? How can EU development policy contribute to addressing the root causes of conflict and fragility and contribute to security and resilience in all the countries where we work?

4.8 How can a revised Consensus on Development better harness the opportunities presented by migration, minimise the negative aspects of irregular migration on the implementation of the 2030 Agenda and better address the root causes of irregular migration and forced displacement?

(5) Means of implementation: how do we get there?

The principle of universality underpinning the 2030 Agenda will require a differentiated approach to engagement with countries at all levels of development. Official Development Assistance will continue to play an important role in the overall financing mix for those countries most in need (particularly the Least Developed Countries). The EU and its Member States should continue to progress towards achieving their commitments. However, in all countries our development cooperation will need to take account of other sources of finance, including by leveraging other (non-Official Development Assistance) sources of finance for poverty eradication and sustainable development. The delivery of the 2030 Agenda means that our work helping countries raise their own resources (domestic resource mobilisation), the provision of aid for trade, blending* and partnering with the private sector should be priority areas of focus. The Addis Ababa Action Agenda, an integral part of the 2030 Agenda, provides a framework for our efforts, including for our work supporting the right enabling policy environment for sustainable development in our partner countries. The implementation of the 2030 Agenda and the Paris Agreement on climate change under the United Nations Framework Convention on Climate Change should be closely coordinated given the strong interlinkages. Engagement with middle income countries, notably the emerging economies, will be important to the implementation of the 2030 Agenda, considering the role they can play in promoting global public goods, what they can achieve within their respective countries on poverty eradication and sustainable development, and the example they can set within their regions as well as their role in regional processes. Here differentiated partnerships can play an important role (examples include different forms of political, economic, and financial investment as well as cooperation in science, technology and innovation). Specific attention and focus should also be given to Least Developed Countries, as acknowledged by the Addis Ababa Action Agenda.

The EU's implementation of the 2030 Agenda provides an opportunity for enhancing consistency between the different areas of the EU's external action and between these and other EU policies (as outlined in the Lisbon Treaty and in EU's Comprehensive Approach to external conflict and crises). The EU will continue to pursue Policy Coherence for Development as a key contribution to the collective effort towards broader policy coherence for sustainable development. In our external action, the EU needs to consider how we can use all policies, tools, instruments at our disposal coherently in line with the integrated nature of the 2030 Agenda.

* Combining EU grants with loans or with equity from other public and private financiers with a view to leveraging additional resources.

5.1 How can EU policies, and EU development policy in particular, help to mobilise and maximise the impact of the increasing variety of sustainable development finance, including in particular from the private sector?

Citi believes that putting scorecards in place to determine and monitor how successfully sustainable development projects' mandates are fulfilled is an important step to encourage multilateral and national development organisations, donors, governments and regional bodies such as the EU to play a more central role in encouraging private investor involvement.

Regarding development organisations, metrics focused on the mobilisation of private sector capital rather than own-balance sheet origination are critical. Citi welcomes this approach as demonstrated by FMO, the Dutch development bank, whose syndication scorecard incentivises them to think about transactions, target mobilising funds and secure institutional investment from entities such as pension funds.

Mobilising and maximising private sector finance alongside public sector funds will require institutions to review their pricing to enable commercial and corporate banks to participate alongside development finance institutions. This review is best supported and led by a supranational policy institution such as the EU.

Another important issue that EU policies and development policy can tackle is infrastructure bottlenecks. Banks have played and will continue to play an important role in the provision of infrastructure finance. Recent regulatory reforms will, over time, impair banks' ability to be the leading provider of long term finance, due in part to Basel III (implemented in Europe through the 'CRD4 package'). Nonetheless, banks will remain an important participant in infrastructure finance, not least by providing ancillary facilities (such as working capital and letters of credit), construction loans and construction expertise.

The greater participation of insurance companies, pension funds and other non-bank investors in infrastructure investment provides a significant opportunity. Infrastructure investment is aligned to the needs of these investors to match long term assets with their long term liabilities – infrastructure finance is very long term (up to 25 years or more) with limited liquidity. Over the last few years, large pools of capital have become ready, willing and able to invest in commercially viable brownfield (i.e. operational) infrastructure assets and, with competition to buy popular assets intense, yields are at historic lows.

Citi is supportive of the amendments to the Solvency II Delegated Regulation to create a distinct asset class ("qualifying infrastructure investments") which has an appropriate risk calibration that enables insurers to hold a lower level of capital against their investment versus similarly rated corporate bond exposures. This regulation supports the aims of the Capital Markets Union, by encouraging insurers to invest in a diverse range of infrastructure projects. Citi also welcomes the EU's European Long-Term Investment Funds (ELTIFs) to increase the long-term capital for companies with projects relating to energy, hospitals, schools, social housing and transport.

5.2 Given the evolving availability of other sources of finance and bearing in mind the EU's commitments on Official Development Assistance (e.g. Council Conclusions from 26 May 2015 on "A New Global Partnership for Poverty Eradication and Sustainable Development after 2015", and inter alia, paragraphs 32 and 33), how and where should the EU use its Official Development Assistance strategically and to maximise its impact?

Deploying development finance and ODA to mobilise and accelerate private sector capital investment in projects and productive assets is one of the most impactful ways the EU can achieve the objectives of the SDGs. Allocating a significant portion of ODA to market-based instruments, such as specific-risk guarantees and first loss equity, will attract and provide leverage for private sector capital. The targeted placement of ODA in hybrid capital structures can transform an un-bankable project with insufficient financial returns into a commercially viable and operationally sustainable transaction. This transformation is realised through adjusting the risk and achieving the targeted returns required by private investors. This blending of finance can deliver a win-win outcome whereby the project comes on-stream and produces the social and economic benefits as targeted by the traditional allocation of public resources while also generating sustainable and required returns of the private sector investors.

EU can strategically allocate ODA across targeted sectors and countries that work alongside both public and private resources. Typically, the more a project can generate commercially accepted returns the less amount of ODA will be needed to attract the necessary private investment. For high non-commercial transactions, ODA can also be used to cover particular risks that can ameliorate the acceptance criteria for other donors and development assistance providers. Risk-sharing guarantee arrangements such as the World Bank Group's Multilateral Investment Guarantee Agency and the U.S. Overseas Private Investment Corporation (OPIC) enable Citi to provide capital-to-scale and accelerated micro-financing lending and expanded access to financial services for micro and small businesses across the globe.

Sovereign Wealth Funds, insurance companies and pension funds have expressed an interest in increasing their exposure to infrastructure assets; the EU using its ODA could act as an infrastructure financing anchor through provision of cheaper capital, creating return enhanced investment opportunities and improving the incentive for private investors to also get involved. Citi would welcome the EU to start incorporating its ODA into Blended Finance transactions; ODA can provide a layer of risk capital and consequently lead to the layering of private sector capital. If EU ODA can be better-leveraged, much more can be mobilized without the need to increase ODA volumes. For example, a layer of ODA as first loss equity in a high "additionality" social, infrastructure project could make an un-bankable deal bankable resulting in a crowding-in of private sector finance and a very high mobilization ratio.

In order to promote these types of innovative solutions and to put the theory into practice it is vital the EU promotes public private partnerships. Citi welcomes the EU's leadership and the strategic approach already taken by the EIB through its participation in the Sustainable Development Investment Partnership (SDIP). Partnerships such as SDIP are vital to ensure financing for infrastructure projects in developing countries by using development assistance to mitigate risk and attract private capital in support of the SDGs.

5.3 How can the EU better support partner countries in mobilising their own resources for poverty eradication and sustainable development?

Citi's believes that both the EU and private sector can better partner with public sector entities, through a sustained and strategic focus, to help them improve efficiency and productivity across their payments and receivables, trade and financing, risk management, asset management and access to longer-term investment in infrastructure.

Whether done through infrastructure projects or thematic bonds, extending the financial reach of development funding initiatives to local capital markets and simultaneously promoting domestic resource mobilization is critical.

Efficiency reform is vital to promoting domestic resource mobilization. There are many facets of Government. Citi would suggest a focused engagement on four public entity sub-sectors:
• Central Governments (Ministries of Finance / Ministries of Foreign Affairs);
• Central Banks and Sovereign Wealth Funds;
• State-owned Enterprises (SOE's) (Pensions, Social Security, Asset Managers); and
• Donor Agencies and the Development Sector.

Mobilising domestic resource through the digitisation of tax filing, payment and collection offers enormous potential: the global tax gap — the difference between what is due and what is collected — is estimated to be USD3.1 trillion (see Tax Justice Network: www.tackletaxhavens.com /Cost_of_Tax_Abuse_TJN%20Research_23rd_Nov_2011.pdf).

The EU's support around reforms focused on streamlining administrative processes and modernising payment systems would be welcomed. Improving efficiency in this area would expand the tax base to enhance expenditure flexibility, ease the increasing pressure from donors on emerging market governments to demonstrate strong fiscal management including public sector revenue management, and would allow revenue to be collected faster with increased taxpayer compliance and reduced corruption.

Improving efficiency via digitisation enables vulnerable government budgets to be better protected (with a focus on Salary and Welfare Payments). Once these efficiencies are achieved, governments are better placed to allocate funds. Digitisation of government spending also provides granularity into accounts and ensures funds are delivered to the intended source.

5.4 Given the importance of middle income countries to the implementation of the 2030 Agenda, what form could differentiated partnerships take?

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Differentiated partnerships could focus on capacity-building and technical
assistance in providing a sustainable and solid base to continue to execute
against the goals, provision of credit enhancement rather than direct
funding. This would ensure access to private sector capital and the sharing,
replication and implementation of best practices in combining both the
technical and financial further our answers to Questions 3.1 and 3.2.
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5.5 Given experience so far in taking into account the objectives of development cooperation in the implementation of EU policies which are likely to affect developing countries (e.g. Policy Coherence for Development: 2015 EU Report), how should the EU step up its efforts to achieve Policy Coherence for Development, as a key contribution to the collective effort towards policy coherence for sustainable development? How can we help ensure that policies in developing countries, and internationally contribute coherently to sustainable development priorities?

With so much financial services reform in such a short period of time across a number of jurisdictions, it is perhaps not surprising that there are challenges to financing. The global economy is at a pivotal moment with economic recovery slowly on the way but challenged by market uncertainty. The EU is in a strong position to use Policy Coherence for Development (PCD) as a mechanism to deliver new sources of growth and productivity, supporting entrepreneurship and innovation and enabling all businesses, from the smallest start-ups to the biggest multinationals, to realize their potential.

Citi fully supports efforts by the European Commission, US Treasury and other regulators to coordinate and cooperate. Citi welcomes the Better Regulation Package as it creates an important opportunity to reflect on and further develop:

- more international dialogue at the beginning of the regulatory and policy process (rather than retrospectively when primary legislation is agreed);
- more coordination on timetables;
- co-operation / consultation mechanisms for identifying and managing diverging or inconsistent policies;
- focus new legislative initiatives on growth enabling opportunities e.g. securitisation, Blended Finance and risk transfer solutions;
- continue to pursue consistent policies across the EU and developing countries with a consistent interpretation and focus; incoherence and inconsistency can undermine investor confidence and fragment EU capital markets; and
- truly follow the principles of better regulation and refine existing legislation where it is not meeting its policy objectives while always taking into account proper protection of consumers, health, the environment, employees and financial market stability and respecting existing protection standards.

Citi strongly supports the EU's PCD. We would suggest the European Commission increases its meetings of the informal group of PCD contact points from EU Member States from twice a year to quarterly.

(6) The actors: making it work together

An important feature of the new Agenda is that all governments, developed and developing, will need to work with a wide range of stakeholders (including the private sector, civil society and research institutions) to improve the transparency and inclusivity of decision-making, planning, service delivery, and monitoring and to ensure synergy and complementarity.

The EU must continue to work collaboratively with others and contribute to a coordinated approach. The Addis Ababa Action Agenda puts national plans for implementation (including associated financing and policy frameworks) at the centre. To maximise our impact, EU development policy should be based on a strategic and comprehensive strategy for each country, which also responds to the country-specific context.

Our partner countries' implementation of the 2030 Agenda will inform our overall engagement and our development cooperation dialogue with them and will help shape our support for their national efforts. The EU should also help partner countries put in place the necessary enabling policy frameworks to eradicate poverty, tackle sustainable development challenges and enhance their policy coherence.

There is a need for a renewed emphasis on the quality of development cooperation, including existing commitments on aid and development effectiveness made in Paris, Accra and Busan* and through work with the Global Partnership for Effective Development Cooperation.

An updated EU development policy should also provide a shared vision that guides the action of the EU and Member States in development cooperation, putting forward proposals on how to further enhance coordination, complementarity and coherence between EU and Member States. Strengthening Joint Programming will be an important part of this. Improving the division of labour between the EU and its Member States in order to reduce aid fragmentation will also contribute to increased development effectiveness.

* See Paris Declaration on Aid Effectiveness and the Accra Agenda for Action and the Busan Partnership for Effective Development Cooperation

6.1 How should the EU strengthen its partnerships with civil society, foundations, the business community, parliaments and local authorities and academia to support the implementation of the 2030 Agenda (including the integral Addis Ababa Action Agenda) and the Paris Agreement on climate change?

Citi proactively partners with development organisations, donors and the UN to promote policy recommendations that increase economic development and growth, create jobs and boost prosperity. Citi views education, inclusion and access to financial services as the gateway to improving conditions in developing economies.

Financial inclusion, regulatory coordination, local capital markets development and infrastructure require the collaboration of civil society, foundations, financial services, national governments and local authorities and academia.

Citi would welcome the EU initiating a sustained and regular high-level and open policy dialogue with the private sector on the priorities, challenges and opportunities for social and economic development. A forum is needed where such multi-faceted agendas such as the SDGs, supported by the all the EU's Directorate-Generals, can be viewed holistically rather than in a fragmented way. For example, the drive to transition to a low-carbon economy alone, involves DG FISMA, DG CLIMA, DG MOVE, DG Budget, the Energy Union and the project team for "Jobs, Growth, Investment and Competitiveness."

We fully support PCD and view a multi-stakeholder, cross-EU forum for exchanging views on all EU development initiatives as a mechanism by which the private sector can ensure they are fully engaged and are providing effective and more than adequate support.

6.2 How can the EU promote private sector investment for sustainable development?

The financial sector, including banks, has a vital role to play in helping create and deliver jobs and growth, work towards achieving the 2030 Agenda and drive sustainable development. There is a broader funding story beyond bank lending: Europe and developing countries also need vibrant, diverse and innovative capital markets.

Effective and functioning capital markets are fundamental to delivering the 2030 Agenda. Regardless of structure, theme and format, capital markets have the scale, depth and potential to reach far beyond the current multi-billion dollar funding levels.

Perhaps the most important example of capital market potential is in the infrastructure space. The world spends approximately USD3.3 trillion per year on infrastructure investment according to research by McKinsey Global

Institute ("Infrastructure Productivity: How to Save USD1 Trillion a Year"). Governments struggle to fund the bulk of this every year directly on their balance sheets, with only approximately USD400 billion done in the project finance market annually (Dealogic). Currently, only USD30-50 billion of project bonds are completed annually, which makes global bond markets only a small fraction of current infrastructure funding (Dealogic).

The 2030 Agenda can be the vehicle used to change this. Pension and insurance companies are natural investors in equity and debt infrastructure projects, respectively, particularly projects with established long-term predictable cash flows. However, in order to achieve the needed surge in growth in the infrastructure project bond market, the EU, governments and developmental institutions will have to innovate new structures with the private sector that dissect and distribute risk differently. In particular, there has to be an improved awareness in the Emerging Markets (EM) sovereign world that pensions and insurance companies are not natural buyers of greenfield project paper and shun construction and foreign currency risk.

Also sovereign equity funders of development institutions need to utilise their leverage upside rather than focus on maintaining AAA and AA ratings. This combined with rating agencies applying a Basel III approach to the development bank community means that developmental institutions think about risk and credit, and take risk no differently than, for example, Citi, thus not acting to fill financing gaps or play a counter-cyclical role in the markets.

Another significant opportunity to harness the power of capital markets is to further extend the size, breadth and reach of thematic bonds. Citi is a believer in the power of thematic bonds that combine development and sustainability themes with global institutional markets. Thematic bonds can also incorporate risk mitigation strategies, such as in the growing Catastrophic Bond (CAT Bond) market, designed to push natural disaster risk into the capital markets, which may progress into capital market funding solutions for pandemic risk.

It is vital that the EU works with the private sector to develop new risk-sharing structures and continue to develop the potential of Blended Finance. In order for the private sector to increase its participation in the 2030 Agenda and to drastically increase the flow of capital to sustainable development efforts, Citi and other private sector participants will have to continue to devise creative and scaled financing structures. Blended finance solutions that leverage grant or concessionary financing from philanthropic or public sources to make development projects financially viable or "bankable" need to be promoted at regional and international levels.

Citi strongly recommends the EU develops its risk-sharing instruments (RSI) as managed by the EIF and EIB for improving access to debt finance of innovative SMEs and Small Mid-Caps in research and innovation, to wider projects around sustainable development goals.

6.3 How can the EU strengthen relations on sustainable development with other countries, international financing institutions, multilateral development banks, emerging donors and the UN system?

Further to our response in Question 6.2, the EU's support and promotion of public private partnerships is crucial. A suggested vehicle to promote this would be a partnership with the National Development Banks (NDBs) of the EU Member states and developing countries.

Given the multi-trillion USD gap in financing the 2030 Agenda, the crowding-in of the private sector and utilising risk transfer solutions to 'do more' with existing levels of risk capital is fundamental. Citi would welcome the EU's increased partnership with NDBs and using them to mobilize private sector capital, attract FDI and complement additional DFI inflows.

While NDBs are continually seeking ways to unlock more capital to increase their finance capacity, this capacity is often constrained by concentration risk in their loan portfolios because of their domestic, regional and sectorial mandates. Concentration risk can inhibit lending activities with the most active borrowers and sectors exhausting their respective limits in the short term. This not only deteriorates a NDB's capital adequacy position but also creates stress on their high credit ratings. The EU can utilise its PCD to help promote alignment between NDBs and MDBs around domestic, regional and sectorial mandates with a view of promoting portfolio diversification. This policy collaboration on an international, regional and national level will boost investor appetite for participation, and more importantly, enable NDBs to increase their finance capacity.

The EU's focus on strengthening relations on sustainable development with other countries, international financing institutions, multilateral development banks, donors and the UN system, could be best achieved through using NDBs and risk-transfer solutions as a focal point.
The EU in partnership with NDBs can drive collaboration to identify innovative ways to improve collective financial capacity and maximize resources to meet development needs, while optimizing their balance sheets. While the MDB Exposure Exchange Agreement is one risk management solution being used to disperse concentration risk and improve capital management, Citi views the structured credit market as a means through which NDBs can further achieve these aims. Additional risk mitigation strategies include risk participations and securitization of assets.

These solutions not only bring together all the actors in the sustainable finance space and complements international policy and regulatory coherence initiatives, it also promotes market based solutions for risk hedging, mitigation and balance sheet optimization. Citi believes discussions and policy promoting these solutions would enable greater availability of long-term financing and improve the supply of capital for the 2030 Agenda objectives.

6.4 How can the EU best support partner countries to develop comprehensive and inclusive national plans for the implementation of the 2030 Agenda?

6.5 What are the best ways to strengthen and improve coherence, complementarity and coordination between the EU and the Member States in their support to help partner countries achieve poverty eradication and sustainable development?

6.6 How can EU development cooperation be as effective as possible, and how can we work with all partners to achieve this?

Citi welcomes further initiatives to improve development cooperation. Citi is a strong supporter of platforms that enable the sharing of best practice and collaboration with others.

Citi and the International Finance Corporation (IFC) have partnered to address the growing interest in the development of sustainable finance and green credit guidance, directives and regulations by Central Banks, Banking Associations and government regulators. The partnership focuses on:
• building capacity through workshops for local Financial Institutions;
• creating collaborative learning environments in local markets with local banking associations; and
• supporting banking regulators interested in developing policy for sustainable finance practices.

Citi is also a member of Convergence, a platform that brings together public and private investors for blended finance investments in emerging and frontier markets. Convergence addresses three challenges through distinct offerings:
• investor Marketplace: enables public and private investors to identify and connect with one another through an online marketplace;
• market building tools; and
• new product design facility.

For the EU to develop and support platforms similar to the two mentioned above would provide the EU with a mechanism for coordinating partners' collaboration, enable innovative financing models to be tested and methods for ensuring the accountability of all actors to be developed.

Given the pace of technological development and innovation, the EU would be strategically well placed to leverage the new collaborative, on-demand economy, including crowdfunding models and digital platforms. This use of innovation and technology would further support public and private sector initiatives to eliminate the funding gap via stimulating additional competition and highlighting to private investors the gains to be made by putting their capital to work alongside NDBs, MDBs and donors in developing economies.

6.7 What further progress could be made in EU Joint Programming, and how could this experience be linked with other EU joined-up actions in supporting countries' delivery of the 2030 Agenda?

(7) Keeping track of progress

The EU will need to contribute to the global follow-up and review process for the 2030 Agenda. Keeping track of progress in a systematic and transparent way is essential for delivering the 2030 Agenda. The EU is actively contributing to the setting up of a Sustainable Development Goal monitoring system at global, regional and national level. Demonstrating results and impact from our efforts and the promotion of transparency will be important priorities for EU development policy, as part of a wider move to strengthen accountability, follow-up and review at all levels.

7.1 How can the EU strengthen its own use of evidence and analysis, including in the development field, to feed into its regular review on the Sustainable Development Goals to the UN?

7.2 How can the EU help to ensure the accountability of all actors involved in implementation of the 2030 Agenda, including the private sector? How can the EU encourage a strong and robust approach to the Follow Up and Review of the 2030 Agenda from all actors?

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Citi believes that putting scorecards in place to determine and monitor how
successfully a sustainable development projects' mandate is fulfilled will be
an effective mechanism by which innovative financing mechanism and structures
can be assessed, as well as used to encourage the public sector to play a
more central role in encouraging private investor involvement.
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7.3 How should EU development cooperation respond to the regular reviews on progress of the partner countries towards the 2030 Agenda goals?

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